Reduced Expectations: the political and institutional challenges of REDD+

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Development and environmental policies in developing countries are often based on narratives that provide an argument for a particular action or intervention based on a simplification of the world's complexity (Hirschman, 1968; Roe, 1991). Strong narratives can become convincing arguments for change, particularly when supported by powerful agencies such as national governments, donors and international organizations, and can lead to blueprints for action that may or may not be based on effective implementation elsewhere. However, history tells us that great ideas designed to improve human societies can sometimes fail with startling results (Scott, 1998). Great ideas are not necessarily doomed to failure but they should avoid unduly simplifying the social, economic, political and institutional complexity of the problem.

Since the Bali conference of the United Nations Framework Convention on Climate Change in 2007 the principle of providing financial incentives to developing countries for reducing greenhouse gas emissions from deforestation and forest degradation (REDD) has gained widespread acceptance in international policy. REDD is now followed by a '+', which includes conservation, in protected areas or indigenous reserves for example, sustainable management of forests, such as forest certification, and enhancement of forest carbon stocks through reforestation and regeneration. REDD+ is based on findings that deforestation and forest degradation, principally in the tropics, are estimated to cause 12–15% of anthropogenic greenhouse gas emissions (van der Werf et al., 2009). This is so significant that REDD+ is necessary if we are to avoid the worst effects of climate change (Eliasch, 2008).

REDD+ is based on the assumption that forests, and the environmental services they provide, are undervalued financially compared to alternatives and hence 'all' that is required is to correct for these market externalities. REDD+ is a type of payment for ecosystem service because financial incentives will be conditional upon achieving environmental outcomes. The logic builds on the documented problems with integrated conservation and development projects (ICDPs), which promised both conservation and poverty reduction but failed to make benefits conditional on conservation outcomes. REDD+ is highly attractive to policy makers because economic analyses have shown that it is a cheap way of reducing greenhouse gas emissions in comparison with limiting or capturing industrial emissions (Eliasch, 2008), and it could simultaneously mitigate climate change, enhance conservation and promote financial transfers to some of the poorest countries and their peoples.

What is new about REDD+ compared with previous forest conservation policies? Firstly, the scale of finance is significant. In 2008 annual donor aid for biodiversity conservation and biodiversity and development projects was USD 1.35 billion, i.e. $<$ 1% of total aid (D.C. Miller, pers. comm.). Financing needs for REDD+ for 2010–2015 are estimated at EUR 15–25 billion and on 27 May 2010 in Oslo developed countries made an initial commitment of USD 4 billion for 2010–2012. Secondly, REDD+ is built on performance-based incentives, marking a significant departure from previous project-based grants and potentially making assessment of impacts much easier. Thirdly, these incentives are supposed to be sustained, again marking a departure from assumptions that short-term project grants can lead to long-term conservation outcomes. Finally, REDD+ promises to operate at national and, as appropriate, sub-national scales, which is far more ambitious than previous programmes.

Although the level of finance and the conditions attached to it are new, the approach to implementation of REDD+ is not: it will probably involve a mixture of familiar strategies. This is appropriate because policy reforms and the establishment of forest management institutions can take decades and are already underway in most countries; thus implementation problems may already be well-known. Protected areas contain c. 20% of tropical forest carbon and are undergoing significant rates of deforestation, even if the rates are lower than in unprotected areas. Scharlemann et al. (2010) estimate that, under REDD+, protected areas could receive an additional USD 6.2–7.4 billion annually, or $>$ 1.5 times their current budgets, which are widely acknowledged to be inadequate. Similarly, Sandbrook et al. (2010) recognize the importance of local people in REDD+ strategies through existing decentralized forest management arrangements. National REDD+ strategies can adopt these established instruments, as Burgess et al. (2010) discuss for Tanzania, providing a source of increased finance to scale-up their implementation and improve effectiveness.

Despite this optimism, the political and institutional challenges for implementation of REDD+ are substantial. Here I raise five key concerns:

The need for sustained incentives Initial finance pledged for REDD+ is being disbursed through existing bilateral and multilateral mechanisms. This is sensible, given the time and cost of establishing new institutional arrangements. However, these mechanisms are also ill-suited to providing the sustained performance-based payments that are the basis of REDD+, which should either come from markets or funds. Only compliance markets for REDD+ credits can offer the necessary scale of finance but current progress towards establishing markets is slow. Voluntary transactions are driven in part by speculation about future compliance markets. In the absence of compliance markets, fund-based payments (such as Norway's agreement with Guyana) are an alternative. However, other developed countries are yet to make these commitments. Without the promise of sustained financial incentives interest in REDD+ will wane, especially given the more immediate financial benefits available from alternative land uses. Expectations are currently high, and politicians and local communities who have made commitments to REDD+ may become disillusioned if financial transfers are not forthcoming.

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Who decides? Ultimately decisions over land-use are the responsibility of national sovereign governments and the local people who have ownership or user rights. Empowered decision-makers may feel motivated to conserve forests, even if the available benefits from REDD+ are lower than alternative land uses. Yet REDD+ will be financed by developed countries, and initially developed country taxpayers and their agents, who may have very different perspectives on implementation: 'we paid for it, therefore you should protect it'. The greater the level of external scrutiny over national or local policies the stronger the risk that REDD+ will be seen by developing countries as a new form of imperialism, and yet there is a need to ensure adequate safeguards on behalf of those paying. Within any country there is the potential for conflict between centralized REDD+ decision-making and decentralising control to local institutions (Sandbrook et al., 2010).

Commoditization of forest carbon REDD+ targets only the conservation of forest carbon, ignoring and possibly undermining the other benefits of forests. Reliance on a single economic justification for forest conservation makes forests vulnerable to conversion to other more profitable land-uses, changes in carbon prices or international politics. Once performance-based payments are being provided to countries or local peoples it may be politically very difficult to stop them, and cessation of payments may further undermine conservation activities. Depending on how REDD+ benefit-sharing mechanisms are designed and perceived, payments may either reinforce existing motivations to conserve forests or destabilize them (Bowles, 2008).

Weak forest management institutions in developing countries Forest carbon is usually a state asset and c. 65% of tropical forests are state public property (Hatcher & Bailey, 2009), i.e. state institutions are both regulators and managers of forest carbon. These state institutions are often underresourced and may have poor governance records. Local people have management or property rights to an increasing area of tropical forests, currently c. 23%, but these rights are often weakly defined. The political and economic processes that drive tropical deforestation and degradation frequently involve powerful external bodies and individuals that both state institutions and local people may be unable to withstand. REDD+ therefore provides a strong rationale to reform and strengthen forest governance, including empowering local institutions to deliver forest conservation.

Learning from history: avoiding past mistakes There is a need to understand and apply existing knowledge regarding how policy approaches affect rates of deforestation and forest exploitation and contribute to effective management. Already complex REDD+ projects are being promoted with multiple climate, biodiversity and poverty goals that to some extent resemble ICDPs, despite the latter's failings (Blom et al., 2010). Agricultural intensification is often proposed, without considering evidence that agricultural intensification can actually drive forest clearance in some situations (Angelsen, 2009).

The challenge for REDD+ is that it proposes a single, simplified policy mechanism: performance-based incentives for forest carbon. Implementation of REDD+ should not, however, follow a standardized approach for every country or situation. Successful establishment of the REDD+ mechanism is dependent on the willingness of developed countries to pay for REDD+, or willingness to establish markets for REDD+ credits, and the assumption that commoditization of forest carbon reinforces rather than undermines other arguments for forest conservation. At the same time the challenge for developing countries is to put together credible institutions to manage and implement REDD+, including transfer of incentives to appropriate local stakeholders. Institutional reform is likely to be a slow process and should be driven by developing countries. Adopting the economic argument for forest conservation is dangerous if REDD+ fails to deliver the level of benefits expected by governments and local stakeholders within a reasonable time frame and for a sustained period. REDD+ is therefore best seen within the context of a suite of policies that are appropriate within the local context, including previous, now less fashionable, great ideas.

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