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## [“Avoided deforestation” policies and indigenous peoples and local communities: urgent debate needed on potential social impacts](#)

Forest conservation is back on the international climate agenda...big time!

More and more Northern and Southern governments, bilateral development agencies, multilateral development banks and big conservation NGOs are arguing that “countries” should be compensated for protecting the “carbon reservoirs” in standing forests. Under some plans, Southern governments’ forest protection plans would generate pollution rights that the governments could then sell to Northern industries to allow them to continue business as usual.

Almost all enthusiasts for such “avoided deforestation” (AD) policies reject the “project-by-project” approach to forest conservation. Under the AD policy option, referred to as Reduced Emissions from Deforestation (RED) under official UNFCCC terminology, they want national or regional schemes that include large areas of forest. This, they say, would reduce the cost of monitoring: it’s much cheaper to measure deforestation from a satellite than visit lots of different project sites on the ground.

AD proponents also say that crediting “countries” as the agent responsible for saving forests would help promote a more comprehensive approach to national forest policies that could help prevent forest protection in one place leading to deforestation elsewhere in the same country.

Yet in all the excitement over AD, relatively little attention has been paid to the social risks and challenges -- or the potential impact on indigenous peoples and local communities whose livelihoods, cultures and well-being depend on forests. Forest movements and activists will need to engage in this debate, because of the big impact it could have on their ancestral forests and their fundamental rights and freedoms.

Public funds or global carbon trading?

Some governments, most notably that of Brazil, propose that economic incentives for developing countries to protect forests should come from a specialised international fund created from public money from donor countries. In the UK government’s Stern Review on the Economics of Climate Change published in early 2007, ex-World Bank economist Sir Nicholas Stern recommended that “...international support for action by countries to prevent deforestation should start as soon as possible...” through pilot schemes, which “...could be based on funds with voluntary contributions from developed countries, businesses and NGOs”. Stern suggests that public funds for AD could be targeted where they can provide most benefit at the country level, and could be used to tackle poverty reduction and underlying drivers of deforestation.

On the other hand, big conservation NGOs, so-called “carbon finance” and “carbon forestry” companies, together with some Southern governments like Costa Rica and Papua New Guinea, argue that public funds will never provide enough finance to ensure adequate and sustained finance for avoided deforestation. This group maintains that only a global trade in pollution credits would deliver sufficient funding for effective RED schemes. Advocates of trading in AD include an

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increasing number of carbon finance companies consultants who are eager to make big money from the forest carbon trade, such as EcoSecurities. These companies and entrepreneurs, together with many forest scientists, large NGOs and the World Bank, are now engaged in intense lobbying of donor governments to persuade them to give legal and institutional support to global forest carbon markets.

World Bank seeking to capture global carbon funds

The World Bank backs a mix of public and market-based approaches to forest carbon finance. The Bank is now moving fast to try to capture any new global funds for avoided deforestation as a central part of its controversial proposal for a new Global Forest Alliance (GFA) with large conservation NGOs, like the Nature Conservancy, Conservation International and WWF. Within the GFA framework, the Bank plans to pilot avoided deforestation schemes in five tropical countries under its proposed Forest Carbon Partnership Facility (FCPF), which it is asking the G8 group of industrialised countries to back at their next summit in Germany in June 2007.

Meanwhile, the Bank is already inviting the governments of Papua New Guinea, Costa Rica and Indonesia, and regional bodies in Brazil and the Democratic Republic of Congo, to fund forest protection through avoided deforestation. In May 2007, the World Bank was seeking to persuade these countries to sign agreements to limit carbon emissions from deforestation by 2009 or 2010, in return for US\$250 million in investment.

TFAP again?

Yet once again, it seems that World Bank, government and NGO plans to combat deforestation at the national level, as well as their proposals for including conservation in the global carbon economy, are being developed with little or no informed participation of potentially-affected forest peoples. At a recent meeting in Oxford, the Forest Peoples Programme was shocked to hear from forestry consultants that human rights and indigenous peoples' concerns are a "side issue" and a "distraction" from forest protection policies. They concede that some indigenous peoples might unfortunately get "trashed", but this may be a price that has to be paid to achieve the greater goal of slowing climate change!

Yet any rapid expansion and implementation of AD schemes without the participation of forest peoples and without due regard to rights and social issues risks repeating the past mistakes of failed global initiatives to tackle tropical deforestation (such as the Tropical Forest Action Plan (TFAP) run by the FAO and the World Bank in the 1980s). [i]

Potential social risks

Supporters of the new "avoided deforestation" schemes argue that compensation rates must be higher than the returns from other land uses which directly cause deforestation (such as oil palm expansion, industrial tree plantations, conversion to agriculture, hydrocarbon extraction, etc.). According to current estimates, governments could earn hundreds of millions or even billions of dollars a year for not clearing forests.

Such sums, could easily be large enough to create incentives for state forest and protected area authorities to throw people they consider "encroachers" out of forests. In their scramble to receive compensation payments by showing satellites overhead that forest clearance and burning has stopped, over-zealous forest protection agencies may be tempted to evict shifting cultivators and to cordon off forests completely against any use by traditional forest dwellers and other forest-dependent communities.

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Top-down forest policies and a return to “guns-and-guards conservation”?

One result could be increased state control over forests; unjust targeting of indigenous and marginal peoples as the “drivers” of deforestation; violations of customary land and territorial rights; state and NGO zoning of forest lands without informed participation of forest dwellers; unequal imposition of the costs of forest protection on indigenous peoples and local communities through unequal and abusive community contracts; land speculation, land grabbing and land conflicts (made worse by competing claims on AD compensation); corruption and embezzlement of international funds by national elites; and increasing inequality and potential conflict between recipients and non-recipients of AD funds.

RED or REDD?

Some proponents of the new AD schemes, like the government of India, want afforestation and natural regeneration schemes to be compensated for as well as forest conservation. This idea is called Reduced Emissions from Deforestation and Forest Degradation (REDD). Others point out that to include reforestation schemes would raise all the same scientific and social problems that are associated with much-criticised carbon offset projects involving tree planting. [ii] It would also raise the question of what counts as “degradation”. Other influential AD supporters, like Brazil, thus maintain that global schemes must be confined to deforestation only (RED).

Unresolved problems with carbon trading

One problem with AD is that it requires measuring how much forest has been saved above a “baseline” of a “business-as-usual” rate of deforestation. That rate, of course, will be determined by a small circle of technical experts – with all the scope for intellectual corruption that implies.

Another problem afflicts schemes that include carbon trading. Some indigenous peoples’ organisations and social justice campaigners have questioned the ethics, politics and science of trading carbon stocks on the international market. [iii] These critics reject the idea that the climate problem can or should be addressed by allowing Northern industrial and corporate polluters to buy the “right” to continue polluting from the governments of heavily-forested Southern countries. They also dismiss the notion that the value of forests can be reduced to the monetary value of their carbon stocks, and stress that for their people the non-monetary cultural and spiritual values of their forest are of utmost importance and must be respected. They maintain that trade in carbon credits is impractical because it does not tackle the root cause of climate change (continuing and increasing emissions from fossil fuels). [iv]

Then there is the question of property and sovereignty: can foreign buyers “purchase” carbon stocks in standing forests that do not belong to the state or individual private property owners, but are rather held collectively under customary laws and aboriginal title? How would prior consent be obtained in these cases and on what terms?

And what about forest peoples?

Some people argue that with a public fund, many of the scientific, legal and ethical problems associated with a global carbon market could be avoided –though not the essential issue of allowing polluters to continue to pollute. Moreover, public and ODA funds for large-scale global and national AD schemes would still imply social risks. To this, proponents of the idea argue that if these risks can be eliminated or reduced, then AD policies and increased funding outside carbon trading may offer important opportunities for indigenous peoples and forest-dependent communities. However, little mention is made about the full respect of their rights or regarding their priorities and decision-making capacity in the design and implementation of avoided deforestation policies.

In case this type of schemes were to be implemented, AD policies should at least include solid and

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locally-enforceable guarantees to uphold human rights and address equity, governance and rights issues. Vague promises that all these issues will be dealt with through future certification of RED forests, as advocated by many conservation NGOs and the World Bank, are not good enough. Secure guarantees of respect for forest peoples' rights must be established before governments and international donors and multilateral development banks plough ahead with RED schemes.

Urgent debate needed on the social aspects of avoided deforestation policies

As a first step, it is essential that indigenous peoples and other grassroots movements are fully involved at the international and national levels in the debate about the pros and cons of avoided deforestation in global climate policies.

Who will decide which forest areas will or will not be in national AD schemes? Who will decide land tenure and ownership rights to the forests included in avoided deforestation programmes? Who determines which forests are eligible for REDD payments and how? How should protected forests be used? What activities would be permitted and which ones would be prohibited in protected forests in order to receive AD compensation? Who will receive compensation payments? Will such schemes really benefit local people?

This debate must start without delay if forest peoples are to avoid yet another round of top-down global and national forest policies that fail to take their rights and interests into account. Forest movements must organise to debate the issues, challenges and opportunities as soon as possible so they can engage governments and policy-makers. Without this, their rights are unlikely to be respected in the design and implementation of future avoided deforestation policies.

This article was compiled by Tom Griffiths, Forest Peoples Programme (FPP), e-mail: [tom@forestpeoples.org](mailto:tom@forestpeoples.org). For more information on some of the social issues raised by global policies on avoided deforestation, see the article *Seeing RED: Avoided deforestation and the rights of Indigenous Peoples and local communities* available at [www.forestpeoples.org](http://www.forestpeoples.org)

[i] See Colchester, M and Lohmann, L (1990) *The Tropical Forestry Action Plan: What Progress?* WRM and *The Ecologist*, Penang and Sturminster Newton.

[ii] WRM (2000) *Climate Change Convention: Sinks that stink* WRM, Montevideo

[iii] International Forum of Indigenous Peoples and Local Communities on Climate Change (2000) "Second International Indigenous Forum on Climate Change - Declaration of Indigenous Peoples on Climate Change" The Hague, November 11-12,2000;

[iv] See especially, Lohmann, L (2006) "Carbon Trading: a critical conversation on climate change, privatisation and power" *Development Dialogue* No.48 (September 2006)