

**EMBARGOED: NOT FOR PUBLICATION, BROADCAST OR TRANSMISSION  
UNTIL OCTOBER 23, 2006, AT 1 PM IN WASHINGTON DC  
(1700 GMT/UTC)**

## **World Bank Policy Research Report**

*At Loggerheads? Agricultural Expansion, Poverty Reduction and Environment in the  
Tropical Forests*

### **REGIONAL HIGHLIGHTS – AFRICA**

#### **Why global carbon finance is important for Africa**

Global carbon finance for avoiding deforestation is of particular interest to Africa, which has **restricted opportunities under the Clean Development Mechanism** (a mechanism under the Kyoto Protocol which allows countries that need to reduce their carbon emissions to instead invest in less expensive emission-reducing projects in developing countries).

- Africa has benefited less from this arrangement largely because there is little industrial emission to abate in African countries.
- But taking advantage of carbon finance for avoiding deforestation will require African countries to tackle fundamental **governance** issues.

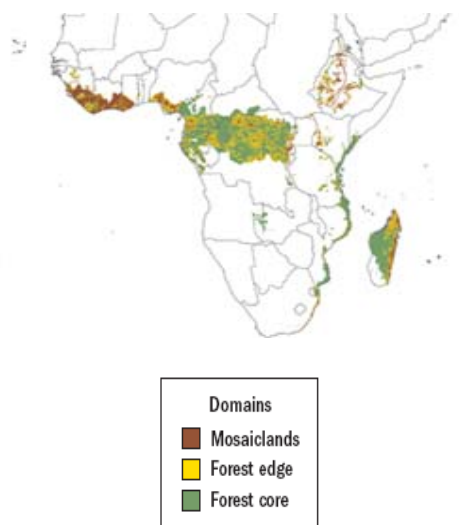
#### **Policy advice for three types of tropical forests in Africa**

Although much of the report is applicable to savanna woodlands (found widely in Sub-Saharan Africa), it pays more attention to tropical forests (as shown below), where there is often greater competition for forest resources, and environmental threats are acute.

To aid policy analysis, the report classifies these forests into three types:

- Forest-agriculture **mosaiclands** (e.g. parts of Madagascar, lowland forests of west Africa)
- Frontier and disputed areas at the **forest edge** (much of the tropical forest area in Africa)
- Areas beyond the agricultural frontier or the **forest core** (e.g., the heart of the Congo basin)

Priorities and policy implications vary widely across these three forest types, each of which contains roughly **30 million** rural people.



#### **Mosaiclands**

Often overlooked in policy discussions, tropical forest mosaiclands are places where forests and agriculture coexist as a patchwork and where population densities are relatively high.

**EMBARGOED: NOT FOR PUBLICATION, BROADCAST OR TRANSMISSION  
UNTIL OCTOBER 23, 2006, AT 1 PM IN WASHINGTON DC  
(1700 GMT/UTC)**

**World Bank Policy Research Report**

*At Loggerheads? Agricultural Expansion, Poverty Reduction and Environment in the  
Tropical Forests*

- In these areas, the challenge is to maintain the local environmental services of agriculture—for soil fertility, timber, water quality, fuel wood and bushmeat—while preserving globally important biodiversity.
- Madagascar and the lowland forests of West Africa, examples of the mosaiclands, are biodiversity ‘hotspots’. Many species in these areas face urgent extinction threats where their habitat has drastically shrunk and become fragmented.

***Policy implications***

In Madagascar, where forests are cleared by poor people for paltry, unsustainable gains, it has been difficult to find policy solutions for deforestation and poverty.

- Protected areas seem effective in reducing deforestation but their revenues and integrated conservation development have done little to raise incomes.
- The report suggests that **global forest carbon finance** could be effective to tackle some of the problems of Madagascar and comparable countries. Deforestation releases carbon dioxide (CO<sub>2</sub>) into the atmosphere, contributing to global warming. Although the country’s contribution to global warming is tiny, a global market for CO<sub>2</sub> emission reductions could provide financing for sustainable land management in Madagascar. A program for reducing global emissions might be able to offer farmers help in undertaking higher productivity agriculture on already degraded areas, while conserving the irreplaceable environmental benefits of forests.
- The emergence of global carbon markets may, according to the report, “blaze a trail” for new approaches to **global biodiversity finance**, which could also be harnessed to maintain forest ecosystems in Africa’s mosaiclands. For instance, firms in the developed world that destroy or degrade habitats could offset this by funding habitat conservation elsewhere. Over the long run, growth in forest-based ecotourism could help boost rural incomes and motivate conservation.

**Frontier and disputed areas**

These areas at the forest edge encompass a large part of the tropical forest area in Africa and some of the savanna.

- The land nominally belongs to governments but control is weak, and large interests try to take over timber and other resources. Ineffectual government control of nationalized forests creates a situation where communities and loggers dispute land control and degrade the forests.
- Smallholders dominate the conversion of forest to agriculture in Africa, based on limited information.. According to the FAO, direct conversion of forest area to small-scale permanent agriculture accounted for 60 percent of land use change in Africa. (FAO, 2001). The returns to conversion may be negligible in the case of some subsistence farming, or quite high in the case of some agroforestry.

**EMBARGOED: NOT FOR PUBLICATION, BROADCAST OR TRANSMISSION  
UNTIL OCTOBER 23, 2006, AT 1 PM IN WASHINGTON DC  
(1700 GMT/UTC)**

**World Bank Policy Research Report**

*At Loggerheads? Agricultural Expansion, Poverty Reduction and Environment in the  
Tropical Forests*

- African forest loss around large cities often reflects a combination of agricultural expansion and over-harvesting for charcoal.

***Policy implications***

The main challenge is to bring in **effective forest governance**. In practical terms this means fairly allocating forest wealth, safeguarding the interests of forest dwellers, striking a balance between conversion to agriculture and maintenance of forest services, setting up regulations that ensure sustainable forest maintenance without imposing onerous restrictions on poor people's access to the forest, and preventing resource grabs by powerful interests.

An example of a country which has taken steps in the right direction—although not yet an unqualified success—is **Cameroon**, where the government has

- employed donor-funded independent monitors of forest law enforcement and allocated forest concessions by transparent auctions,
- introduced forest tax reforms and allocated timber rents to communities,
- divided the forest estate into various conservation and sustained production uses and provided for community forests.

The outcomes of these reforms include:

- Much higher public scrutiny of concession operators and the government.
- Greater potential control over logging.
- More than 10 million dollars of forest royalties per year distributed to local governing bodies and communities for their development.
- About 15 companies changed ownership, with a trend towards more efficient and law-abiding companies and increased domestic ownership.

**Beyond the frontier**

Areas at the forest core include the heart of the Congo Basin in the Democratic Republic of Congo (DRC) and Gabon.

- Much of this area will sooner or later come under pressure. An example is in DRC, where much-needed road improvement may spur agricultural conversion and bushmeat overexploitation.

***Policy implications***

- The priority in forests beyond the frontier is to **plan now** for a rational approach to land management. There are steps in the right direction such as the creation of 11 new national parks in Gabon. But before pressures arise or increase, and before stakeholders become entrenched, governments need to plan for better forest management.
- **Road networks and protected areas** should be planned using existing strong technological methods, in a manner that mediates between competing interests.