

A local guide at Turtle Mountain in the Iwokrama Forest in Guyana.



climate &
deforestation

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REDD myths

a critical review of proposed mechanisms
to reduce emissions from deforestation
and degradation in developing countries

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**Friends of
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International**

executive summary

United Nations negotiations on Reducing Emissions from Deforestation in Developing countries (REDD) are in fast forward mode, both in the negotiating halls and on the ground. This is partly because of the considerable sums of money being discussed – figures of tens of billions of dollars per year are the norm. Yet many critical questions remain unanswered. Will REDD help to mitigate climate change or actually negate efforts that have been made so far? Who will really benefit from REDD funds? How might trading in forest carbon credits impact on REDD-related policies and projects?

From a climate change point of view, the overall goal is to stabilize the atmospheric concentration of CO₂ at as low a level as possible. This can partly be achieved by stopping deforestation, which is responsible for some 18% of carbon emissions to the atmosphere. But REDD is not intended to stop deforestation. A detailed analysis shows that ‘reducing emissions from deforestation’ is actually a dramatically different approach that could have significant negative impacts on people, on biodiversity and even on our climate.

Firstly, in current REDD scenarios it is perfectly plausible that deforestation could be allowed to continue at or return to unacceptable rates, with prolonged damage to biodiversity and the risk that forests will be tipped into a process of dieback.

This is because the atmospheric concentration of CO₂ can also be reduced by deferring deforestation: even if deforestation rates return to their original level after a certain period, there will still have been a beneficial effect on CO₂ concentrations. This rather undermines one of the key arguments used to promote REDD: that it will be good for biodiversity.

In addition, REDD could also be used to reward those engaged in logging and industrial agriculture, whilst ignoring those countries and communities that have low deforestation rates. This is because REDD is primarily intended to create financial incentives that will prompt those engaged in deforestation to switch to managing standing forests. Most calculations of how much REDD will cost focus on the profits that would be forfeited by those engaged in deforestation. This ‘opportunity cost’ approach also implies that REDD will be used to channel public funds, through facilities such as the World Bank’s Forest Carbon Partnership Facility, to pay the polluter. REDD is also likely to provide lucrative opportunities for those with money to invest, including forest carbon finance companies.

These opportunity cost calculations, and others that look at the potential income that could be generated from simply conserving carbon stocks (in countries with low rates of deforestation, for example) have another major drawback. They give the impression that completely stopping deforestation would be prohibitively expensive. But this is only the case if those engaged in deforestation are compensated. It would be more useful to focus on the opportunity costs to government revenue streams, jobs and value-added industries. This approach would still provide the necessary positive incentives to governments considering changing their policies with respect to deforestation.

Critically, REDD will also hamper much-needed efforts to mitigate climate change so long as it is based on a definition of forests that includes plantations. Plantations are not forests. Large-scale monoculture tree plantations cause serious environmental, social and economic problems. Furthermore, plantations store only 20% of the carbon that intact natural forests do. It thus seems inconceivable that the UN Framework Convention on Climate Change (UNFCCC) would sanction any process that allows natural forests to be replaced with plantations. Yet this is exactly what is being proposed in REDD. Some countries even support a ‘net deforestation’ approach: this would allow them to continue logging and cutting forest to make way for agricultural commodities (including agrofuels) in some areas, whilst conserving forests and/or extending plantations in others.

A further major concern is that REDD could actually negate existing efforts to mitigate climate change if it is funded by the sale of forest carbon credits on the international compliance markets.

If REDD is funded through carbon offsetting it will undermine current and future emissions reductions agreed to by industrialized countries. Allowing countries with carbon intensive lifestyles to continue consuming inequitably and unsustainably, by permitting them to fund cheaper forest carbon ‘offsets’ in developing countries, diverts critical resources and attention away from measures to address fossil fuel consumption and the real underlying causes of deforestation.

REDD also refocuses attention on a key moral and legal dilemma – to whom, if anyone, do forests belong to? And who has the rights to sell forest carbon credits? It is certainly clear that in the absence of secure land rights, Indigenous Peoples and other forest-dependent communities have no guarantees that they will receive any form of REDD ‘incentive’ or reward for their extensive forest conservation efforts.

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Whether national or project-based, REDD policies will trigger a rapid expansion in lands set aside for REDD projects. In many countries, governments and others are likely to ignore the customary and territorial rights of Indigenous Peoples, as they seek to protect an increasingly valuable resource from 'outside' interference, violently or otherwise. The simple fact that forests are becoming an increasingly valuable commodity means that they are more likely to be wrested away from local people. Previous experiences, with the Clean Development Mechanism, voluntary carbon offset projects and payments for environmental services schemes, indicate that there is little reason for optimism, especially for already marginalized communities living in the forests.

Commodifying forest carbon is also inherently inequitable, since it discriminates against people, and especially women, who previously had free access to the forest resources they needed to raise and care for their families, but cannot afford to buy forest products or alternatives. Any REDD projects that deny local communities and Indigenous Peoples access to forests risk having grave impacts on poverty and the achievement of the Millennium Development Goals.

Indigenous Peoples and forest-dependent communities may also find it hard to benefit from REDD even if they actively wish to participate in REDD projects.

Firstly, if they are not engaged in unsustainable deforestation they may not qualify for REDD incentives.

Secondly, they may be disadvantaged by uncertainties or conflicts over land tenure (and these conflicts are even less likely to be resolved in their favour if forests increase in value).

Thirdly, because of the uncertainties associated with deforestation projects (because of storms or forest fires, for example) project managers are likely to find themselves saddled with the projects' risks and liabilities. They may also find themselves responsible for finding upfront funding and operational costs to tide them over until they are paid at the end of the project period. Either way, larger and richer organisations operating to economies of scale can deal with these difficulties much more easily, than Indigenous Peoples and local communities, who may therefore find themselves in a poor negotiating position right from the start. They may also have to address language barriers and hire or find assistance to deal with the technical complexities involved in establishing, monitoring and verifying REDD projects.

An additional suite of risks arise if REDD is to be funded through compliance carbon markets. Many observers assume that REDD is synonymous with carbon trading and offsetting, but this is not the case (so far, at least). Although using the markets to fund REDD has been favoured by a majority of governments (or was, before the global financial crisis erupted onto the global scene) it has still been a contentious issue.

Nevertheless, the full range of risks associated with using carbon offsetting to fund REDD has not been properly considered. In addition to the fundamental problem of equating forest and fossil carbon it could:

- *Hold REDD hostage to the vagaries of markets and the activities of speculators, and generally lead to funding that is unstable and unpredictable.*
- *Reduce developing countries' sovereignty over their natural resources, by prioritising investment decisions that focus on maximising profits and allowing foreign investors to buy up forest 'services'.*
- *Allow richer, industrialized countries to continue polluting and divert resources and attention away from measures that could address the real underlying causes of deforestation.*
- *Foster an 'armed protection' mentality that could lead to the displacement of millions of forest-dependent people, including by force.*
- *Facilitate corruption and poor governance in countries with tropical forests, because of the large sums of money proposed and the complex nature of the financial mechanisms likely to be involved.*
- *Prioritize 'least cost' measures, which increase the likelihood of environmentally and socially damaging activities and push liability for failed projects onto local communities.*
- *Flood carbon markets, reducing the price of carbon and thereby stalling other climate change mitigation programmes.*
- *See most funding channelled to countries such as Brazil and Indonesia, which have high deforestation rates or large areas of forest cover.*
- *Be so complex and have such high transaction costs that only the largest companies operating to economies of scale are able to participate.*

In addition to concerns about financing, it has long been known that there are numerous methodological problems associated with deforestation projects. Although there have now been some technological improvements (especially in satellite imaging technology), most of these problems and associated risks remain, meaning that REDD might fail even if the large sums of money being discussed are raised and distributed.

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An enduring problem is whether REDD can address 'leakage' concerns. A project-level approach, for example, could mean that deforestation activities simply shift to another area in the same country (depending on the specific causes of deforestation in that country). One obvious solution to this predicament is to focus efforts at the national level and to involve as many countries as possible. Even so, a question still remains about possible leakage from tropical forests to boreal and temperate forests. Ultimately, the only real solution is to remove the underlying causes of deforestation.

Measuring degradation is also problematic, but important. If degradation is not included in REDD, great quantities of carbon could be lost without the system recognising it. In some countries, such as those in the Congo Basin, losses from degradation tend to be much higher than those from deforestation. However, the fact that degradation data may be less reliable – and is more expensive to acquire – is likely to discourage carbon finance investors, which may mean negotiators choose to exclude degradation in order to accommodate carbon trading. This dilemma seems to be yet another cogent practical argument for using publicly rather than privately sourced finance.

In conclusion, efforts to reduce emissions from deforestation and degradation, being discussed in the post-2012 negotiations, must be replaced with a mechanism to stop deforestation. Governments are already committed to this under the Climate Change Convention and in other agreements such as the Convention on Biological Diversity.

Renewed efforts to achieve this goal should be founded on the ecosystems approach, climate justice and the rights and role of Indigenous Peoples and local communities. They should also address biodiversity and poverty effectively and challenge the underlying causes of deforestation directly, nailing down demand-side issues in importing countries and resolving governance, poverty and land tenure issues in forested countries. It is particularly important that stopping deforestation is seen as more than just a carbon counting exercise; and that plantations are removed from the equation.

In so far as funding is required to stop deforestation, financing should be invested in national programmes and infrastructure that directly support alternative rights-based forms of forest conservation, sustainable management, natural regeneration and ecosystem restoration, such as community-based forestry.

Funding – from whatever source – should address the needs of developing countries, but should not directly increase the financial value of forests. Benefits to governments could be tied to national commitments to cease commercial deforestation and to restructure logging, pulp and paper and other industries, possibly over a number of years.

It is important to bear in mind that financing is not everything. There are other important and relatively cheap options that could help to prevent deforestation, including deforestation bans and moratoria and a global forest fire fighting fund and expertise bank, to assist countries unable to prevent or stop forest fires.

It could also be useful to focus on developing transition funds that would help developing countries match lost tax revenue streams, jobs and value-added industries. This approach could provide the necessary positive incentives to governments considering changing their policies with respect to deforestation, but would be additional to the costs associated with tackling the underlying causes of deforestation.

Carbon markets cannot be used to fund efforts to stop deforestation: they will simply negate existing efforts to reduce reliance on fossil fuels. There are alternative sources of funds that do not rely on voluntary assistance or on carbon trading, such as taxing fossil fuel use and diverting fossil fuel energy subsidies in industrialized countries. These would be true win-win options, since they would also, in themselves, work to reduce greenhouse gas emissions. They would also provide a predictable source of transition funding.

Furthermore, all funding should be grant-based only: any concessional loans could mean that developing countries are pushed into increasing their debt burden because of climate change, a problem for which they are not responsible. Neither the World Bank nor the Global Environment Facility (so long as it is unduly influenced by the World Bank) should be permitted to drive this process forward. Instead, a transparent, accountable and participative fund-based mechanism should be established within the UN.

The UNFCCC negotiations are a last chance to take action to stop the worst excesses of climate change. The REDD proposals currently on the table are intended to generate profits for polluters, not to stop climate change. They must be replaced with a commitment to stop deforestation once and for all.

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