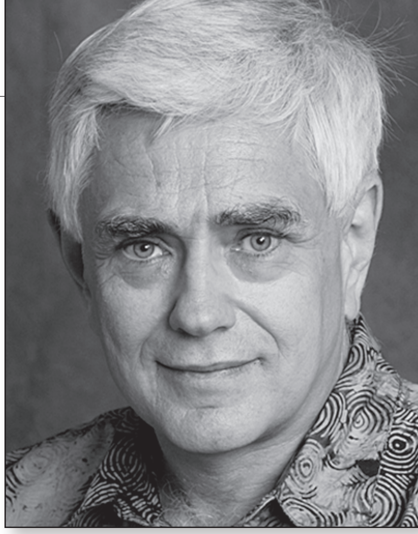

By Bruce Rich

REDD+, Markets, and Corruption

Many believe that without countervailing economic incentives, the world's tropical forests cannot be saved. The allure of money that might come from future carbon markets has been seductive: an international climate market could pay developing country governments and forest communities to preserve standing forests as offsets for not reducing emissions in the richer industrialized nations.

In the 2000s, forest nations like Papua New Guinea pushed for inclusion in a prospective new climate agreement a program to pay developing countries for preserving forests. So it was that in the international climate negotiations the concept of "reduced emissions from deforestation and forest degradation" was endorsed in 2010 at the 16th conference of the parties to the climate convention.

What was endorsed at Cancun is actually called REDD+, since it also includes financing for sustainable management of forests and enhancement of forest carbon stocks. Nongovernmental groups have feared that these generic terms, which have no technical definition, could be interpreted to provide finance — either through direct funding or through carbon credits — for commercial logging operations that purported to be sustainable, as well as for establishment of new tree plantations.

Many hoped that international greenhouse gas offset trading could provide as much as $30 billion annually for REDD+ projects, but the failure to date to achieve a binding international agreement to succeed the Kyoto Protocol has contributed to the collapse of international carbon markets. There is still no consensus on what would be the long term funding source of REDD+.

In 2011, a major study by the European Commission and UK government concluded that REDD+ national strategies in Indonesia, Ghana, Mozambique, Tanzania, and Vietnam were on the wrong path, with "over-hasty, formulaic, and barely credible plans that could do more harm than good." In fact, all of the REDD+ strategies "are based on the idea that with enough money over two to four years, a top-down, government-led process will impose governance and give forest-based practitioners what they need to guarantee emissions reductions and qualify for REDD payments." The study's title, "Just Forest Governance — for REDD, for Sanity," summarized neatly the central challenge for any program to conserve forests.

Researchers at the Technical University of Zurich and the University of Montpelier have pointed out that an underlying rationale of REDD+ (more money will change the behavior of governmental agencies concerning forest conservation) ignores the real political economy of weak states, which are often ruled by "governments with private agendas" linked to corrupt networks of local elites. In such circumstances one former senior scientist at the Center for International Forestry Research warned that "REDD+ payments may in fact offer [new] incentives for corruption and fraud by government officials and project sponsors."

The vast majority of countries eligible for REDD+ ranked in the bottom half of Transparency International rankings for corruption in 2011. In 2010 Interpol found (in a study supported by the World Bank) that "it has become very apparent . . . that there is an inescapable nexus between emissions trading, illegal logging, and organized crime." Interpol warns that "it can already be seen that criminals are targeting the REDD markets."

The extent of the governance collapse for conserving forests in the face of global market forces exploited by criminal and local mafias can be seen in the following Interpol estimates: Illegal timber harvesting for export is at or above 50 percent in Cameroon, Cambodia, Ghana, Indonesia, Papua New Guinea, and Peru. Last fall, the collapse of carbon market prices continued: the gold standard of carbon credits, Clean Development Mechanism Certified Emission Rights, sank in the European Trading Scheme at one point below 1.50 euros, and Barclay's Bank issued a note predicting that the price of CERS would never rise above 3 euros, even with a bailout by EU governments of carbon prices. So far REDD+ has received around $7.3 billion in funding commitments, mainly from aid agencies, for meetings, studies, and efforts to build capacity.

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Would it not be better to abandon the focus on commodifying and selling forest carbon for a market that appears increasingly unlikely to materialize, and translate the work that has already gone into REDD+ readiness into an aid program that could help to empower indigenous and forest community land tenure and rights? Already indigenous groups in Peru and elsewhere have made proposals for an "indigenous REDD": use existing funding to regularize land tenure and rights and promote community forest management, while reforming policies and laws in agriculture, mining, energy, and infrastructure that unnecessarily promote, or ignore impacts on, deforestation.

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