

PART II:

REDD



WHY ARE FORESTS IMPORTANT FOR CLIMATE CHANGE?

If forests are destroyed or degraded, large amounts of gases that cause global warming are released into the atmosphere. The most important of these gases is carbon dioxide, or CO₂, a gas that is present in high levels in trees, forests, animals and nature. When trees grow, they absorb CO₂ from the atmosphere and bind it into themselves and their root systems. When trees die, the gas is released back into the atmosphere.

In an old forest, gases are constantly being absorbed and released, and overall, a balance is maintained. However when large-scale logging happens or these old-growth forests are converted into plantations or lighter forest cover, large amounts of CO₂ are released without enough being absorbed again. It has been estimated that 18% of the global CO₂ emissions are a result of this sort of destruction and degradation of forests. This means that deforestation and forest degradation are major causes of climate change, although not as large as industrial production and energy generation.

Forests are also victims of climate change. Climate change can damage the health of forests if they receive less rain and when temperatures rise. Climate change can also lead to more forest fires as weather becomes less predictable and more violent. This means that changing climates can actually make forest destruction worse.

“Degraded forest” refers to an unhealthy, damaged forest with reduced tree cover. Forests might be degraded because of some logging or because they have been converted to plantations or agriculture. An unhealthy and damaged forest cannot provide the many ecosystem services on which so many people all over the world, and above all those living in and near the forests depend,



such as:

- controlling soil erosion,
- providing clean water,
- providing a habitat of wildlife and plants which above all for indigenous peoples are an important basis of our livelihoods
- many other important services and roles in our lives, including cultural and spiritual roles.

Forests are an important part of our ecosystems and landscapes. Continued protection of the earth's forests will mean that the earth, the ecosystems, animals and plants, and humans, will be more able to adapt and respond to changing climates. Large forests especially in hilly and mountainous areas help plants and animals adapt to rising temperatures and changing rainfall patterns: they can move up where it's cooler; species better adapted to hotter climates can replace them at lower elevations.

Protection of complex old growth and virgin forest areas also means that climate change itself can be slowed as large amounts of CO₂ emissions can be avoided by ensuring that forests remain standing.

WHAT DOES 'REDD' MEAN?

Because of the crucial role that forests play in lowering the effects of climate change, because of the many other important roles they play in our lives, and because their destruction leads to more emissions it has become clear that we need to slow deforestation and forest degradation and maintain healthy old growth forest systems.





This has led to the idea of “reducing emissions from deforestation and forest degradation”, an idea which involves simply trying to stop forests being cut down or degraded and thereby reducing the amount of CO₂ that is released into the air. At its simplest, this is all that ‘redd’ is.

However this idea has been adopted by governments and inter-governmental bodies and agencies and has been developed into a more specific idea: that developed countries are paying developing countries large amounts of money so that various policies and projects are implemented in order to stop forest destruction and degradation in these countries. In some of these proposals developed countries receive the right to burn more fossil fuel than they are already doing in return for their payments, in others they do not. This particular set of policy ideas is known as **Reducing Emissions from Deforestation and Forest Degradation in developing countries – REDD** (in capital letters).

REDD is a very new idea, which is promoted by several Northern and Southern governments and large conservation NGOs. There are several different proposals for REDD mechanisms which differ mainly in how the financing for REDD would be organized and at what level REDD projects could be organized (i.e., whether at the national or sub-national level). In all these proposals the basic idea remains the same: that developed countries pay developing countries for reducing rates of deforestation or forest degradation – and that developed countries do not have to reduce their own emissions as much in return for payment of forests being maintained in developing countries.

However what activities will be paid for and will be understood to reduce rates of deforestation is also not yet agreed. One of the proposals on the table is something called “REDD+” which proposes that additional activities might get



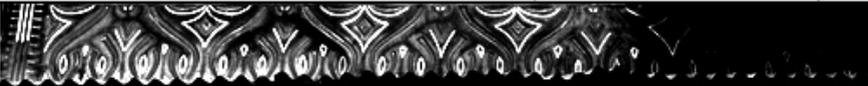
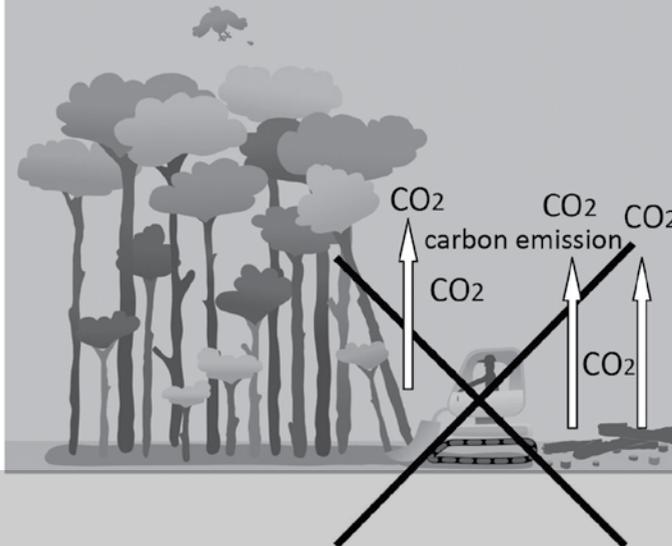
funding also, including possibly “sustainable forest management” (including some logging), plantations and re-planting of forests (or afforestation). REDD+ has additional implications for indigenous peoples which we will discuss here also.

REDD is not yet part of the global agreement on Climate Change, but it will be included in the new agreement which will possibly be adopted in the 16th Conference of the Parties to the UNFCCC to take place in Mexico in 2010. In the

Paying for...



...avoiding deforestation



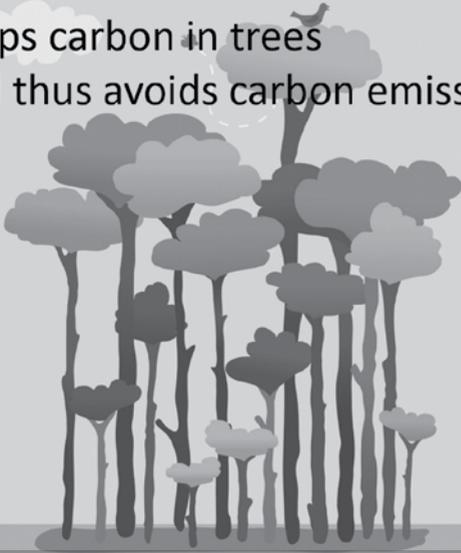
meantime, however, pilot schemes on REDD are being undertaken and funding mechanisms are being set up by United Nations agencies like the United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), the Food and Agriculture Organization (FAO), by international financial institutions like the World Bank, and also by private companies, governments and environmental conservation groups. They all expect that REDD will be included in the new Climate Change agreement at some point.



THE BASIC PRINCIPLE

THE BASIC PRINCIPLE UNDERLYING ALL PROPOSED REDD MECHANISMS IS: FUNDS ARE PROVIDED TO DEVELOPING COUNTRIES FOR REDUCING EMISSIONS FROM DEFORESTATION OR FOREST DEGRADATION.

keeps carbon in trees
and thus avoids carbon emission



BUT HOW DOES REDD ACTUALLY WORK?

The countries that will receive funds have to implement policies and programs which reduce deforestation and forest degradation. Any approach that reduces deforestation and degradation could in theory be applied. Some possible examples for such measures are: governments strengthen law enforcements, have better fire management and practice sustainable management of forests or change laws to stop large-scale logging or forest conversion activities like plantations.

What this means is that under REDD new kinds of “carbon protected areas” would be created over large areas of forests, with the main objective to cut CO2 emissions by avoiding deforestation and degradation of these forests.



The big unanswered question is: how will REDD be financed? This is presently being hotly debated.



Who pays and how?

Basically, there are two positions in this debate, supporting two different proposals on how the money to pay for forest protection under REDD is supposed to be raised. One proposal is to do it through the establishment of funds, the other proposal is through the use of a “market” for “carbon permits and credits”, which means through the buying and selling of credits for reduced emissions that allow industrialized countries to reduce their emissions less. Although governments have yet to agree a final agreement under the UNFCCC, it is likely that both types of financing will be used to finance REDD so both these mechanisms will be discussed here as they have special implications for indigenous peoples.

1. Financing through market mechanisms

As you have learned in the previous chapter, the carbon market is the key mechanism by which the countries who signed the Kyoto Protocol seek to lower the impact of climate change. Do you remember how it works? Putting it simply: Each country is allowed to emit a certain amount of carbon each year. If they

emit less, they have “extra carbon permit” which they can sell to other countries; if they emit more they have to buy carbon permits from other countries to compensate for the excess carbon they released. Or they pay someone else in a developing country, where there are not yet limits on emissions, to reduce theirs. This claimed reduction creates carbon “credits” which also allow industrialized countries to burn more



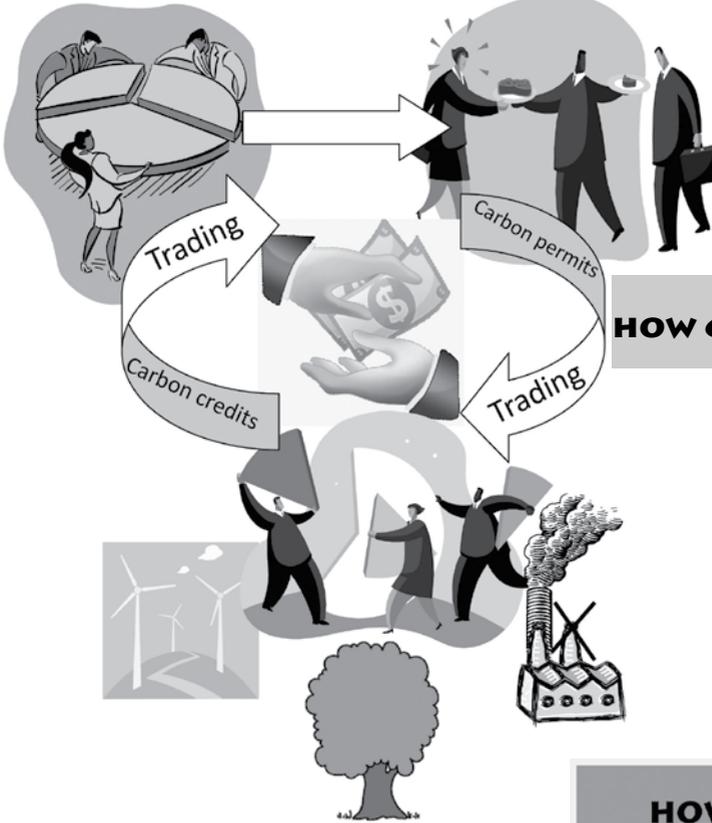
CARBON PERMITS, CARBON CREDITS

CARBON PERMITS ARE THE AMOUNTS OF CARBON EMISSIONS ALLOCATED TO COUNTRIES (AS PART OF THEIR TARGET), BUT A CARBON CREDIT CAN ONLY BE “CREATED” BY REDUCING AN EMISSION BY THAT AMOUNT. CARBON PERMITS AND CARBON CREDITS CAN BE TRADED AGAINST EACH OTHER, BUT ARE TWO DIFFERENT THINGS. IF YOU WANT TO POLLUTE MORE, YOU CAN PURCHASE A CREDIT CREATED BY SOMEONE ELSE, OR PURCHASE A PERMIT THAT SOMEONE ELSE HAS NOT USED.

fossil fuel than what they are allowed under the international climate agreement.

One carbon permit or credit is equal to one ton of carbon, and carbon permits and credits are traded between “buyer” countries, or companies, and “seller countries”, or companies.

Carbon PERMITS are allocated to countries Unused carbon PERMITS can be sold



HOW CARBON IS TRADED

Carbon CREDITS can be created and sold

HOW CARBON CREDITS

Some are suggesting that the carbon market should be regulated under the UN system, others propose to do it via voluntary carbon markets, which are using their own standards and have their own rules. There are already quite a number of new companies that have been created just to trade - and thereby make money from carbon credits.

You have also already learned that if a country or company engages in an activity that is sequestering (absorbing carbon from the



REDUCO

Reducing defor



atmosphere like through planting trees) instead of emitting carbon, they can also create carbon credits. And if they prevent the emission of carbon, like when they protect a forest from being destroyed by logging or the establishment of a plantation, they also create carbon credit.

So the idea behind the proposed “market solution” is to finance REDD projects by selling carbon credits that are created when forests are protected.

36% of the carbon credit traded on the **voluntary market** comes from projects in reforestation and afforestation projects. But credits traded from **avoided deforestation** (when planned or expected deforestation is prevented) are so far only few, about 3% of the voluntary market.

There are a lot of implications that a market system can have for indigenous peoples, and it is very important to think about all the possible positive and negative impacts that might happen if you think of joining a project that is financed through the market. The ‘checklist for communities’ on pages 81-85 is intended to help you think through some of these implications.

ARE CREATED.....

ING AND AVOIDING EMISSIONS

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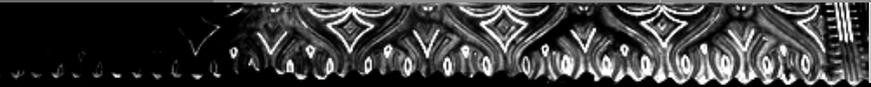


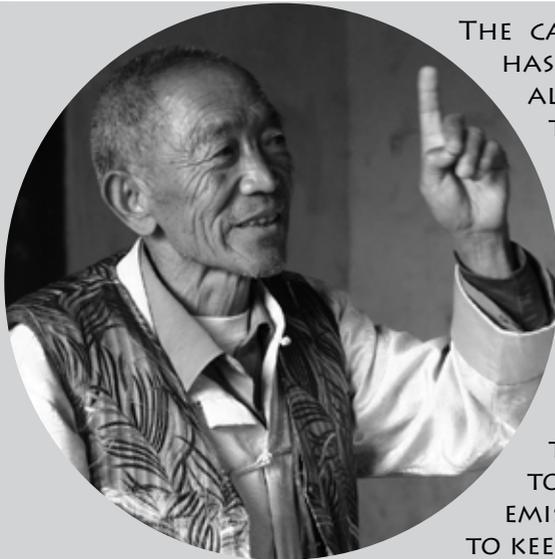
Using renewable energy

ENHANCING CARBON SEQUESTRATION



Planting trees





THE CARBON CREDIT MARKET SYSTEM HAS BEEN CRITICISED BECAUSE IT ALLOWS INDUSTRIALIZED COUNTRIES TO BUY CARBON CREDITS IN OTHER COUNTRIES, ESPECIALLY THE DEVELOPING COUNTRIES, WHICH MAY BE CHEAPER THAN REDUCING THEIR OWN CARBON EMISSION. IT WOULD THEREFORE ALLOW THESE COUNTRIES TO CONTINUE POLLUTING THE ATMOSPHERE AT THE SAME LEVEL AS LONG AS THEY CAN BUY CARBON CREDITS TO COMPENSATE THEIR CARBON EMISSION. IT IS BUYING THE RIGHT TO KEEP POLLUTING.

2. Financing through funds

A fund is a mechanism by which different people, companies or governments pool money in order to jointly finance a program, a project, a business or an institution (like a school or an orphanage, etc.). The money of a fund is kept in a bank account, and there are people who

are in charge of managing the fund, which means their responsibility is to make sure that the money is used for the purpose which the fund was created for. Funds can be public money (World Bank, or national governments) or it can be private money (from a bank, or foundation or company).



Funds for REDD could be created at the global level, or at the regional level (like for Asia, for Africa, etc.). For example, the government of Tuvalu, a small island state in the Pacific Ocean, proposed the foundation of an International Forest Retention Fund. Governments would pay money from taxes





on activities that are harmful for the climate (like for air traffic, for fuel that powers the engine of ships, aircrafts, etc.) to this fund. This money would then be used to pay for forest conservation. This proposal includes compensation to communities



for protecting and sustainably using forests. Governments receiving money from this fund would report every year to the UNFCCC COP (Conference of Parties or annual meeting of state-members of the Convention) on the progress of their forest conservation work.

Public Funds

Several international organisations have already set up funds or programs, through which they intend to support REDD. The World Bank has established the Forest Carbon Partnership Facility (FCPF) and the Forest Investment Programme (FIP). The UN has established the UN Collaborative Programme on REDD, or UN-REDD, a programme of partnership between the Food and Agricultural Organization (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). You will learn more about these a little later.

Some industrialized countries have also set up funds to support REDD. Norway, for example, has launched its International Climate and Forest Initiative and will provide 600 million US Dollars annually for the next 6 years to support the UN-REDD programme and other projects (including the World Bank's FIP). Norway believes that both market and fund-based approach to a REDD regime



IT IS IMPORTANT TO NOTE...

THAT CONTRARY TO THE CARBON CREDIT MARKET SYSTEM, UNDER THE PROPOSED FUND SYSTEM IT IS NOT POSSIBLE FOR ANY GOVERNMENT, AND THEREFORE ALSO NOT FOR RICH INDUSTRIALIZED COUNTRIES, TO COMPENSATE FOR EMISSIONS ("OFFSET" EMISSIONS) WHICH THEY ARE CAUSING THEMSELVES.

are needed. Another example is Australia which committed to provide 185 million US Dollars funding for the next 5 years mainly for Indonesia, Papua New Guinea and the Forest Carbon Partnership Facility of the World Bank.

Important for you to know is that these public funds declared that they will end their activities by the end of 2012 unless they are asked to continue by the countries who are party to the UNFCCC. The reason they are giving is that the UNFCCC has not yet determined what the international rules for REDD will be and how REDD will be financed. These are difficult issues which are currently being debated in the UNFCCC negotiations.

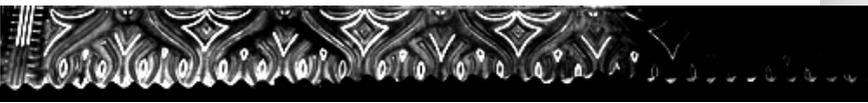
Private Funds

In addition to the funds set up by the international organisations and governments, there is a steadily increasing number of private funds set up by nature conservation agencies (like Nature Conservancy, Conservation International, World Wide Fund for Nature US, Center for International Forestry Research, etc.), but also by private foundations and companies.



An example of a project working on REDD which is supported by private foundations is the Rainforest Project, launched by Prince Charles of Great Britain. It is funded by 12 big companies such as the mining company Rio Tinto, or banks like Morgan Stanley, Goldman Sachs, Deutsche Bank. Another example for a large joint initiative is the Noel Kempff Climate Action Project in Bolivia by The Nature Conservancy (TNC), Fundación Amigos de la Naturaleza (FAN), the Bolivian government, and three energy companies (American Electric Power, PacificCorp, and BP Amoco). In Indonesia, the US Bank Merrill Lynch is funding the Ulu Masen project in Sumatra. Several foundations have had programs on deforestation already before and are now supporting activities related to REDD. Among these are the Gordon and Betty Moore Foundation working in the Amazon, and the David and Lucile Packard Foundation in Brazil; or the Rockefeller Foundation which is supporting the Clinton Climate Initiative to develop forests projects in tropical countries.

However, it is important to remember that many of these projects are just starting up and some have faced a lot of criticism about whether they are actually





HOW TO PROVE...

A FUNDAMENTAL PROBLEM WITH REDD PROJECTS THAT ARE ALREADY ESTABLISHED IS THAT IT IS PROVING VERY DIFFICULT FOR THESE PROJECTS TO PROVE (IN OFFICIAL LANGUAGE "VERIFY") THAT THEY ARE ACTUALLY REDUCING EMISSIONS FROM DEFORESTATION AND FOREST DEGRADATION. IF THEY CAN NOT ACTUALLY REDUCE EMISSIONS, THEN THE WHOLE BASIS FOR THE SYSTEM OF REDD COMES INTO QUESTION. PLEASE SEE "FOR FURTHER INFORMATION" AT THE END OF THIS BOOKLET FOR MORE INFORMATION ABOUT THESE PROBLEMS.

reducing emissions or not. The Noel Kempff Climate Action Project in Bolivia, for instance, has faced criticism from Greenpeace who say that it has not managed to prove its claims to reduce emissions permanently and effectively (see 'further information' for more details).

Because private funds are voluntary, they do not depend on any international agreement on REDD financing in the future.

Future financing arrangements

Since the UNFCCC still needs to decide how REDD will be financed in the future the existing programmes that are trying out different ways of REDD financing are very important and very influential. These programmes are expected to have so much influence simply because they offer an available model for how it could be done. The most influential of these existing programmes are the UN-REDD programme and the World Bank's Forest Carbon Partnership Facility and Forest Investment Programme.



THE WORLD BANK AND REDD

The World Bank wants to play a leading role in promoting and shaping REDD. It has already set up two very large Climate Investment Funds (CIFs), the Strategic Climate Fund (SCF) and the Clean Technology Fund (CTF), which are supposed to support the development of clean technologies and other initiatives related to climate change. Under one of these funds, the SCF, is the Forest Investment Programme (FIP) which addresses REDD directly (you will learn more about this in a short while). Separate from these funds, but

closely connected to the work they are doing, is the Forest Carbon Partnership Facility (FCPF). Let's have a closer look at this first.

The Forest Carbon Partnership Facility

The World Bank's main mechanism for promoting REDD (in addition to the FIP, which we will look at a little later) is a scheme called the Forest Carbon Partnership Facility (FCPF). The FCPF intends to assist developing countries in their efforts to reduce emissions from deforestation and forest degradation. This is supposed to be done through two funds:

1. The Readiness Mechanism aims at building capacity for REDD. The idea is that countries which want to start REDD programmes need to have the necessary knowledge and technical skills before they can do that. The FCPF assists 37 developing countries in the tropical and sub-tropical region of the world in preparing themselves for future large REDD programmes. What the FCPF concretely does is:

- 1) To support countries in making an estimate of all the carbon that exists in their forests (the national forest carbon stock), and to identify the sources of carbon emissions from forests;
- 2) To assist the countries in defining what is called a "reference scenario". If we want to know how much carbon emission we are preventing in a particular year by reducing deforestation through REDD, we need to know how much the carbon emission was before the REDD programme started. The estimate of the carbon emission from deforestation and forest degradation before the start of a REDD programme is the "reference scenario" since this is what governments have to refer to when reporting how much carbon emission they have reduced. The World Bank is also providing technical assistance to these countries in calculating and comparing the costs of different ways of reducing deforestation and forest degradation, and based on this to design their own REDD strategy.



2. The Carbon Finance Mechanism. A few countries that have successfully participated in the Readiness Mechanism will be invited to be part of pilot programmes that are testing REDD. Remember, the basic idea of REDD is to provide financial compensation for protecting forests (instead of logging them or turning them into plantations etc.), and thereby reducing carbon emissions. The offer of a financial reward with the hope that governments will take sincere efforts at reducing deforestation and forest degradation is called “creating



HOWEVER, MANY PEOPLE, AND ABOVE ALL WE INDIGENOUS PEOPLES, ARE NOT HAPPY AT ALL WITH THE FOREST CARBON PARTNERSHIP FACILITY, AND WE HAVE ON MANY OCCASION HEAVILY CRITICIZED THE WORLD BANK. FIRST OF ALL, THE WORLD BANK HAS NOT PROPERLY CONSULTED WITH FOREST PEOPLES. IN THIS THE WORLD BANK WAS EVEN IGNORING ITS OWN INTERNAL SAFEGUARD POLICIES AND THE RULES OF THE FCPF. ACCORDING TO THESE POLICIES, THE WORLD BANK IS OBLIGED TO TAKE INTO ACCOUNT THE NEED FOR EFFECTIVE PARTICIPATION OF FOREST DEPENDENT INDIGENOUS PEOPLES AND FOREST DWELLERS IN ALL DECISIONS THAT MAY AFFECT THEM. THEIR RIGHTS GUARANTEED UNDER NATIONAL LAW AND INTERNATIONAL OBLIGATIONS (IF COUNTRIES HAVE SIGNED ANY INTERNATIONAL TREATIES ON HUMAN RIGHTS ETC.) SHOULD BE RESPECTED.

positive incentives”. They will receive the compensation payments if they are able to reduce the emissions below the level of the “reference scenario” explained a little while ago.

This Readiness Mechanism and the Carbon Finance Mechanism are supposed to lead to the establishment of a much larger system of financing for REDD in the future. The World Bank itself writes on its web-site that they hope to “develop a realistic and cost-effective large new instrument for tackling deforestation, to help safeguard the Earth’s climate, reduce poverty, manage freshwater resources, and protect biodiversity”.

Well, that sounds great, doesn't it?

However, in each of the countries which have presented their national REDD strategies and proposals and which have been approved by the World Bank for initial funding (Indonesia, Panama and Guyana) the consultation with indigenous peoples was not done properly, and their participation in decision making was not ensured. In both Indonesia and Guyana, national level indigenous peoples' organisations have urged the World Bank to withhold any funding to be provided through the Readiness Mechanism until fundamentally important issues like land rights and proper consultation are addressed.

The World Bank has several policies and procedures which among others are supposed to ensure that human rights are not violated. These include Operational Procedure 4.10 on Indigenous Peoples which provides some protection for indigenous peoples – although at a standard far lower than the protec-

tions in the UN Declaration on the Rights of Indigenous Peoples. At a minimum, this procedure binds the country which receives a loan or grant from the World Bank to conduct consultations with indigenous peoples where their lands are to be affected, and to make sure that there is "broad community support" for a project or activity before the Bank agrees to fund it.



YOU SHOULD ALSO KNOW THAT THE FCPF HAS A SO-CALLED PARTICIPANT COMMITTEE, IN WHICH TWO "SEATS" ARE RESERVED FOR REPRESENTATIVES OF INDIGENOUS PEOPLES. SO IF YOUR OWN COUNTRY IS INVOLVED IN THE FCPF YOU CAN GAIN MORE INFORMATION ABOUT IT BY CONTACTING THESE REPRESENTATIVES (SEE INFORMATION PROVIDED AT THE END OF THIS BOOKLET).

The safeguard policies of the World Bank are not only rather vague and weak, but there is also a lot of confusion and lack of clarity about how and when these policies and procedures apply to the activities planned under the Readiness Mechanism of the FCPF. As of September 2009, not a single country plan developed under the FCPF has been fully assessed by the World Bank to see if it matches the Bank's policies and procedures.

The FCPF also has its own Charter, which is the document that provides the rules which all its activities have to comply with. The Charter, among other

requirements, says that the activities funded by the Facility must also meet the international obligations of the borrowing country. This refers to international agreements (like conventions or covenants) which many countries have signed. However, even though the FCPF has been working since 2008 there still is no clear way for the Facility to ensure that this important standard is met.



The Forest Investment Programme (FIP)

The World Bank is going to begin funding activities under the Forest Investment Programme (FIP) in 2010. The FIP hopes to receive between 1 and 2 billion US\$ of funding for activities promoting and supporting “sustainable forest management” and afforestation activities, including REDD.

The FIP is of particular interest to us indigenous peoples and other forest-dependent peoples because it intends to achieve four objectives, all important for indigenous peoples. These four objectives are:

1. To influence the forestry policies of developing countries in a “transformational way” (meaning: with the intention to change them) by

THE CONTRADICTION IN THE WORLD BANK'S ENGAGEMENT

WHEN TALKING ABOUT THE WORLD BANK'S INVOLVEMENT IN CLIMATE CHANGE FINANCING MECHANISMS WE ALSO HAVE TO POINT OUT THAT THE WORLD BANK WHILE IT ON THE ONE HAND DECLARES COMMITMENT TO COMBAT CLIMATE CHANGE THROUGH INITIATIVES LIKE THE FIP, ON THE OTHER HAND IT CONTINUES TO FINANCE LARGE-SCALE FOSSIL FUEL DEVELOPMENT AND EXTRACTIVE INDUSTRIES.

increasing funding, supporting forest law enforcement, addressing “drivers of deforestation” and other activities;

2. To encourage funding for REDD;
3. To have pilot projects that show links between policies and laws and the conservation, enhancement and retention of forest cover and carbon stocks; and
4. To generate lessons for the negotiations in Copenhagen under the UNFCCC.

So one of the main goals of the FIP is to change the laws and policies of the countries involved. This of course means that it will have a direct impact on the lives and livelihoods of forest-dependent indigenous peoples.

Indigenous peoples' representatives fought very hard to make sure that the FIP will require the free, prior and informed consent (FPIC) of indigenous peoples prior to approval of any activities having an impact on indigenous peoples and their land. However, despite their efforts, the proposed references to free, prior and informed consent were removed from the final document. We have very good reason to fear that the FIP would not adopt or follow an approach to development and forest conservation which is based on the recognition of the rights of indigenous peoples and other forest dwellers.



There is also a lot of concern from both human-rights groups and environmental groups that the FIP may be used to support conventional large-scale plantations and logging operations. These concerns have been raised because according to the Forest Investment Program Design Document the World Bank intends to promote “agricultural investments in the context of rationalized land-use planning; and agricultural intensification including agro-forestry” (page 6). It is well possible that logging and large-scale plantations will be included as part of “rationalized land use planning” or forms of “agro-forestry”.

Indigenous peoples have pressed the Bank for effective participation in the design of the programme, and indigenous peoples’ representatives were involved in the design workshops. However, repeated calls for respecting the UNDRIP and the right to free, prior and informed consent were dismissed and are therefore not included in the final design document.

The FIP is currently in the process of establishing the “Sub-Committee” that will oversee and guide its work, and that will approve projects or programmes for funding. It is expected that the Sub-Committee will be established by the first quarter of 2010 and will include at least two representatives of indigenous peoples.

AND ANOTHER PROMISE....

SEPARATE FROM THE FCPF AND THE FIP, THE WORLD BANK HAS ALSO PUBLICLY COMMITTED TO ESTABLISHING A PERMANENT CONSULTATION MECHANISM FOR INDIGENOUS AND FOREST-DEPENDENT PEOPLES WITH THE WORLD BANK MANAGEMENT. BUT IT LOOKS LIKE THIS PROCESS HAS BEEN STALLED AND IT IS UNCLEAR WHEN, HOW OR INDEED IF SUCH A MECHANISM WOULD EVER BE DEVELOPED.

The World Bank has also publicly announced that it will establish a “Dedicated Initiative” for indigenous peoples and forest dependent peoples within the FIP which will allow direct access by indigenous peoples to funding and support for their own activities related to lowering deforestation. However this initiative is still in the planning phase.



THE UN COLLABORATIVE PROGRAMME ON REDD (UN-REDD)

The UN-REDD Programme was set up in September 2008 and is run jointly by three of the United Nations' largest agencies: the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the Food and Agriculture Organization (FAO).

The government of Norway has provided the initial funding for UN-REDD, although the Programme is looking for significantly more funding from other governments.

The UN-REDD's aim is to assist developing countries and the international community to gain experience with various ways of paying for REDD and on how to deal with the risks involved.

UN-REDD is explicitly promoting market-based REDD and so-called Payments for Ecosystem Services (PES), although there is a very important difference between PES and REDD. While REDD allows pollution to continue elsewhere, causing all the usual problems of pollution, PES does not do this.

UN-REDD is currently supporting pilot projects in ten countries: Bolivia, Democratic Republic of Congo, Indonesia, Panama, Papua New Guinea, Paraguay, Tanzania, Viet Nam, and Zambia.

Like the World Bank's FCPF, these pilot projects have two purposes:

1. They are supposed to help the countries prepare for future national REDD schemes (called "readiness activities" since they are supposed to create the capacities of government to become "ready" for REDD) ;
2. They will test the REDD payment systems developed.

This means that with the help of these pilot projects the UN-REDD programme wants to assess whether the technical support provided and the payment system devised can actually create the incentives needed to ensure clear, measurable and lasting emission reductions. At the same time the other ecosystem services which forests provide (like biodiversity conservation, providing clean





water etc.) should be maintain and improved.

Most important for you to know is that the UN-REDD Programme declared that it will apply a “rights-based approach”. This means that the programme should, in all activities that it supports, respect and promote the rights of all people(s) affected or involved in these activities.

The UN-REDD Programme also has made plans about how it will monitor its activities, and ensure that they comply with its rules. For example, it intends to provide training for governments on the UN Declaration on the Rights of Indigenous Peoples, to raise awareness on traditional knowledge and to develop tools for assessing “co-benefits” (which means other benefits than just reduction of carbon emissions). But the monitoring plan so far lacks what is most crucial: criteria, indicators and tools to monitor and to independently verify

human rights impacts, or how well the REDD programmes are run by the governments involved.



GOOD TO KNOW...

UN-REDD ALSO STATED THAT IT WILL ADHERE TO THE UNITED NATIONS DEVELOPMENT GROUP GUIDELINES ON INDIGENOUS PEOPLES. IN FEBRUARY 2008 THESE GUIDELINES WERE UPGRADED TO MAKE THEM CONSISTENT WITH THE UNITED NATIONS DECLARATION ON THE RIGHTS OF INDIGENOUS PEOPLES. THESE GUIDELINES AMONG OTHERS RECOMMEND THAT UN OPERATIONS SHOULD RESPECT THE RIGHT TO FREE, PRIOR AND INFORMED CONSENT, AND RECOGNIZE INDIGENOUS PEOPLES' COLLECTIVE LAND AND TERRITORIAL RIGHTS.

It therefore remains unclear how the UN will ensure that its commitment to a rights-based approach will be applied in practice or how it will respond to indigenous peoples' demands that monitoring mechanisms are developed which ensure that all activities comply with the Guidelines on Indigenous Peoples.

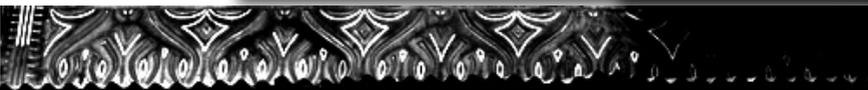
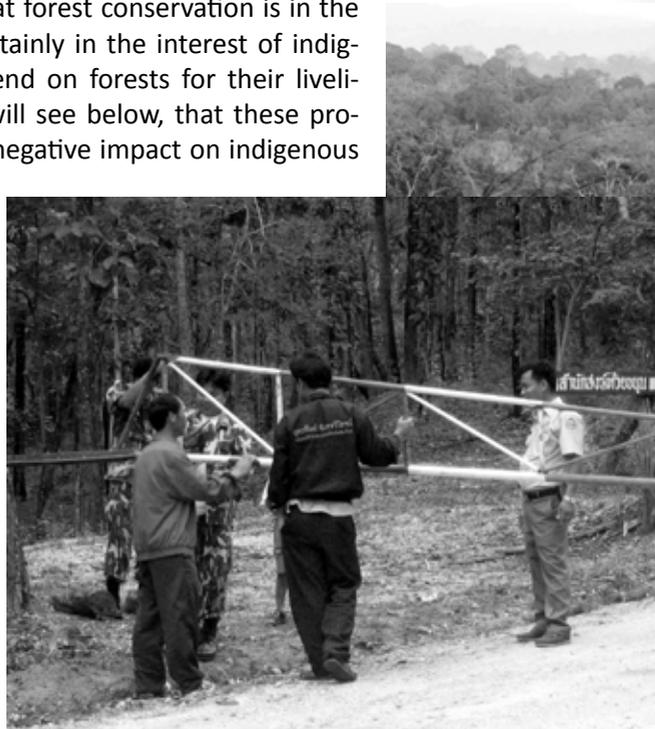


WHY IS IT IMPORTANT FOR INDIGENOUS PEOPLES TO KNOW ABOUT REDD?

From what you have learned so far, you can already imagine that REDD has a very real potential to affect your rights to use, own and manage your lands and resources. It may affect your whole way of life, for better or for worse.

REDD is being implemented in developing countries in the tropics and subtropics and is focusing on forest areas – in many places, the traditional and customary territories of indigenous peoples. These forests have been inhabited by our communities for hundreds if not thousands of years. We have used, managed and shaped these forests in different ways. Rather than destroying them, traditional land use and management practices have led to more diverse landscapes, and thus to an increase in biodiversity.

REDD aims at supporting forest conservation, and enormous amounts of money will be made available for that by industrialized countries. Even though we may agree that forest conservation is in the interest of everybody, and certainly in the interest of indigenous communities who depend on forests for their livelihood, we can expect, as we will see below, that these programs can also have a severe negative impact on indigenous peoples. REDD schemes will make rules about what can and cannot happen inside forests, regulating activities like farming, hunting, gathering of bush foods, medicines, cutting firewood and lumber for construction or any other use of resources in the forests. It is well possible that REDD projects have the same impact on indigenous peoples as protected areas. Actually, in some ways they are a new form of protected areas: carbon protected areas.



Indigenous peoples all over the world have become increasingly worried about REDD since their experiences in the past have shown that governments and private companies often refuse to recognize their rights and interests in forest policies and programmes.

Indigenous peoples are also concerned about the impact of REDD projects on titling or recognition of land tenure, particularly because none of the new national laws on REDD nor international REDD programmes make land tenure security a precondition for REDD. Similar to what is happening with mining and logging concessions, it is possible that the government will chose to sell carbon rights on untitled lands without reference to or consultation with the traditional owners of those lands.

But there may also be new opportunities that may help the indigenous peoples in their struggles if the fundamental rights of indigenous peoples are respected and if control of the design and management of REDD projects is in the hands of indigenous peoples. The positions of indigenous organisations on REDD therefore differ considerably. Some groups vehemently oppose the



idea of treating forests mainly as a carbon storage, and they reject any form of forest carbon trading. Others accept that there could be benefits, and demand that indigenous peoples' positions are included in international and national processes.

In any case, for you and your community it is important to know what REDD is all about, what the possible advantages and what the expected negative impacts are, so that you are prepared and can negotiate and defend your rights in case REDD programmes are targeting your land and territories.

WHAT IS THE EXPECTED IMPACT OF REDD ON INDIGENOUS PEOPLES?

GENERAL PROBLEMS WITH REDD

It has already become clear that REDD, the way it has so far been designed, has several weaknesses, even dangers. Some problems are more technical, most however are ethical.

The problem of "leakage": Protecting here and cutting there

Leakage happens when a container has a hole. In the context of REDD it is referred to the problem of making sure that the REDD programs or projects do not have any "holes", i.e., that when deforestation is prevented in one area it is not displaced to another area. For example, imagine that the government has given a company a concession for converting a forest into an oil palm plantation. Because of a REDD programme the forest is not cut and turned into a plantation because the company and the government receive a



compensation for agreeing not to cut the trees and plant oil palm. But how can we make sure that the same company (and the government agencies responsible) are not simply establishing the plantation in another forest, which has so far not yet been targeted for plantations? That's the problem of "leakage".

The problem with "additionality" and "perverse incentive": Paying the wrong people and encouraging deforestation

In order to be included in a REDD programme the respective forest owner – a government, company or community – has to prove that the "carbon gains", this means the carbon prevented from being emitted into the atmosphere (and kept stored in trees instead), would not have happened without the compensation payment offered. In other words, they have to prove that without the compensation payment the forest would have been cut. The technical term for this is to prove "additionality", which means to prove that "additional" carbon has been saved. This is important because the carbon saved is sold as a carbon "credit" to someone in a developing country so they can meet their emission limits, or exceed them.

So if people protect a forest anyhow, for other reasons than for keeping the carbon locked in trees, they would not be entitled to compensation and thus not be included in a REDD program. Or to put it more simply: only forests that are immediately threatened to be destroyed or degraded are considered under REDD.

This also means that the people who may in the end benefit from REDD are the forest destroyers like cattle ranchers or oil palm companies, and not those

who have protected forests, like indigenous communities. And most worrying is that REDD may actually encourage such people or companies to start destroying forests just in order to be included in a REDD program and get access to compensation money. Since such encouragement or "incentive" is totally in contradiction to the declared intention of REDD it is called a "perverse incentive".





So there is in fact a serious risk of increased deforestation during the present negotiation phase on REDD. For example, the government of Guyana is threatening that it could increase the rate of deforestation unless it is compensated for not doing so through REDD.

Another problem is that the definition of forest used in the United Nations makes no difference between natural forests and plantations. This means that a company could replace a forest with a tree plantations, and still qualify for support under a REDD program.

Finally, once REDD programs are established, there will be a flow of enormous amounts of money from the industrialized countries to developing countries. There is a serious risk of large amounts of money being lost to corruption as money will be poured into some of the most corrupt governments of the world.

Measuring and monitoring - and forgetting the people and the root causes of deforestation

REDD schemes the way they are planned now put a lot of emphasis on complex carbon measurement (how much carbon is stored in a forest?), accounting and monitoring systems (how much carbon could be saved through the REDD initiative, in comparison to what would have happened without the REDD?), making new forest inventories (where are what kind of forests?), and on methods that help prove that emission reductions have happened.





However, very little attention has so far been paid to legal reforms that provide communities with titles to their land and forests and thus empower them for forest protection. And very few programs include monitoring of the impacts of REDD programs

on forest communities, or monitoring of whether and how well those in charge of the program (government and donor agencies) are doing their job.

In all this the international agencies are focusing on actions in developing countries, and they are not addressing the main drivers of forest destruction: international trade and global consumption of agricultural commodities, timber and other products from forests.

HOW MUCH CARBON IS THERE IN A TREE?

THE AMOUNT OF CARBON STORED IN A TREE DEPENDS ON THE DENSITY OF ITS WOOD. THE DENSER AND HARDER THE WOOD, THE MORE CARBON IT CONTAINS. AN AVERAGE SIZED TREE OF 15 METERS HEIGHT WITH AN AVERAGE WOOD DENSITY CONTAINS ABOUT 100 KG OF CARBON. SO IT TAKES ABOUT 10 TREES FOR A TON OF CARBON.

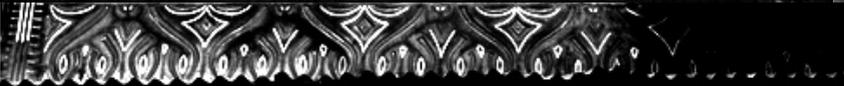




In the long run, forest protection will only work if there are serious actions taken to address inequalities in land tenure, discrimination against indigenous peoples, corruption in governments and companies, over-consumption and uncontrolled industrialization.

Trading in forest carbon: Helping polluters and not the climate

Trading carbon stored in forests would allow heavy polluters in industrialized countries to continue with greenhouse gas emissions. It is very likely that if trading in forest carbon is allowed it would lead to a massive increase in carbon credits available on the carbon market. Like with all commodities that are



traded in the free market, the price will drop rapidly when supply increases. Therefore, trading forest carbon may not have a real potential to help in addressing climate change. We simply need to find ways to stop burning fossil fuels, not to create loopholes that allow the pollution to continue.

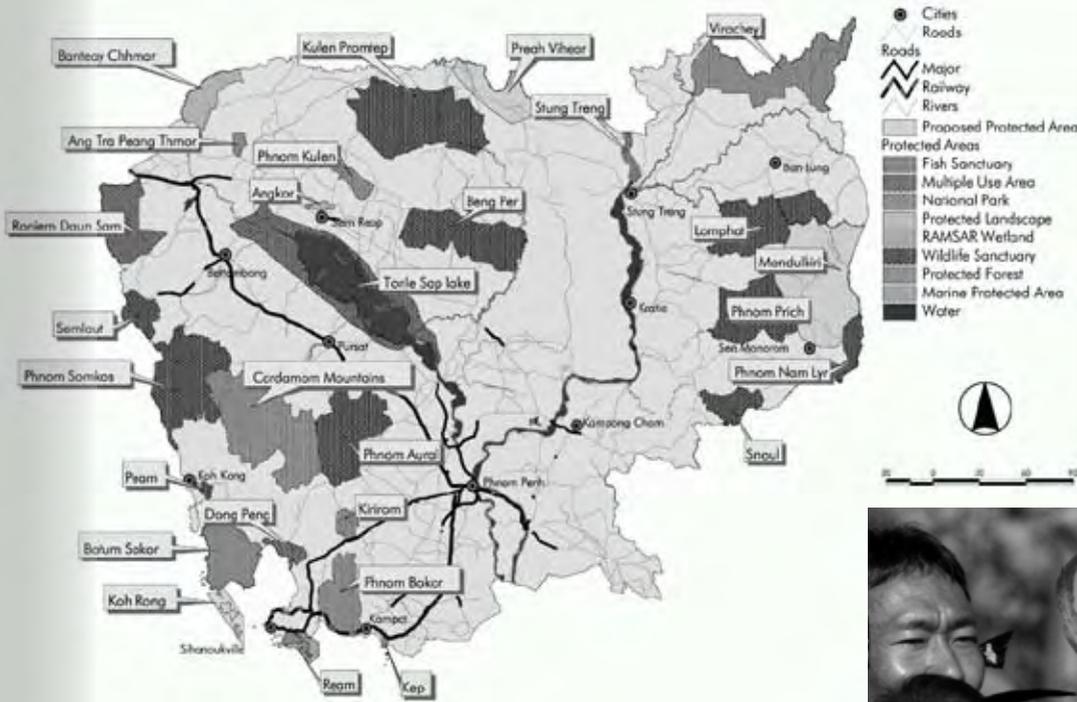
WHAT ARE THE NEGATIVE IMPACTS OF REDD ON OUR COMMUNITIES?

As long as there are no guarantees that indigenous peoples' rights are recognized and protected under any REDD programmes, there is a real danger that they will have very serious negative impacts on your community.

Ignoring indigenous peoples' rights: Relocation and land grabbing

Over the past decades, indigenous communities and other forest people have struggled hard to get recognition of and support for community-based conservation of forests. And in many cases they have succeeded. However, with REDD we fear that all the gains will be lost and that governments will again favour a "fences and fines" approach. In many cases this may not only mean that strict rules for forest conservation are imposed on forest people, but that communities will be evicted from such "carbon protected areas".





Experiences in the past have shown that a “fences and fines” approach does not work and that it failed to prevent the destruction of forests or the loss of biodiversity. The non-recognition of the rights of indigenous and other forest communities prevents them from taking care of forest conservation and encourages encroachment by others.

Instead, it is expected that under REDD there will be an increase of “zoning” of forests by governments, companies and conservation NGOs, that there will be an increase of demarcation of protected areas, forest reserves or sustainable forest management zones (for certified logging) in order to receive REDD payments. The majority of already existing “forest zoning” and “land classification” programs throughout the world ignore the customary rights of indigenous peoples to their land and territories. With REDD the value of forests increases and it therefore cannot be expected that governments will be interested in addressing the demands of indigenous communities for the recognition of their rights to their land and territories. The compensation payments for forest conservation may also lead to increased land speculation in forest areas, and unless REDD programmes take measures to secure and recognize customary land rights of your communities, there is



a serious risk that more forests are being taken over by migrant settlers and private companies.

Competing over benefits: The danger of increased inequality and social conflict

As the forest gains in value and encroachment by outsiders on indigenous peoples' forests increases, there will be more conflicts. But REDD may also cause more conflicts between and even within your communities. The increased value of forests and the expected benefits from REDD programmes will undoubtedly generate more conflicts over boundaries between communities, or



among local landholders and forest owners. Once compensation payments under REDD begin to flow, there is also the risk that there will be more and new conflicts between and within communities if there are no careful measures taken to make sure that the different communities and the households within these communities equally benefit from these payments.

Targeting indigenous peoples land use practices: Banning a way of life

Fire has been an important tool in land use and forest management of many indigenous people, not just those living in the forests of the tropics and subtropics. In the savannas of Africa, for example, pastoralists and hunters-gatherers have used fire to maintain the productivity of the ecosystem for livestock and game since thousands of years. Fire is also the key technology in shifting cultivation, a farming method practiced by an estimated 300 to 500 million people worldwide, many of them indigenous peoples.



However, indigenous peoples' use of fire, just like many other aspects of their resource management systems have often not been properly understood by outsiders, above all not by foresters, park rangers and other state agents in charge of the management and conservation of forests and biodiversity. As a result, such practices have been discouraged and in most cases even been declared illegal.

In the age of global climate change, resource use and management practices that rely on the use of fire are coming under increased pressure. This is particularly the case with shifting cultivation. In the name of forest conservation governments all over the world and particularly in Asia have since long sought to eradicate this



form of land use. The climate change discourse now provides them with additional arguments for banning shifting cultivation. In some countries every year indigenous farmers are arrested when practising shifting cultivation.

Not only shifting cultivation, but also other forms of land use practiced by indigenous peoples – controlled burning of forests to improve habitat diversity for game or pastures for livestock, the collection of fuel wood, cutting trees for house construction and other purposes, even the gathering of non-timber forest products – are now considered a form of “forest degradation” under REDD programs. And since REDD aims at reducing deforestation and forest degradation, indigenous communities are and will increasingly be targeted in such programs. This will have a severe impact on the way of life and the livelihood security of the affected communities.

BUT CAN REDD ALSO BE BENEFICIAL TO INDIGENOUS PEOPLES?

Although many indigenous peoples believe that REDD can never have any advantages for them, some indigenous peoples feel that there are conditions under which REDD could potentially assist them in realizing their rights to their lands and resources, and provide financial benefits to their communities.

Before we look a bit more into this, you should however be aware that despite differences there is unity among indigenous peoples with regards to one fundamental position on REDD. In Anchorage, Alaska, in 2009, a Global Summit of indigenous peoples stated that REDD must only go ahead if it is based on *FULL* respect for the rights of indigenous peoples, including the provisions of the UN Declaration on the Rights of Indigenous Peoples.

If REDD was based on the recognition of indigenous peoples **RIGHTS** in this way, it may also help your community in protecting your way of life:

- REDD could be used to promote progressive reforms of land, forest and protected area laws and policies so that they fully respect indigenous peoples’ rights, including the right to culturally appropriate consultation and free, prior and informed consent.
- Resolution of outstanding land and territorial claims could be a requirement or a precondition for any REDD project. Indigenous peoples



could demand reforms of land titling and demarcation policies so that their lands and territories are recognized based on traditional occupation and use, and titles can be issued.

- REDD could be used as a way to gain funding, recognition and support for community conserved territories or community conserved forests, with funding made available to support indigenous peoples' conservation and management practices.
- If designed well, REDD could recognize that traditional farming and other customary practices (cutting of firewood, cutting of lumber for house building, etc.) do not harm the forest.
- REDD could provide national level recognition that the traditional knowledge of indigenous peoples is critical to forest conservation.
- REDD could promote full title and ownership over traditional territories to enable direct access to international REDD funding and related finance.
- If and when the rights to their land and resources are fully recognized and protected, indigenous peoples or communities may consider to join REDD programmes or take the initiative on their own and enter into REDD partnerships with foundations, conservation agencies, private companies or others offering financial compensation for their efforts to protect their forests. Such agreements would be similar to other Payments for Environmental Services (PES) projects. You however have to be aware that if such schemes are not financed through funds that explicitly exclude emission compensation/offsetting for the respective donors, or which involve carbon trading, they will have impacts not only for your peoples and area but also in the developing countries in which emissions are allowed to continue.





What does my community have to think of before joining a REDD project?

PES schemes – including Carbon Partnerships – are often promoted as a way to address poverty especially among communities in remote, upland areas. There are indigenous communities who are considering, or even already preparing for carbon partnerships. These may include compensation for reforestation and afforestation, but also for REDD. Such partnerships can range from simple carbon trading agreements to more comprehensive agreements which

may explicitly include other environmental services such as biodiversity conservation. Since communities are supposed to get financial compensations for their forest conservation efforts, such partnerships do represent an alternative form of income. However, there are a number of critical issues which communities have to consider before entering into such agreements.



PAYMENT FOR ENVIRONMENTAL SERVICES, OR PES, IS A WAY TO ENSURE THAT THOSE WHO BENEFIT FROM ENVIRONMENTAL GOODS AND SERVICES PAY THOSE WHO PROVIDE THESE SERVICES. THESE SERVICES INCLUDE FOR EXAMPLE WATERSHED PROTECTION OR OTHER FOREST CONSERVATION (WITH MULTIPLE BENEFITS LIKE BIODIVERSITY CONSERVATION, OR CARBON STORAGE, ETC.).

THE MORE COMMON PES PROJECTS ARE RELATED TO WATERSHED MANAGEMENT. IN SUCH A CASE PEOPLE LIVING DOWNSTREAM WHO USE THE WATER CLEANSSED BY A FOREST FURTHER UPSTREAM, LIKE FOR DRINKING WATER FOR VILLAGES AND TOWNS, A WATER BOTTLING COMPANY, ETC., PAY THE PEOPLE WHO LIVE UPSTREAM AND WHO MANAGE AND PROTECT THESE UPSTREAM FORESTS AND MAKE SURE THAT THERE IS A SUSTAINABLE FLOW OF THIS "SERVICE" INTO THE FUTURE.

Among others these include:

- REDD and other carbon partnership agreements are usually long-term contracts, extending over several decades. So communities would be bound by such an agreement for a very long time and it would probably be very difficult to make changes with respect to land use and management in the area covered by the agreement.
- Contracts especially with private companies – who in any case are first of all interested to make profits – are complex and detailed and it is necessary to study them very carefully in order not to accept conditions whose consequences are not fully understood. The service of a lawyer may be necessary.
- There are also considerable technical challenges: REDD projects imply a constant monitoring of carbon stock changes. There are examples that show that communities are well capable of doing this if the areas to be monitored are not very large. Most agencies who seek to enter into a REDD partnership are however interested in having large areas included in the contract. In some cases communities may actually own large forest areas, but for monitoring these areas it may be necessary to involve modern technologies, like remote sensing. Communities may not have the means or skills to do that and would have to rely on outsiders or the contract partner. This implies the danger that they lose control over the process.
- In other cases when large areas are to be included several communities would have to be involved. Some communities may however not be interested, and if all agree to participate, coordination and cooperation would have to be ensured and maybe an organisation representing all communities involved would have to be found or newly created. Especially if there are no traditional social and political institutions present at a higher level it can be very challenging to ensure smooth and good governance of the project and there is a considerable potential for conflict.

You will find a check-list at the back of this booklet to provide you with a guide for the kinds of detailed questions that any community should ask prior to entering a carbon partnership agreement. It is also a good idea to find out as much information as you can from sources *OTHER* than the company trying to set up the project.

