

# EU Forest Watch

Informing NGOs, MEPs, Member States, the European Commission and the media

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## Ilisu dam: teetering at the edge

This month, an unprecedented step was taken in the history of export finance when Germany, Austria and Switzerland announced that, by 6 July 2009, they would withdraw their export credit guarantees for the highly controversial Ilisu dam project in Turkey. Environmental and human rights organisations, including FERN (FW 134), have repeatedly pointed out the social, environmental and cultural problems and potential for conflict with neighbouring countries associated with the project. Heike Drillisch from the German Ilisu Campaign stated, "This is a great step forward for the protection of human rights, the environment and

cultural heritage."<sup>1</sup>

The withdrawal is a significant victory for the people of Hasankeyf who would be displaced by the dam and for those who have campaigned to stop it, making it increasingly likely that the project will be cancelled completely. Without this support, Turkey will lack both technical know-how and the 450 million Euro in funding needed to proceed.

For the first time in export credit history, a significant contract has been cancelled for social, ecological and cultural reasons, leaving the reputation of the project in tatters. It is hoped Turkey will revisit its decision to build the dam and that

Austrian Creditanstalt, French Société Générale and German DEKA Banks will withdraw their offers of finance for the potentially devastating project.

The NGOs who have long fought this project will not stop campaigning now, however. Victories such as this bring much hope to stop other destructive projects guaranteed by Export Credit Agencies. Moves are already afoot to get Turkey itself to cancel the project and to have Hasankeyf and the surrounding Tigris river named a UNESCO World Heritage Site.

1. <http://www.ens-newswire.com/ens/jun2009/2009-06-22-02.asp>

## Liberia's dubious timber concessions

The latest mid-term report by the United Nations Panel of Experts on Liberia<sup>1</sup> makes worrying reading.

The report shows that awards of timber concessions are riddled with irregularities: companies are allowed to bid for contracts despite failing the qualification criteria, and have pre-qualified for 'medium forest management' contracts and a 'plantation timber sales contract,' although neither category exists in law or regulation. Also, payment terms have been modified, which will have the effect of reducing Liberia's revenues by millions of dollars. One company has reportedly been logging legally, but even this company has, according to the UN, felled valuable Ekki trees outside its concession.<sup>2</sup> Civil society organisations have shown that in at least three cases, companies were given logging concessions

on land already deeded to communities, some of whom have been pressured to drop protests.<sup>3</sup> Rather than assist in remedying the situation, the Liberian Forestry Development Authority (FDA) has accused international advisers, including the UN Panel, of stalling and sabotage.

These are just some of the problems an EU-Liberia partnership agreement to control illegal logging would need to help resolve. Liberia started formal negotiations with the EU for a voluntary partnership agreement to control illegal logging in March 2009. The UN Panel agrees that these negotiations could have very positive implications for Liberia's internal controls on the timber sector. For any VPA to be successful, however, the first thing to be agreed is a definition of 'legality,' which must include recognition of local

communities' tenure rights. Clarification of tenure rights should also be a key element of the financial support offered by Norway to cash-strapped Liberia, for keeping its forests intact and support rural livelihoods as part of a Reduced Emissions from Deforestation and Degradation (REDD) agreement.

Despite President Ellen Johnson-Sirleaf's promised transparency, the Panel confirms Liberian NGOs' reports of a serious danger that Liberia will slip back to the days when forest resources benefited few and harmed the communities most entitled.

1. UN Security Council S/2009/290, 5 June 2009.  
 2. Civil society organisations have argued that the company did not log legally, as it had not met all requirements as specified under Liberia's forestry and environmental law detailed in 'Hunert's whistle' available at [http://www.loggingoff.info/media/articles/article\\_661.pdf](http://www.loggingoff.info/media/articles/article_661.pdf).  
 3. Ibid



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## NEWS IN BRIEF

**Social criteria could and should be included in public procurement**, the UK's Department for Environment, Food and Rural Affairs (DEFRA) has decided, and it will recommend that a public consultation process be carried out in July 2009 regarding the inclusion of social criteria in the UK's sustainable timber procurement policy. The move will also lead to closer policy alignment with other EU Member States that have already included social criteria in their procurement policy, such as the Netherlands, Denmark and Belgium. For the date of the public consultation, contact [helpline@defra.gsi.gov.uk](mailto:helpline@defra.gsi.gov.uk). For an overview of latest developments concerning EU Member States and Japan's timber procurement policies, see the FERN report "Towards a sustainable future," available online at [www.fern.org](http://www.fern.org) or in print from [Julie@fern.org](mailto:Julie@fern.org).

**The EU's crucial financial support for Southern countries' transition to low-carbon economies** was a main item at the June 2009 meeting of EU Finance ministers. This is one of the deadlock issues in the international climate debate, but instead of proposing predictable and genuine funding, EU finance ministers suggested to count money spent on purchasing carbon offset credits as part of the EU's financial obligations. CAN's Matthias Duwe explained that "By counting carbon offsets towards the required financial support for developing countries, the ministers undermine the EU's aim to keep global warming below 2 degrees."

**A recent report for WWF<sup>1</sup>** looking at the extent to which consultancies assessing "additionality" on behalf of the Clean Development Mechanism (CDM) has shown that most are failing. On a scale of A-F, the best rating is a 'D', which is not surprising given the impossibility of proving that claimed emission reductions would not have happened without the offset project (i.e. whether they are additional).

1. Lambert Schneider & Lennart Mohr (May 2009): A rating of Designated Operational Entities (DOEs) Accredited under the Clean Development Mechanism (CDM).

## UK Environmental Audit Committee heeded

The UK House of Commons Environmental Audit Committee released its report, "Reducing greenhouse gas emissions from deforestation: No hope without forests,"<sup>1</sup> on 29 June 2009. The Members of Parliament (MPs) have clearly taken on the advice presented by NGOs like FERN and Forest Peoples Programme concerning the need for improved forest governance as a precondition for Reduced Emissions from Deforestation and Degradation (REDD) payments. The report states, "eligibility for forest payments should be conditional on improvements in governance and the protection of local communities." The MPs are therefore understandably very critical about the UK-funded World Bank's Forest Carbon Partnership Facility which does not insist on governance before payments.

The report calls for change in patterns of consumption to reduce demand for forest and agricultural products, and the development of sustainability standards for all agricultural products. By contrast with the UK Government, which announced its support for inclusion of forestry in carbon markets on the same day as the Parliamentary committee launched its report, the MPs call for exclusion of forest credits from the EU Emission Trading Scheme and state that, even if international discussions were to lead to a trading-based system of payments, "there needs to be significant improvements in governments and reforms to legal systems and land ownership if the payments are going to work."

1. [www.publications.parliament.uk/pa/cm200809/cmselect/cmenvaud/30/30.pdf](http://www.publications.parliament.uk/pa/cm200809/cmselect/cmenvaud/30/30.pdf)

## EU aid: must do better

EU aid should be more rigorous and systematic in tackling the sustainable management of natural resources and adaptation to climate change, the Environmental Council of the European Union has concluded.<sup>1</sup> The EU must coordinate with other donors in order to develop mutually supportive strategies for the integration of environmental issues across policies and sectors in recipient countries. It must also take greater steps to ensure coherence between policies affecting developing countries, such as aid, agriculture, fisheries and trade.

To improve the EU environmental record abroad, the conclusions ask the Commission to update and use its tools for environmental integration,<sup>2</sup> develop a work programme listing deliverable results and responsibilities and present an EU-wide environmental integration strategy to the Council.

The conclusions are the most important EU public statement since the 2005 European Consensus for Development,<sup>3</sup>

which committed the EU to integrate environmental concerns in its aid policy. NGO demands that the Commission hasten to implement those commitments and to increase the use and quality of its tools (FW Issues 118, 139) yielded limited results. Perhaps having indicators for delivery will bring new, much-needed speed to the process.

1. [www.europa-eu-un.org/articles/en/article\\_8823\\_en.htm](http://www.europa-eu-un.org/articles/en/article_8823_en.htm)  
2. Such as updating country profiles and using environmental impact/strategic environmental assessment tools  
3. [http://ec.europa.eu/development/icenter/repository/european\\_consensus\\_2005\\_en.pdf](http://ec.europa.eu/development/icenter/repository/european_consensus_2005_en.pdf)

## Forest Agenda

10-14 August: UNFCCC meeting, Bonn, Germany.

11 September: Council working group on export credits, Brussels.

14-15 September: Informal agricultural council, Brussels.