

Protecting forests, economic growth go hand in hand

An encouraging chain reaction seems to be happening. One after the other, private sector initiatives have been launched to protect rainforests and peatland. Few would have expected a few years back that we would see such positive developments and strategic partnerships between the private sector and civil society.

Commitments made by the industry signal a new chapter in the move toward sustainability and transparency. First out was the Sinar Mas Group. Its affiliate, Asia Pulp & Paper (APP), is having its first anniversary for its zero deforestation policy this week. Today I would particularly like to congratulate APP for being an early mover in this field. The intentions presented in its sustainability policy are commendable. APP has been willing to open up for external review. Initial reports about implementation and ability to address problems as they arise are encouraging. The change taking place is of course related to increased awareness among consumers and a long and hard struggle by civil society organizations. But we also see another emerging trend: Financial institutions and institutional investors are paying increasing attention to sustainability. The largest life insurance fund in the Nordic countries, Storebrand, has recently divested from a number of plantation companies – but decided to keep Sinar Mas affiliate Golden Agri Resources in its portfolio. According to media this is because of the company's zero deforestation policy, openness for review – and a track record in implementation. I am confident that we will see that it clearly pays off also financially to adhere to sustainability principles. Institutional investors will be willing to pay a premium for stocks in "green" companies, and divest from environmentally destructive companies.

Recently Wilmar, the second-largest palm oil trader in the world, launched an ambitious no deforestation policy. Many observers have called Wilmar's bold move a game-changer if implemented fully. Wilmar's chairman being invited to speak during a panel at the recent World Economic Forum in Davos underlines that this is considered big international news. Last week, the Asia Pacific Resources International Ltd. (APRIL) corporate group came out with a new policy with commitments to deforestation-free production. Norway warmly welcomes the new commitments. To rephrase an old saying: The proof of the policy is in its implementation. The new policies will require strong commitment from the companies' top management as well as owners. I look forward to continuing dialogue with these companies in their journey toward fully sustainable operations.

But this is only the beginning of a promising chain reaction. I am hopeful that these champions will trigger others to follow, both large and smaller corporations. Hopefully later in other industries that have large impacts on landscapes. The initiatives are all very encouraging. Some say they have heard similar visions from the private sector before, but later only to become disappointed because companies failed to live up to commitments. But there is a key difference here. This time, the leading corporations have reached out to civil society and committed themselves to a multi-stakeholder approach during implementation of their new policies. This is the new way of doing business. Companies that make the shift to sustainable practices early will have a competitive advantage. It is indeed encouraging that civil society is being invited to actively monitor the implementation of these policies. Civil society has been instrumental in pushing for such reforms, and will have an equally important role ahead to monitor implementation. I commend them for their efforts and persistence, and I hope for even closer dialogue and partnerships among the private sector, civil society and government.

Large companies, led by the likes of Unilever, Nestle and Procter & Gamble, are increasingly committing to phasing out all palm oil that has been produced through deforestation. Also established groupings such as the Tropical Forest Alliance 2020, which is a public private partnership between the Consumer Goods Forum, several countries and civil society play a key role here. The Consumer Goods Forum is a global industry network of over 400 retailers that have the combined sales of approximately US\$3 trillion, and have pledged to help achieve zero net deforestation by 2020. Campaigns and increased awareness on environmental issues are having a positive effect. Civil society is entering into constructive dialogue with the early movers in the private sector. I would encourage civil society to also continue its dialogue with the government to explore ways to stimulate green growth, for example, via "green taxes" and "green fiscal incentives", and improving forest governance.

Not many years ago, there was a somewhat free-for-all situation in the forestry sector. Companies could cut forests with little risk of being prosecuted. There was little oversight. Maps tended to be overlapping and inconsistent. But much has changed since Indonesia committed to reducing emissions and deforestation in 2010. We are seeing increased awareness in regards to protecting rainforest and peatland. Indonesia stopped issuing new forest licenses after the moratorium was issued in 2011, and extended it in 2013. Further examples are the "One Map" initiative to develop a consistent forestry map, and the multi-door approach to fight forest crime. Moreover, indigenous people now have land rights, based on the recent ruling by the Constitutional Court. And last but not least; the REDD+ Agency (Reducing Emissions from Deforestation and Forest Degradation) is now established and will become an agent for change. The new agency will work closely with relevant ministries as well as provincial and local authorities, civil society and private sector. The private sector can play a key role to support these governance initiatives. Protecting forests and economic growth must go hand in hand. The objective of REDD+ is not to turn the whole country into a national park, or to block agro- and forestry industry. It is the contrary: The objective is for Indonesia to switch into a green economic trajectory, where new jobs are created, but without further destruction of primary rainforest and biodiversity. Green growth represents new opportunities and a better future for us all. Norway is proud to be Indonesia's friend and ally in this effort.

Stig Traavik, The writer is the Norwegian Ambassador to Indonesia.