



## 4.2 The impact of REDD on forest governance

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### Introduction

Improving forest governance, and recognizing who owns the forests, are preconditions for the success of any initiative to reduce forest loss, including REDD. A close look at national REDD plans, however, indicates that they are unlikely to lead to better governance or strengthening community tenure rights. This is because their focus is on monitoring, reporting and verifying carbon emissions, rather than on monitoring, reporting and verifying governance.

REDD's carbon focus stems from the idea that creating a forest carbon market is needed to deliver the billions of dollars required for REDD to work. Forest carbon therefore needs to be monitored and accounted for. But even if such a market were to materialize, which is highly unlikely, it would not benefit forests or communities. It is therefore time for REDD to focus on forest governance. Such a shift would also strengthen the existing EU FLEGT Programme (see article 3.1).

### REDD and governance

To keep forests standing and mitigate climate change — the idea behind REDD — there is general consensus that some basic governance systems need to be in place. According to the World Resources Institute (WRI), governance embraces five principles: (1) transparency, i.e., actions which can be scrutinized by rights-holders and stakeholders; (2) participation in government policy by non-state actors; (3) accountability, or clarity about the role of institutions in decision-making and whether they are accountable; (4) coordination, i.e., how those involved work toward common objectives; and (5) capacity, giving public access to decision-making, and civil society's ability to make use of this.<sup>1</sup> Lack of governance can lead to failed states and armed conflict, particularly in forested areas. In the last 20 years, 30 countries have experienced armed conflicts in forest areas, with timber sales financing the fighting in



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some cases.<sup>2</sup> Failed or fragile states are not capable of implementing the measures needed to reduce deforestation, a point made recently by Alain Karsenty.<sup>3</sup>

The WRI identifies four key issues affected by forest governance:

- Forest tenure: the broad spectrum of ownership, use, access and management rights to forests (Box 1).
- Land-use planning: the multi-stakeholder process to determine optimal land uses for current and future generations, given the particular economic and social conditions.
- Forest management: the management and control of different uses of forests.
- Forest revenues and incentives: collection, management of revenues and benefit sharing.

### **Box 1. Tenure rights**

The term “tenure rights” includes verifying who has rights in or over land and resources. These rights range from access and use to property rights. It includes both formal rights (as written in law) and customary rights (from longstanding practice). In international law, customary tenure has the same legal effect as full title issued by the state. It includes the right to demand and obtain regularization, as clarified by Inter-American Human Rights law and the Convention for the Elimination of Racial Discrimination (CERD). The terminology is important: communities may have rights to the land but not the trees (as in Ghana) or minerals in the subsoil, or the rights may be seasonal (as in parts of Brazil). When clarifying rights, it is therefore essential to clarify which rights.

Improvements in forest governance should lead to improvements in these four areas. The World Bank believes that improving forest governance is a precondition for REDD.<sup>4</sup> This view is supported by the UN Food and Agricultural Organisation (FAO) and the International Tropical Timber Organisation (ITTO), which state that “the successful mitigation of climate change through REDD requires effective forest governance” and that “REDD initiatives should build on lessons already learned through forest law, enforcement, governance and trade initiatives.”<sup>5</sup> As the WRI warns: “Failing to tackle problems of weak institutional capacity and coordination, accountability, transparency, and public participation may exacerbate current conflicts over the use of forest resources and risk creating perverse outcomes for forest dependent people, forest ecosystems and the global climate.”<sup>6</sup> A first challenge is to ensure that REDD improves forest governance.

### **REDD and rights to forest land**

The 2006 Stern review stated that, “Clarifying both property rights to forestland and the legal rights and responsibilities of landowners is a vital prerequisite for effective policy and enforcement. A lack of clear and enforceable property rights means that forests are often vulnerable to damage and destruction.”<sup>7</sup> The World Bank says that to reduce defor-

estation, there must be clarity as to who has which rights over the forests.<sup>8</sup> The FAO and ITTO agree: “REDD cannot be achieved without clarifying rights to land and forests.”<sup>9</sup>

The increasing global demand for land, food, fuel and fibre increases the risk of land conflicts. A recently established “land matrix” includes deals reported as approved or under negotiation worldwide between 2000 and 2010, a total of 203 million ha. Of these, deals for 71 million ha have been triangulated and cross-referenced. Very many other deals must be presumed to go unreported.<sup>10</sup> Land is being sold, largely for agricultural production, specifically biofuels. Large-scale land acquisition is reportedly threatening the rights and livelihoods of rural communities. A ground-breaking report on land acquisitions recently concluded that the term “land grabbing” is not an overstatement.

Studies have also shown that as a precondition to keep forests standing, communities need to be given ownership rights so that they can legally own the land they live on.<sup>11</sup> A second challenge is to ensure that REDD strengthens and clarifies the rights of forest communities to land and resources.

### **REDD experiences to date concerning governance and rights**

Despite the need to improve forest governance and strengthen local peoples’ tenure rights over land and resources (including carbon), there is little evidence to show that existing REDD plans are improving forest governance, and even less that they are strengthening local peoples’ tenure rights. In fact, most evidence indicates the reverse.

A 2011 study of eight national REDD plans<sup>12</sup> concluded that the plans had several shortcomings:

- they failed to recognize the rights of indigenous peoples and local communities and did not include concrete proposals to address land conflicts and outstanding land claims;
- they lacked adequate national consultations;
- they reaffirmed state ownership over forest lands; and
- they focused on developing a valuation and monitoring system of forest carbon, while largely ignoring issues associated with livelihood, biodiversity and cultural values.<sup>13</sup>

The national REDD processes in these countries have not been comparable to the national FLEGT VPA processes. REDD processes have been rushed and have lacked meaningful input from local civil society. They cannot be expected to deliver outcomes rooted in the local context or the necessary reforms to improve forest governance. Many were written hastily by external consultants: unlike the FLEGT VPAs, which have been developed by governments, industry and local civil society organizations in a consensus-based multi-stakeholder process, lasting from six months (Republic of Congo) to six years (Indonesia). As stated by a civil society representative in the Democratic Republic of Congo: “There is an enormous difference in outcome between a vibrant civil society that is informed and actively engaged, and one that lacks the capacity to analyze decisions and merely validates processes by signing attendance lists.”<sup>14,15</sup>

More recent studies on the impact of REDD on tenure rights in Peru<sup>16</sup>, Cameroon<sup>17</sup> and DRC<sup>18</sup> concluded that existing REDD policies are undermining rights of indigenous peoples and may lead to conflicts over land and resources. The Peru study reveals an explosion in “carbon piracy” and the set-up of unregulated sub-national projects in indigenous territories. Indigenous communities are signing away their rights to land and carbon under terms that are highly favourable to commercial interests and offer little or no guarantee for the protection of indigenous peoples’ fundamental rights. REDD certification standards, supposedly designed to prevent bad REDD projects, seem insufficient: “voluntary certification standards for REDD+ projects suffer from serious shortcomings in validation processes, including lack of scrutiny, lack of community consultations and failure to review compliance with human rights standards.”<sup>19</sup>

The Peru report concludes that “unless underlying legal and political reforms are made in Peru to address unresolved land and territorial applications and uphold the legal obligations of the Peruvian state to respect indigenous peoples’ rights, then REDD+ strategies will not only fail to reduce emissions but will undermine these rights and lead to social conflicts.”<sup>20</sup> Daysi Zapata Fasabi of the Interethnic Association of the Peruvian Amazon (AIDESEP), said: “REDD is a threat to indigenous peoples — our objective is to transform it into an opportunity.” This could be achieved by moving away from carbon markets and providing modest funding to allow communities to secure the land and territorial rights of indigenous peoples and promote community forest management: “These community and rights based approaches are cost-effective and proven approaches to protecting forest that will not only reduce emissions from deforestation but will lead to poverty reduction, secure livelihoods and biodiversity conservation.”

In addition, REDD brings the promise of funds<sup>21</sup> without any requirement to improve governance, solve tenure conflicts or clarify tenure rights. In fact, REDD strengthens control over the forest resource by central government, undermines demands by local communities and indigenous peoples for recognition of their land rights, and compromises existing democratic processes that aim to address similar issues, such as the FLEGT VPAs.<sup>22</sup>

REDD’s focus on counting carbon also adds to the displacement of local civil society by international NGOs and consultants, since plans and strategies focus on measuring forest carbon stocks to allow countries to engage in forest carbon markets. In many cases this requires external experts. Local NGOs have complained about a lack of consultation and breaches of human rights, and the Indonesia process has been in violation of the UN Convention on the Elimination of Racial Discrimination (CERD).<sup>23</sup> National REDD+ processes under the World Bank’s Forest Carbon Partnership Facility (FCPF) programme seem to violate the programme’s charter<sup>24</sup> and the bank’s own operational policies.<sup>25, 26</sup>

### **The focus on carbon**

REDD’s record is disappointing from a governance perspective. Rather than establishing a system that monitors, reports and verifies governance reforms and clarifies and strengthens local communities tenure rights, REDD has focused on mobilizing payments based on measurable reductions in carbon emissions. But while carbon trading (the trading of

carbon offset derivatives on a financial market) was supposed to bring in money to finance REDD, this now seems highly unlikely (Box 2).

### **Box 2. Why carbon markets will not deliver for forests or peoples**

1) The largest carbon market excludes forests: 97% of the existing carbon market is linked to the EU's Emissions Trading Scheme (ETS),<sup>27</sup> which will not accept forest offset credits until at least 2020. After that, the future of the ETS is in doubt. Other regional trading schemes have not yet started trading, and it is unclear whether they will include forest credits.<sup>28</sup>

2) The likelihood of a global carbon market is diminishing. Until 2010, much of the growth in carbon-trading volume occurred in the secondary carbon market. Although some money raised in the primary market is invested in climate projects, in the secondary market the same permits and credits are traded multiple times, with no additional climate benefit. Even this growth in secondary trading is now stagnating.<sup>29</sup> Since 2008, many banks have closed or downsized their carbon trading desks.<sup>30</sup>

3) Even if a forest carbon market existed, little money would go to forests. As in any commodity market, most funds would enrich those who trade or speculate in the commodity; producers would receive a limited percentage of the final cost (as low as 3% in many key commodity markets).<sup>31</sup> One study concluded that it would require US \$20 billion to deliver US \$0.6 billion for forest projects.<sup>32</sup>

4) Even then, funds would not go to "high-risk" forest countries. Investors put their money where risks are lowest and returns are highest; more than 75% of carbon offset projects approved in the Clean Development Mechanism (CDM) are in just three countries.<sup>33</sup> This would not be fundamentally different in a forest carbon market, as data from the voluntary market indicate.

In the words of Andy White, from the Rights and Resources Initiative: "Rather than investing in monitoring reporting and verification (MRV) and a carbon-focused market machinery, REDD plans should be analyzing and dealing with the drivers of deforestation, investing in tenure and governance reforms, and helping governments set up the national payment schemes to get money to communities for conservation and restoration."<sup>34</sup>

More than US\$ 8 billion has been pledged to REDD for the period 2010–12.<sup>35</sup> This is roughly the same amount that the FAO, WRI and the World Bank estimated in 1987 would be needed to halt the forest crisis when they designed the Tropical Forest Action Plan (TFAP). Used to improve forest governance and strengthen local peoples' tenure rights, this REDD money could do much to reduce deforestation, but it is feared that much of it will now be misspent on carbon accounting and monitoring systems, doing nothing to improve governance, strengthen rights or reduce deforestation.

### Figure 1. Existing and expected financing for REDD, 2010–12

Source: Daan van Beek



The focus on carbon is a classic example of Joseph Stiglitz's proposition: "in a very performance-oriented society, what we measure affects what we do, and if we measure the wrong things we do the wrong things."<sup>36</sup> Measuring carbon does not lead to reducing deforestation.

As Guyana shows, the strategy of measuring carbon can actually lead to increased deforestation (Box 3). Measuring governance could, however, lead to reducing deforestation.

#### Box 3. Avoiding good sector governance through statistical manipulation in Guyana

In 2009 the Norwegian government offered to contribute up to US\$ 250 million over five years to support the Low Carbon Development Strategy in Guyana. The idea was to use a performance-based system to pay the country for the difference between a baseline level and actual rates of deforestation. The baseline was set at 0.45% per year, although the actual historical rate of deforestation had been reported by the UN FAO as being close to zero. This meant that deforestation could increase; as long as it remained below the inflated baseline of 0.45%, Guyana would still receive financial compensation. In October 2010 Norway duly transferred the first annual payment of US\$ 30 million of avoided deforestation funding to Guyana.

A subsequent study has discovered that the actual historical deforestation rate in Guyana is a mere 0.02% per year, less than one-twentieth of the agreed baseline. During the first year of the agreement with Norway (2009–10) the actual rate of deforestation tripled. Instead of rewarding Guyana for stronger sector governance and better protection of its forests, the inflated baselines had allowed a payment to be made even though deforestation had worsened.

Source: Simon Counsell, Rainforest Foundation UK<sup>37</sup>

## Conclusion

For REDD to reduce forest loss, it needs to improve forest governance. This would include improved accountability, capacity building for and participation of all stakeholders, and improved coordination and transparency. With US\$ 8 billion of REDD money committed, and no forest carbon market in sight, it is time to look how this initiative can move from measuring carbon to measuring governance. This would strengthen the EU FLEGT initiative, which has proved to date to be more efficient than REDD in reducing forest loss and emissions (see article 3.5).

## Endnotes

1. This is based on the WRI's work. See *The Governance of Forests Toolkit*, version one (WRI, September 2009). [http://pdf.wri.org/working\\_papers/gfi\\_tenure\\_indicators\\_sep09.pdf](http://pdf.wri.org/working_papers/gfi_tenure_indicators_sep09.pdf).
2. See D. Kaimowitz. 2005. "Forests and armed conflicts." *ETFRN News* 5: 43–44. [www.etfrn.org/etfrn/newsletter/news4344/n143\\_oip\\_1\\_1.htm](http://www.etfrn.org/etfrn/newsletter/news4344/n143_oip_1_1.htm).
3. See A. Karsenty and S. Ongolo. 2011. "Can 'fragile states' decide to reduce their deforestation? The inappropriate use of the theory of incentives with respect to the REDD mechanism." *Forest Policy and Economics*. doi:10.1016/j.forpol.2011.05.006.
4. See K. Chomitz. 2007 *At Loggerheads? Agricultural Expansion, Poverty Reduction, and Environment in the Tropical Forests*. World Bank.
5. See *Forest Governance and Climate Change Mitigation: A Policy Brief prepared by ITTO and FAO*. FAO 2009.
6. See World Resources Institute. 2009. *The Governance of Forests Toolkit* (WRI).
7. See N. Stern. 2007. *The Economics of Climate Change*. Cambridge University Press, p. 608.
8. Chomitz, K. 2007. *At Loggerheads? Agricultural expansion, poverty reduction and environment in the tropical forests*. Washington D.C: World Bank.
9. See *Forest governance and climate change mitigation*. ITTO and FAO policy briefing, 2009
10. See [www.landcoalition.org/cpl/CPL-synthesis-report](http://www.landcoalition.org/cpl/CPL-synthesis-report).
11. See FAO 2009. *Understanding forest tenure in South and Southeast Asia*. Forest Policy Institute Working paper 14; and J. Hatcher. 2009. *Securing Tenure Rights and REDD*, Social Development Papers No. 120/December 2009.
12. The World Bank provides governments with a grant of up to US \$ 200,000 per country to develop a Readiness Preparation Proposal (R-PP), or REDD plan, followed by a "preparation grant" of up to US \$ 3.4 million to support actions to develop a Readiness Package (R-Package).
13. See K. Dooley et al. 2011. *Smoke and Mirrors: A Critical Evaluation of the Forest Carbon Partnership Facility* (FERN/FPP). [www.fern.org](http://www.fern.org).
14. See Accra Caucus. 2010. *Realising Rights, Protecting Forests: An Alternative Vision for Reducing Deforestation: Case Studies from the Accra Caucus at 18*.
15. For more information on FLEGT consultation processes, see the FERN report *A Seat at the Table: a history of FLEGT consultation processes* (forthcoming).
16. See R.E. Llanos et al. 2011. *The reality of REDD+ in Peru: Between theory and practice*. FPP. [www.forestpeoples.org/sites/fpp/files/publication/2011/11/reality-redd-peru-between-theory-and-practice-website\\_0.pdf](http://www.forestpeoples.org/sites/fpp/files/publication/2011/11/reality-redd-peru-between-theory-and-practice-website_0.pdf).
17. See E. Freudenthal et al. 2011. *REDD and rights in Cameroon: A review of the treatment of indigenous peoples and local communities in policies and projects*. FPP. [www.forestpeoples.org](http://www.forestpeoples.org). February 2011.
18. See B. Tchoumba. Democratic Republic of Congo – Conservation International REDD pilot project: a different kind of Disney production, World Rainforest Movement and Réseau CREF. [www.wrm.org](http://www.wrm.org). Retrieved October 2011.
19. See R.E. Llanos et al. 2011. *The reality of REDD+*.

20. See Llanos et al. *The reality of REDD+*, page 7.
21. Funds are made available to the country based on the R-PP plan and budget (see also endnote 12).
22. See *Is REDD undermining FLEGT? The case of Ghana*. [www.fern.org/node/4593](http://www.fern.org/node/4593); and *Lessons learned from FLEGT for REDD*. [www.fern.org/node/4963](http://www.fern.org/node/4963).
23. See CERD, 71st session, Geneva, July 30 – August 18, 2007. *Consideration of Reports Submitted by States Parties under Article 9 of the Convention, Concluding observations of the Committee on the Elimination of Racial Discrimination – Indonesia*. (CERD/C/IDN/CO/3, 15 August 2007). [www2.ohchr.org/english/bodies/cerd/docs/CERD.C.IDN.CO.3.pdf](http://www2.ohchr.org/english/bodies/cerd/docs/CERD.C.IDN.CO.3.pdf).
24. The FCPF's charter states that the operation of the facility shall respect the rights of forest-dependent indigenous peoples under national law and applicable international obligations, and all countries whose R-PP we have analyzed have endorsed the UNDRIP and related human rights instruments. Yet none of the R-PPs assessed by FERN and FPP in their report *Smoke and Mirrors* (see endnote 13) has adequately addressed the issue of the rights of indigenous peoples and local communities.
25. The charter states: "The operation of the Facility shall...comply with the World Bank's Operational Policies and Procedures, taking into account the need for effective participation of Forest-Dependent Indigenous Peoples and Forest Dwellers in decisions that may affect them, respecting their rights under national law and applicable international obligations" (Article 3d). As indicated by the CERD decision and elaborated on in FERN and FPP's report, *Smoke and Mirrors* (see endnote 13), this is clearly not the case.
26. See endnote 13 and T. Griffiths et al. 2008. *Cutting Corners* (FERN, FPP). [www.fern.org/sites/fern.org/files/document%20cutting%20corners.pdf](http://www.fern.org/sites/fern.org/files/document%20cutting%20corners.pdf).
27. See *State and Trends of the Carbon Market 2011*, page 9: "the share of the carbon market primarily driven by the EU Emissions Trading Scheme (EU ETS) rose to 97 percent, dwarfing the remaining segments of the market." [http://siteresources.worldbank.org/INTCARBONFINANCE/Resources/StateAndTrend\\_LowRes.pdf](http://siteresources.worldbank.org/INTCARBONFINANCE/Resources/StateAndTrend_LowRes.pdf).
28. California will begin its carbon-trading programme in 2013, but it is uncertain whether the state accepts REDD credits. The regulation currently allows only for domestic offsets, and concerns remain around the ability to regulate and ensure offset quality outside its borders. In California, the concept of international offsets remains politically unpopular. Australia is set to start a cap-and-trade scheme in 2015, but the regulations detailing the limitations on credits have not been released. There are no methodologies allowing for avoided deforestation, although there will be an allowance for credits from plantations, following Kyoto-compliant methodology.
29. See *State and Trends of the Carbon Market 2011*, page 9, Table 1. [http://siteresources.worldbank.org/INTCARBONFINANCE/Resources/StateAndTrend\\_LowRes.pdf](http://siteresources.worldbank.org/INTCARBONFINANCE/Resources/StateAndTrend_LowRes.pdf).
30. See [www.endseurope.com/21308/corporate-environmental-news-roundup-54](http://www.endseurope.com/21308/corporate-environmental-news-roundup-54).
31. See [www.mundenproject.com/forestcarbonreport2.pdf](http://www.mundenproject.com/forestcarbonreport2.pdf).
32. See [www.mundenproject.com/forestcarbonreport2.pdf](http://www.mundenproject.com/forestcarbonreport2.pdf).
33. See Chart 5, page 67, *Why carbon markets will not deliver for Southern governments*. [www.fern.org/sites/fern.org/files/tradingcarbon\\_internet\\_FINAL.pdf](http://www.fern.org/sites/fern.org/files/tradingcarbon_internet_FINAL.pdf).
34. See the REDD monitor interview with Andy White, abridged version. [www.redd-monitor.org](http://www.redd-monitor.org) or more precisely <http://www.redd-monitor.org/2011/05/24/interview-with-andy-white-rights-and-resources-initiative-the-global-market-for-forest-carbon-is-not-going-to-establish-itself-anytime-soon/#more-8570>.
35. See <http://reddplusdatabase.org>.
36. See [www.youtube.com/watch?v=rNMm3\\_0cdZ4](http://www.youtube.com/watch?v=rNMm3_0cdZ4).
37. See [www.redd-monitor.org/2011/01/27/increasing-deforestation-in-guyana-gives-norway-a-head-ache](http://www.redd-monitor.org/2011/01/27/increasing-deforestation-in-guyana-gives-norway-a-head-ache).