NOTE FROM THE UNFF SECRETARIAT

FORESTS, CONFLICT AND GOVERNANCE

Collective security, interconnected threats and development

Development, security and human rights reinforce each other, but poverty, violation and denial of human rights increase the risk of instability and violence: conflict and violence are obstacles to development. Global peace and security are threatened by poverty, infectious diseases and environmental degradation. The global community can no longer afford to neglect these threats, which have been considered unconventional to the traditional security paradigm that has concentrated on international war and conflict. “All of these threats can cause death or lessen life chances on a large scale,” the Secretary-General stated in his report on the security environment in the twenty-first century. “All of them can undermine States as the basic unit of the international system,” he continued.

Threats to global peace and security are all interconnected. A threat to one country poses a threat to the rest of the world. Every threat to international security reinforces the risk of other threats. The interconnectedness of threats was one of the findings of the High-level Panel on Threats, Challenges and Change, that the Secretary-General particularly endorsed. Poverty, infectious diseases, environmental degradation and armed conflict form a vicious cycle and contribute to each other. In the eradication of poverty, the forest sector is an indispensable component in achieving sustained economic growth and thereby promotes sustainable development.

Invariably, exploitation of forests and other natural resources have long been involved in conflicts. Fighting over natural resources have often been obstacles to peace. Illegal logging and trade facilitated by transnational organized crime and ready markets have sustained some of the most persistent conflicts. In many cases, the earnings derived from natural resource have provided the means to import arms by state actors and, illicitly, on the part of rebel groups, which sustain military campaigns. The end of the Cold War compelled combatants, current and aspiring, to secure alternative means for war-financing and the liberalization of the global marketplace provided new opportunities for the financing. Where natural resources are involved, the conflict tends to be protracted, aided and abetted by increasing price of natural resource commodities. Such conflicts have also proven to be especially difficult to resolve.

Providing means for waging war is not the only way forests are involved in conflicts. Deforestation, contested common-pool resources and soil nutrient depletion are issues of serious concern. The unsustainable management, conservation and development together with declining quantity and quality of the resource may cause tension over a resource base. Scarcity may induce migration, forcing people to look for new resources to replace the depleted local resource base: an example of a serious security threat and its consequence.


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Illegal logging
Illegal logging is an integral element of the dynamics through which forests are connected to conflicts and also has many other dimensions. The adverse and multifaceted implications of illegal logging make it a major obstacle for sustainable forestry. It is also a development concern. Illegal logging undermines poverty eradication and deprives the local forest-dependent people with a source of sustainable livelihood. It can destroy forest ecosystems, deteriorate financial basis for economic and social development, distort market, and may sustain regional and national conflicts. Illegal logging on public lands worldwide is estimated to cause annual losses in revenues and assets in excess of $10 billion. Some estimates suggest that the illegal timber trade may comprise over a tenth of a total global timber trade worth more than $150bn a year. Corruption, illicit trade in timber and money-laundering are all interrelated and erode democracy and state institutions, degrade the environment and deny the society of finance that could contribute to sustained economic growth.

Good governance: foundations for peace and development
Eruption of conflict is always an outcome of multiple factors. Natural resources are never a sole cause of conflict but merely a catalyst or means for warfare in a volatile situation characterized by economic, social and political instabilities and inequalities. Natural resources induced conflicts are often deeply rooted in economic and social structures and thus, they call for integrated approaches in addressing peace and development. Forests as renewable natural resources cut across various other sectors and the illegal and/or over exploitation of those resources require multidisciplinary responses: addressing for example, inequality, including gender inequality, governance, finance, economic policies and international trade. Good governance and proper management of forests are core tools for conflict prevention.

Through socioeconomic development, employment creation, wealth distribution and export-led growth, among other elements, forests can contribute to conflict avoidance and sustained post-conflict reconstruction. Several economic and policy measures need to be promoted to enhance their role as a development engine. There is significant potential for sustainable forest management and industries to foster sustained economic growth and tackle horizontal inequalities, thus contributing to the foundations for peace. This role is pronounced in societies emerging from war or at risk of conflict. Weak states need support in the management of their natural resources, especially those recovering from war.

Transparency and rent distribution that supports socioeconomic development and nation building are essential elements of good governance. Transparency should cover payments made by transnational companies, as well as national finance. Able and reliable institutions, operating on independent, transparent and nondiscriminatory principles need to be developed.

Transparency is an essential element of good governance. Transparency alone, however, is not a sufficient condition to ensure good governance. For example, the capacity of civil society to check on good governance and accountability should be enhanced in this regard. There are several initiatives aimed at improving transparency of resource revenues through host-government reporting and company reporting. Relevant initiatives need to be supported. Universality of any mechanism is essential.

Rent distribution should address horizontal inequalities. Social revenue sharing schemes have the potential to reduce macro-level economic distortions, as well as development distortions, caused by resource windfalls. It can also contribute to poverty reduction: by economic diversification
that benefit a wider range of people; and environmentally and socially sustainable management of forests.

Fiscal system reform is also essential in the forest sector. Along with rent distribution, efficient rent capture contributes to socioeconomic development and increases development finance. Rent capture is not a minor issue, since, for example, the failure of governments to collect rent from legal forestry operations alone amounts to US$ 10 billion a year, according to a World Bank estimate. Capacity building and sharing of best practices are important means to help countries to improve their revenue collection systems.

Forest Law Enforcement and Governance (FLEG) processes provide a useful example of regional cooperation in improving natural resource governance. For example, the East Asia FLEG Ministerial Declaration aimed at improving forest-related governance in order to enforce forest law, improve the enforcement of property rights and promote the independence of the judiciary. It emphasizes stakeholder participation, including local communities, in decision-making in the forestry sector, to promote transparency, reducing the potential for corruption, ensuring greater equity, and minimizing the undue influence of privileged groups.

It is important to engage the private sector in all initiatives. Private companies in conflict zones or areas of weak governance are not neutral actors. They can ignite and exacerbate conflict and are affected by conflict. Conflict can arise over control of the resource or over the right to participate in decision-making and benefit-sharing. Conflict can be also a result of adverse environmental and social impacts of the activities. The private sector can also finance conflict directly or indirectly. Conflict is always an important factor in investment decisions. A company can choose to divest or decide not to invest at all where it sees the risk as too high. The private sector can engage in proactive conflict management, manage the side effects of its business decisions, participate in conflict management activities by others and eliminate revenue streams that support violence, among other measures.

**Conflict-sensitive forest management?**

It is recognized that sustainable forest management creates wealth, reduces income equalities and preserves the environment – therefore, conflict prevention at its best. If so, should the conflict perspective be addressed separately or would pursuing sustainable forest management sufficiently address it? Notwithstanding, it should be acknowledged that current efforts to tackle illegal logging have not been effective.

In an era of interconnected threats, especially in the current heightened state of consciousness on security, it should be stressed that poverty and environmental degradation are threats of equal seriousness with war and international conflict. Thus the argument is all the more valid that sustainable forest management can be an engine for development creating foundations for peace in harmony with other sectors.

In many war-torn regions forests can be the resource that can provide the necessary means for nation building and displaced people with a livelihood and thus hope for a better future. In the development of new policies that recognize the full potential of forests to improve the well-being of the global community, human security, peace and development cannot be neglected in those policies. The high level segment at UNFF5 has the unique opportunity to start the process.