

Climate change and Forests

Briefing Note

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Seeing 'RED'?

'Avoided deforestation' and the rights of indigenous peoples and local communities

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Urgent action is needed to slow forest loss, not least because forests are major storehouses of carbon. However, it is crucial to understand that the value of forests goes beyond their carbon storage properties, especially for forest peoples. The outcome of the climate talks will impact on who manages forests and what is allowed to happen on forest lands, with enormous implications for the livelihoods and welfare of the hundreds of millions of forest peoples in tropical and sub-tropical countries. Their future will be shaped by how the rest of the world raises the money and designs and implements plans to prevent further forest loss. If failures of past efforts to address deforestation are not to be repeated, principles of respect for human rights and the land and customary rights of indigenous peoples must become a central element of agreements aimed at reducing emissions from deforestation. To date they have been, at worst, absent from the debate and at best, an afterthought.

Urgent action is needed to preserve the globe's last remaining forests. It's now recognised that deforestation - especially in the tropics - is a major contributor to global CO₂ emissions, and needs to be tackled. The thorny question is how?

Support is growing apace for reducing emissions from deforestation - whereby countries are paid to prevent or slow forest loss which would otherwise have occurred. It's an attractive idea because it could provide a relatively low cost mechanism to help fight climate change, whilst - potentially - improving living standards for some of the world's poorest people. It would also protect the rich biodiversity of the globe's original forests. But as ever, the devil is in the detail.

The Bali climate conference in December 2007 will discuss proposals for economic incentives to encourage tropical countries to protect carbon reservoirs in their forests and push for the inclusion of such schemes in an international post-2012 climate agreement.

However, the world need not wait until 2012 to begin this vital work. It's true that the rules for the first commitment period of the Kyoto Protocol are set and don't include any provision to link so-called 'reduced emissions' from deforestation with carbon markets, but action could begin now if other funding mechanisms are used.



Who benefits?

Governments and global agencies are talking in detail about how to fund reductions in emissions from (tropical) forest loss. 'RED' will be a much-used acronym at the UN climate conference in Bali. It stands for 'reducing emissions from deforestation', or for 'reducing emissions from deforestation and forest degradation' in the case of REDD.

The main thrust of the proposals on the table, both from governments and international conservation organisations, is for Northern industrialised nations to pay Southern countries to reduce forest clearance within their borders.

They claim that powerful economic incentives are needed to counter the economic drivers of deforestation (e.g. conversion to agriculture or for agro-fuel plantations). Countries that demonstrate verifiable reductions in deforestation, or maintenance of forest cover, would be paid compensation through a global and/or regional fund OR would be allowed to sell carbon credits that permit additional emissions elsewhere.

Their proposals claim that policies to reduce emissions from deforestation will bring increased income for some of the world's poorest – but how is this to come about?

There's no clarity here because there is no rigorous discussion of how to avoid the social risks associated with carbon forest projects, which have already seen indigenous peoples and local communities impoverished by abusive and costly forest protection contracts and evicted from their lands. For instance: Who will have the right to negotiate? How can corruption be prevented in what will be lucrative enterprises? How will indigenous peoples and local communities be guaranteed the rewards for protecting forests? How will evictions be prevented and forest peoples' customary rights and access to forests upheld? Who will absorb unforeseen costs? What happens if the carbon is released unexpectedly, for example through forest fire? These questions need to be answered before governments start negotiating a post-2012 agreement that includes forests.

There is also little clarity about which activities and which actors might receive funds or rewards through measures to reduce emissions from deforestation. Many NGOs are concerned that industrial logging operations claiming to reduce forest degradation, if extra carbon funding were

available, may be rewarded to continue unsustainable logging practices.

Sir Nicholas Stern, who led the UK Government's review of climate change, believes that the key to effective forest management is "establishing and enforcing clear property rights to forest lands and determining the rights and responsibilities of the communities, landowners and loggers." This, he says, should involve local communities and 'take account of their interests and structures' (p537).

The World Agro-Forestry Centre claims that environmental payments schemes can work if proper attention is given to rights and equity issues. They cite their programme operating in Indonesia, Nepal and the Philippines called Rewarding Upland Poor for Environmental Services (Rupes). One positive example they point to in Sumberjaya, western Indonesia – where forced evictions were the norm ten years ago – the government has awarded conditional land tenure to more than 6000 farmers – which has doubled local land value, reduced corruption and increased farmers' incomes.

But more often than not, they don't. Forest protection schemes involving carbon trading that have failed to properly address governance and livelihood concerns have not fared so well. Evidence from India, Brazil and Ecuador shows how indigenous peoples often don't get the levels of income and employment promised.

Proving clear title to the land is a huge problem for many of the world's poorest and the customary land and resource rights of indigenous peoples are often not recognised by national laws – so inevitably some schemes have generated conflict, and inequalities between peoples have got worse.

An independent NGO study of a carbon offset plantation project in the Ecuadorian Highlands found that many local people have become worse off – and even indebted. Non-native pine plantations were established and 'offset' credits sold to a Dutch carbon consultancy. The money offered by the scheme has turned out to be less than expected because costs (e.g. plant and technical assistance) were deducted from final payments to communities and because the contracts ascribed all the risks to the community. The community had to pay for the replacement of trees destroyed by accidental fire – a cost they never previously incurred.

In the Noel Kempff National Park in Bolivia - where a consortium bought out logging concession owners in order to extend the park - the costs of forest protection fell disproportionately on the local populations. People faced restrictions on hunting, fishing etc; public roads deteriorated after the termination of the logging concessions, so transport costs for local communities increased.

Local NGOs who assessed a World Bank financed, so-called 'community forest management' project in Andhra Pradesh in India, found increased state control over forests to the exclusion of local people. Those who dared to question decisions made by the Indian forest department were threatened with legal action. Much of the funding received from the World Bank on behalf of the local people hasn't actually reached the villagers pockets. Many Adivasi families, who lost their shifting cultivation fields, have had their land -for- land compensation claims rejected, and now find themselves dependent on wages for seasonal work that is very hard to come by.

Some advocates of avoided deforestation programmes point out that there are emerging certification standards which provide safeguards for new avoided deforestation schemes. However, it has become clear that often those voluntary 'standards' simply are not enforced. Take the example of the logging and tree plantation sectors. The Forest Stewardship Council's standards, which are supposed to respect indigenous land tenure and uphold the principle of free, prior and informed consent, have been found lacking in some countries, including several that are now the focus of the 'Avoided Deforestation' debate. It's worth pointing out that the Ecuadorian pine plantations project (see box above) - for all its problems - won FSC certification.

Funding: the how?

The Brazilian government has proposed that there should be an international fund to compensate efforts to reduce emissions from deforestation. Sir Nicholas Stern suggests such an approach could provide for the setting up of targeted pilot schemes - to get practical experience. This may be a good idea - depending on how the public funds are administered.

The World Bank is putting avoided deforestation at the forefront of its proposals for a new Global Forest Partnership. The Forest Carbon Partnership Facility, which the Bank plans to launch at the UN climate conference in Bali in December 2007, links this 'mega-fund' for forests to carbon trading. World Bank documents describing this carbon partnership facility define in great detail the rights of buyers and sellers yet remain surprisingly vague on what exactly is being bought and sold. Essentially, Southern countries would, in compensation for reducing deforestation, sell the carbon locked up in their forests. But whether these payments will allow the Northern industrialised nations or corporate buyers of forest carbon to continue polluting as usual in return for their purchase the World Bank, documents do not reveal.

A group of originally eight countries, called the Coalition of Rainforest Nations, and many conservation NGOs believe a scheme based on the carbon market is the only way to raise the amount of money that would be needed for sufficiently attractive levels of compensation.

How much will reducing emissions from deforestation cost? Estimates vary enormously: from between \$5 billion a year to \$100 billion a year, but they all assess cost from the perspective of commercial land use, not subsistence use by forest peoples whose livelihoods are often threatened by deforestation.

According to research commissioned by the Stern Review, eight countries are responsible for 70% of emissions from land use change. It estimates that the opportunity cost of income from alternative land uses would be around \$5bn annually- if deforestation were to stop. Others believe this figure is much too low.

World Bank economists estimate that to reduce the annual rate of deforestation in developing countries by 20%. 'Avoided Deforestation' would cost between \$2bn and \$20bn each year - which suggests that halting it could cost as much as a \$100bn a year.

We disagree. The uncomfortable fact is that, so far, carbon trading schemes (like the Kyoto Protocol's Clean Development Mechanism) haven't reduced greenhouse gas emissions, nor have they provided sustainable development benefits to communities in the Southern nations selling the credits.

Carbon trading schemes also allow 'business as usual' for Northern polluters with continued reliance on fossil fuels, and provide no encouragement to change patterns of conspicuous consumption.

Moreover, it's impossible to verify how much carbon is actually being saved - if any. The principle of the Kyoto Protocol's Clean Development Mechanism is that carbon credits should fund projects that would not otherwise have gone ahead – in many cases this has proved to be nonsense.

Worryingly, the momentum for a carbon-trading approach is shifting the debate away from how to promote a just transition from dependence on fossil fuels through public investment, regulation, shifting of subsidies, and taxation.

Some critics of the World Bank's Carbon Partnership Facility proposal believe that the Bank is trying to harness avoided deforestation funds to finance its controversial Forest Strategy, a review of which is imminent and said to reveal major shortcomings of the Bank's implementation of this strategy.

Certainly in its many negotiations with Southern country governments, the World Bank has so far failed to engage forest peoples and local communities and its latest proposals to create a Forest Carbon Partnership Facility have seemingly had little, and only last minute, input even from Southern governments, which doesn't augur well for their success.

What's being discussed and negotiated now will have an impact on who manages forests and what is allowed to happen on forest land, with enormous implications for the livelihoods and welfare of the hundreds of millions of forest peoples in tropical and sub-tropical countries.

Their future will be shaped by how the rest of the world raises the money and designs and implements plans to prevent further forest loss.

It is therefore essential that any agreement aimed at reducing the emissions from deforestation in the context of the climate negotiations must adhere to the principles of respect for human and customary rights of forests peoples. Land rights, customary rights and the free, prior and informed consent of forest peoples who live in, and depend on, the world's forests will have to become central issues in the debate.

One crucial lesson from the many failed initiatives to slow deforestation is that forest peoples and local communities must be fully involved in the debate from the beginning. Sadly, that lesson has yet to be learned by those tabling proposals and launching carbon partnership facilities to reduce emission from deforestation at the Bali climate conference.

Further reading:

This Briefing Note is an abridged update of "Seeing Red: 'Avoided deforestation' and the rights of indigenous peoples and local communities." Tom Griffiths, Forest Peoples Programme, June 2007. Please refer to the original report for references and bibliography. www.forestpeoples.org

Carbon Trading. Critical Conversation on Climate Change, Privatisation and Power. Larry Lohmann (ed.), November 2006. www.thecornerhouse.org.uk/climate

The Stern Review on Climate Change: http://www.hm-treasury.gov.uk/media/9/5/Chapter_25_Reversing_Emissions_from_Land_Use_Change.pdf

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