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# LATIN AMERICAN AND CARIBBEAN FORESTRY COMMISSION

## THIRTY-SECOND SESSION

**6 - 10 September 2021**

### **INFORMATION PAPER: COVID-19 IMPACTS ON THE FOREST SECTOR AND COMMUNITIES IN LAC AND RECOVERY OPPORTUNITIES**

#### **Executive Summary**

The COVID-19 pandemic has created a massive disruption to human lives, livelihoods and economic systems worldwide. It has also had multiple impacts on forest resources, the forest sector and forest-dependent communities while simultaneously providing a valuable opportunity to invest in green and sustainable development as recovery measures. These issues are discussed in this paper in the Latin America and the Caribbean (LAC) context.

Innovative environmental solutions for strengthening societies and economies will not only contribute to preventing future pandemics, but also to more sustainable and long-term development. In the LAC region COVID-19 recovery programmes offer an opportunity to enhance decent working conditions, high health and safety standards and to promote legal and sustainable value chains in the forest sector, especially for vulnerable communities. Sustainable forest management and restoration measures have a high potential for economic reactivation, climate resilience, income opportunities and contributions to sustainable development.

#### **Suggested action by the Commission**

The Commission may wish to invite countries to:

- Strengthen forest governance to contain the impact of the pandemic and enhance contributions of the forest sector to the COVID-19 recovery phase.
- Monitor and enforce laws to end unsustainable and illegal logging.

- Provide financial incentives to the forest sector to allow a shift from an emergency phase to a COVID-19 recovery phase. For example, by promoting local initiatives focused on restoration, creating jobs and boosting economic activities; and by creating enabling conditions for the forest sector to access international assistance and financing for specific measures in response to COVID-19.
- Collect and improve data on the number of jobs and the level of economic activity generated by the forest sector, especially as part of the COVID-19 recovery response.
- Promote the trade and consumption of sustainable and legally obtained forest products and support domestic production.

The Commission may wish to request FAO to:

- Support capacity building and provide technical assistance and data to underpin national efforts to enhance, redesign and implement policies and actions to halt deforestation and forest degradation, as appropriate; support adaptation measures, including in the context of recovery actions related to forests, and promote South-South and Triangular Cooperation.
- Promote synergies and address trade-offs between forestry and agriculture in regional initiatives and projects, including through COVID-19 recovery measures.
- Support countries in collecting data on the number of jobs and the level of economic activity generated by the forest sector, especially as part of the COVID-19 recovery response.
- Promote the use of digital innovations to improve access to data and analytics for decision makers (including market exchange platforms and logistics along value chains for legal and sustainable products) and for community monitoring, in particular via IT and mobile technologies to reduce dependency on physical monitoring by governmental agents.

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## I. INTRODUCTION

1. The COVID-19 pandemic has created a massive disruption to human lives, livelihoods and economic systems worldwide. It has caused a public health crisis and short-term economic recession, resulting in the loss of livelihoods, poverty, increased income inequality and food insecurity, especially among vulnerable groups of people. The pandemic has also had multiple impacts on forest resources, the forest sector and forest dependent communities while simultaneously providing a valuable opportunity to invest in green and sustainable development as recovery measures.

2. The emergence of the COVID-19 pandemic is also related to the effects of deforestation and forest fragmentation. It is estimated that nearly three-fourths of emerging infectious diseases – and almost all recent pandemics – are zoonotic, in that they originate in animals, mostly wildlife<sup>1</sup>. There is evidence that deforestation and forest fragmentation is a key driver of the emergence and re-emergence of infectious diseases such as COVID-19 by bringing human activities nearer to wildlife, and therefore facilitating the spread of new diseases.

3. The impacts of COVID-19 on forest areas in Latin America and the Caribbean are still unclear; the effects of the pandemic could either lead to an increase or a decrease in deforestation. An

<sup>1</sup> FAO. 2020. Global emergence of infectious diseases: links with wild meat consumption, ecosystem disruption, habitat degradation and biodiversity loss. Rome.

economic slowdown may mean less deforestation but the crisis also resulted in difficulties with regard to forest governance and law enforcement. Some of these difficulties relate to monitoring the state of forest resources, maintaining and enforcing land tenure rights, and obtaining certifications, thus leading to an increase in illegal logging. Additionally, the reduction of non-farm employment, the migration from the cities back to rural areas (due to a lack of economic opportunities) may also accelerate the loss of forests. However, this also provides an opportunity to utilize the skills of people returning who may have knowledge relevant to using land and forests in a strategic manner.

4. To date, it appears that there would be an increase of global deforestation rates caused by the pandemic. According to the latest Global Forest Watch report, loss of primary tropical forests in 2020 was 12 percent higher globally than during the same period the previous year<sup>2</sup>. According to the same report, the Bolivia (Plurinational State of), Brazil, Colombia, México and Peru appear on the list of the 10 countries in the world that lost the largest area of forests in 2020. It is not clear, however, if this is due to the continuation of a pre-existing trend, or if it is amplified by the effects of the pandemic.

5. Unprecedented fiscal and monetary stimulus policies have lessened the effects of some of the crisis' initial economic impacts, also in Latin America and the Caribbean. Nevertheless, it seems likely that the pandemic's economic effects will significantly affect land use over the coming decade.

## **II. IMPACTS OF COVID-19 ON THE FOREST SECTOR IN LAC**

6. According to the results of a global survey on impacts of COVID-19 on wood value chains and forest sector response<sup>3</sup>, wood value chains were seriously affected by the COVID-19 pandemic, but the direction and intensity of the impact were not homogeneous. The pulp and paper sector reported a positive impact as it provides products classified as essential such as sanitary and hygiene products, and paper and cardboard for packaging of products to support the increased reliance on e-commerce and delivery services since the lockdowns began.

7. The situation is particularly problematic in developing countries. According to a policy brief by FAO on the impacts of COVID-19 on the forest sector<sup>4</sup>, restrictions on movement had impacted the transport of forest products from production sites to market centres, affecting the income of producers and sellers, which, in turn, also affected consumers in some urban areas. According to an initial assessment prepared for the United Nations Forum on Forests on the impact of COVID-19 on sustainable forest management<sup>5</sup>, in Brazil for example, wood product exports earnings declined by 24 percent in the first six months of 2020, with pulp and paper accounting for most of it. Export volumes were stable, but international prices dropped sharply. This does not seem to have discouraged plantation investment, which are based on longer planning horizons.

8. Similarly to other sectors, big enterprises in the forest sector were affected differently than the smaller ones. In the legal and bigger forestry enterprises, teleworking was the most widely adopted short-term measure to respond to the pandemic, along with updated information on adaptation measures for employees, clients and suppliers. The measures implemented to face the COVID-19 pandemic may have, in those cases, "improved health standards in wood value chains, as monitoring compliance with health and safety guidelines from competent national authorities increased". Informal producers and processors were less likely to introduce new protection measures against the pandemic, and most small and medium forest enterprises do not have access to social benefits and economic incentives.

9. Some enterprises had difficulties managing the economic pressure caused by the pandemic and terminated employment of staff as a coping strategy. According to a study carried out by the

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<sup>2</sup> <https://research.wri.org/gfr/forest-pulse>

<sup>3</sup> FAO. 2020. Impacts of COVID-19 on wood value chains and forest sector response: Results from a global survey 2020. Rome.

<sup>4</sup> FAO. 2020. The impacts of COVID-19 on the forestry sector: How to respond? Rome.

<sup>5</sup> <https://www.un.org/esa/forests/wp-content/uploads/2021/01/Covid-19-SFM-impact-WEOG.pdf>

Santiago Chamber of Commerce, in Latin America and the Caribbean, and including all producing sectors, Peru, Costa Rica and Chile were among the countries where unemployment rates increased most between March and July 2020. Similarly, and despite the potential of the forest sector to promote growth and employment, the persistent decent work deficits have been worsened by the pandemic.

10. The forest sector is shaped by longer planning and harvesting cycles than in other sectors and wood products can be stored and have longevity. The impacts are therefore mixed. Even where layoffs, temporary closure of commercial outlets or reduction of salaries had strong impacts on wood value chains, in most countries, the forest sector maintained its forest and industrial operations. Moving forward, it is crucial to enhance decent working conditions, high health and safety standards and legal and sustainable value chains in the forest sector.

### **III. IMPACTS ON FOREST-DEPENDENT COMMUNITIES**

11. It is estimated that 35 percent of the forest area of Latin America is occupied by indigenous groups. The vast majority of those forests are in Argentina, Brazil, Bolivia (Plurinational State of), Colombia, Mexico, Peru and Venezuela (Boliviarian Republic of). The indigenous peoples occupy almost half (48 percent) of the forests in Central America (IUCN, 2016) and a significant part of those forests are located in Ecuador (30 percent), Guyana (15 percent) and Suriname (39 percent)<sup>6</sup>. Special attention should be given to indigenous peoples as they are often those more isolated, lack access to healthcare systems and receive less official information, which is frequently unavailable in local languages. Furthermore, lockdowns have limited their access to food and medicine, increasing their vulnerability.

12. In Latin America, the spread of COVID-19 has deepened the vulnerability of millions of forest-dependent communities, intensifying uncertainty for this large part of the population. They face a diversity of simultaneous challenges that have been intensified by lockdown measures, including basic livelihood insecurity, precarious land and resource rights, food and nutritional insecurity, low incomes as well as lack of access to health care services, government social protection measures, and information. Forest communities located near disturbed forests are even more at risk, as they are in the frontline of exposure to emerging infectious diseases. They are also least able to cope with and control their spread. Women, youth, the elderly, indigenous peoples and pastoralists are among those most vulnerable.

13. Given that forest-dependent communities tend to have limited access to health care and to information on preventing and mitigating the pandemic, they have been highly affected in terms of infection rates and deaths. Despite significant expansions in coverage, 32.6 percent of the rural population in LAC still does not have legal health-care service coverage and only 11 percent of the rural population lives in households that receive social security benefits. Additionally, COVID-19 threats may persist for longer in these areas due to slower vaccination rollouts.

14. Generally speaking, the forest sector is characterized by a high degree of informality and many small-scale operators. It is estimated that globally, 80-90 percent of forest enterprises are small and medium forest enterprises, while approximately 75 percent of forest production is informal<sup>7</sup>. These numbers also apply to the LAC region. Additionally, these numbers are higher for indigenous people. According to an ECLAC Project Document on the impacts of COVID-19 on indigenous people, it is estimated that more than 80 percent of indigenous workers – considering all sectors - are employed in the informally in the region, which is significantly higher than among non-indigenous workers.

15. Forest and Farm Producer Organizations (FFPOs) play an important role for forest-dependent communities and small-scale producers and can be generally defined as people-centred forest-and

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<sup>6</sup> FAO and FILAC. 2021. Forest Governance by Indigenous and Tribal People. An Opportunity for Climate Action in Latin America and the Caribbean. Santiago.

<sup>7</sup> [https://sustainabledevelopment.un.org/content/documents/27315Annex\\_2\\_COFO\\_inputs\\_to\\_HLPF\\_2021.pdf](https://sustainabledevelopment.un.org/content/documents/27315Annex_2_COFO_inputs_to_HLPF_2021.pdf)

farm-based organisations that are owned, controlled, and run by and for their members to realise common economic, social, environmental and cultural needs and aspirations. FFPOs have been critical in immediate COVID-19 responses and have been instrumental in providing social protection as well as financial services - such as insurance and micro-credits - during this period. For example, in Bolivia (Plurinational State of), the National Indigenous Forest Association (AFIN) organised several response measures to support its communities, such as voluntary collective isolation and controls on entry and exit to the communities as well as internal mechanisms for making information regularly available within communities. Additionally, there were several examples of communities establishing their own solidarity systems for bringing food into the territories and meals to those most in need.

16. With closed borders and limitations on movements, tourism practically disappeared in the region, with severe consequences for forest-dependent peoples' livelihoods and integrated conservation and development strategies in the buffer zones of protected areas. By early May 2020, COVID-19 restrictions (and travel avoidance) had brought global air traffic to a standstill (declining some 95 percent). Tourism has been slow to recover and it may take years for it to regain previous levels, which will lead to a strong reduction in employment and revenues in some countries, affecting especially local populations.

17. Finally, COVID-19 has brought additional risks to forest governance. Reduction and relaxation of forest law enforcement activities have increased illegal activities, causing forest-dependent communities and associations to face higher risks.

18. Vulnerable communities need support to sustain their livelihoods, food security and to increase their resilience to crises. Access to health care and information also needs to be enhanced in many countries with a focus on rural and forest-dependent communities. Strengthening FFPOs in their efforts to support communities to cope with the pandemic and recover from it can be an effective strategy to compensate for the lack of social security programmes<sup>8</sup>.

#### **IV. POTENTIAL OF THE FOREST SECTOR AS A TOOL FOR BUILDING BACK BETTER**

19. The COVID-19 pandemic is a multifaceted challenge, but it can be turned into an opportunity to shift to greener, more inclusive economies and societies. The forest sector has a strong potential to advance this agenda as one that can effectively address poverty, generate income and employment, improve resilience to shocks in rural areas, and contribute to achieving the Sustainable Development Goals (SDGs). According to the World Economic Forum, forest conservation and restoration can create millions of green jobs to boost rural economies and provide long-term sustainable growth. A report from the International Development Bank and the International Labour Organization points out that the transition to a green economy would offer the promise of creating 15 million net new jobs in Latin America and the Caribbean, 60 000 of which specifically in the forest sector.

20. To achieve this, it is fundamental to integrate small farmers, communities and small and medium forestry enterprises into sustainable supply chains, and - at the same time - include wood and non-wood forest product value chains in recovery measures and strategies to ensure that decades of progress in meeting sustainable development goals are not reversed as a result of the pandemic. Amid disrupted international markets, some countries have boosted the interest of governments and private sector actors in legal domestic forestry production and processing, e.g. through public purchases of national wood and non-wood forest products. In northern Brazil, the state governments of Maranhão and Piauí and the Brazil Bank Foundation have been buying babassu coconuts - which are collected and processed by a local organization of 300 000 women - and adding them to family food baskets distributed by local governments.

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<sup>8</sup> FFF. 2020. The vital role of forest and farm producer organizations (FFPOs) in COVID-19 responses and plans to build back better. Rome.

21. However, as governments are also facing budgetary restrictions in the face of the pandemic, international mechanisms such as REDD+ can support recovery initiatives related to the forest sector. For example, Costa Rica's payment for environmental services programme has been active since 1995, paying landowners if they conduct agreed-upon sustainable land-use practices. Over the last five years, this programme has been fully funded by the national carbon tax and water fee but, in the current economic downturn, the recent results-based payment from the Green Climate Fund for the country's REDD+ efforts is essential to sustaining the transfer of needed cash resources directly to impoverished groups to support their forest conservation efforts and livelihoods in the COVID-19 recovery phase.

22. Additionally, the year 2021 marks the beginning of the United Nations Decade on Ecosystem Restoration. The more than 200 million hectares of degraded lands and under-managed landscapes in the region, offer an opportunity to upscale existing commitments and efforts to restore ecosystems to their full functionality, thereby benefitting livelihoods and biodiversity. A 2018 report by the World Resources Institute notes that restoring degraded lands in Latin America and the Caribbean would yield USD 23 billion in net benefits in 50 years. Their analysis shows that, on average, farmers who restore their land can earn an additional USD 1 140 per hectare in net economic value from restoration.

23. A good example of this has been developed in Chile. An initiative launched by the Ministry of Agriculture, seeks to reactivate the economy through restoration and generate 16 000 jobs, benefitting small forests owners affected by fires or by climate change. According to calculations by the FAO Regional Office for Latin America and the Caribbean, creating a direct job in restoration would be cheaper than creating a direct job in construction (USD 4 083 vs USD 40 000). Even if the indirect jobs that the construction sector creates are considered, restoration jobs would still be cheaper (USD 4 083 vs. USD 25 000).

24. The ongoing COVID-19 pandemic has exposed an urgent need to invest in the forest sector to build a better, greener and more resilient world. Finding innovative solutions to environmental issues to strengthen societies and economies, will not only contribute to preventing future pandemics, but also sustainable, long-term development. Restoration measures have a high potential for economic reactivation, climate resilience and sustainable development if they are implemented effectively and combined with measures to halt deforestation and provide legal income opportunities from sustainably managed forests.