

# REDD: Governance Challenge

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## Outline

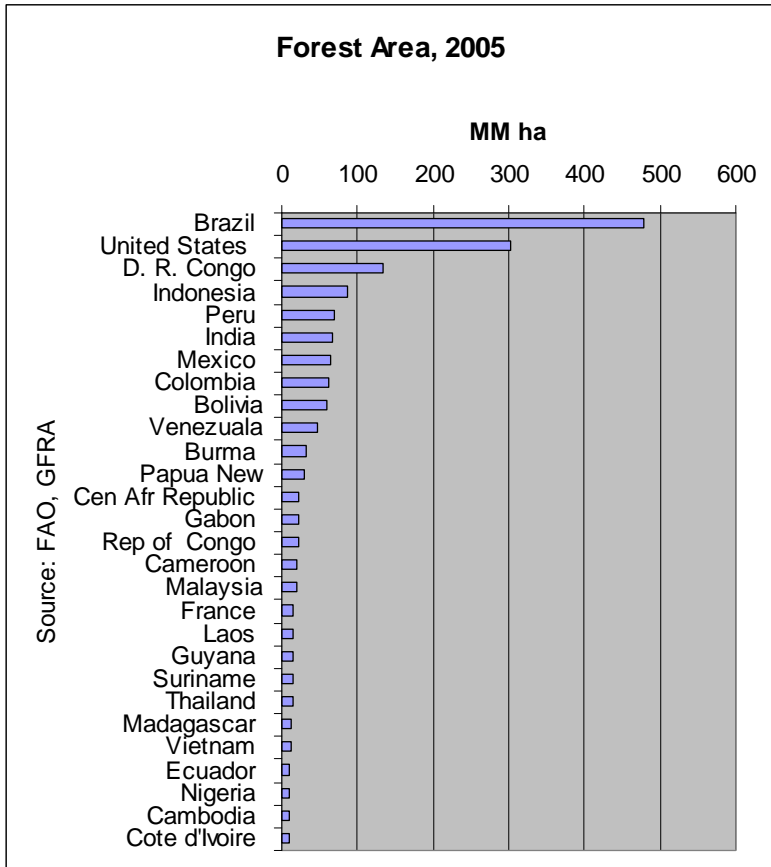
- What is REDD?
- What is the tropical forest problem?
- Governance challenges
- Role of academic Poli. Sci/Public admin—  
learning by doing
- Role of Ethics
- Implications

# What is REDD?

- **R**educing **E**missions from **D**eforestation and **D**egradation
- Initiated at Bali 2008
- Deforestation 18- 20% of carbon into atmosphere
- Use carbon dollars to save the tropical forest
- Copenhagen COP meet in December

## REDD Projects

- Tenure reform
- Sustainable FM Planning
- Reduced impact logging
- Expansion of forest & reserves
- Wildfire protection
- Forest law enforcement
- Modernize Agr and For supply chain
- Payments for Env't Services (PES)



Source: FAO, GFRA

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# What is the Tropical Forest Problem?

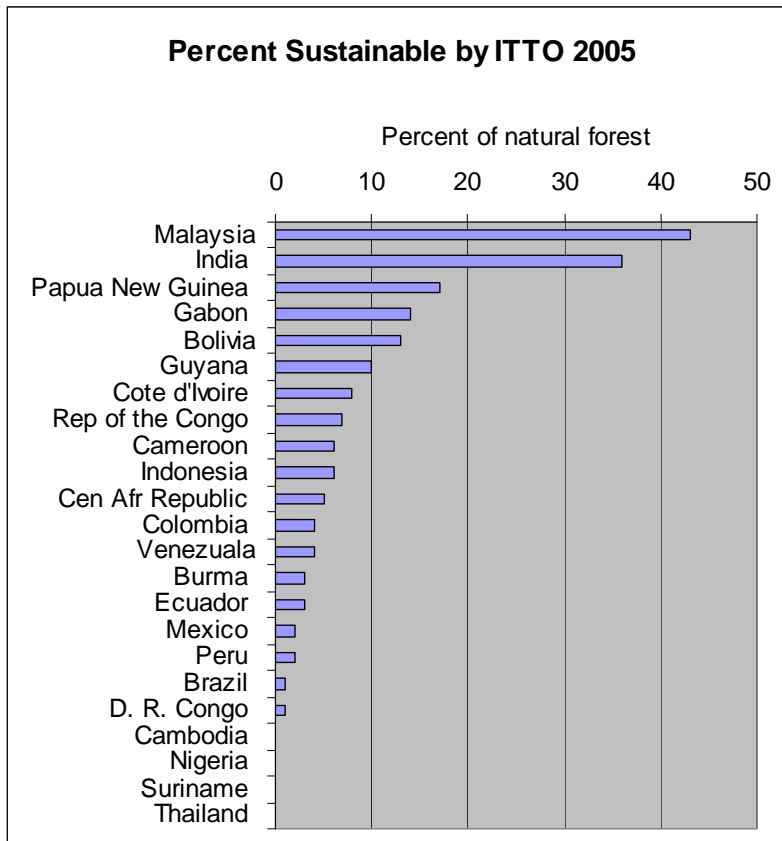
## 26 Tropical Nations

Above 10 MM ha total forest

US and France to compare for size

Total: 1.4 MM ha tropical

= 75% of trop. forest area in nations with more than 2.5 MM ha<sup>5</sup>



Note: An Expert from one country states this is a wildly

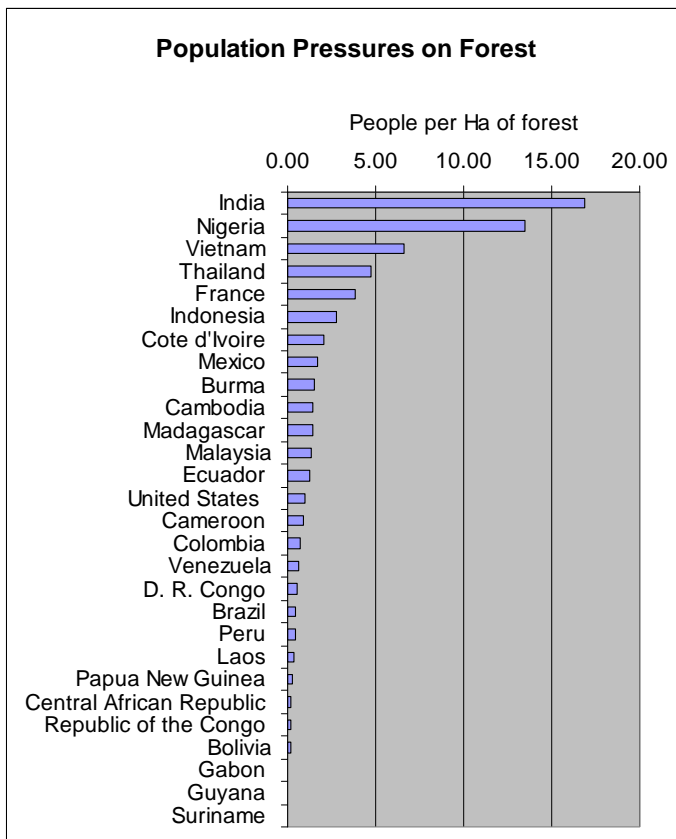
OPTIMISTIC

Assessment for his country(!)

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## Population Pressures intense

Will increase:

These 26 TFN will grow by

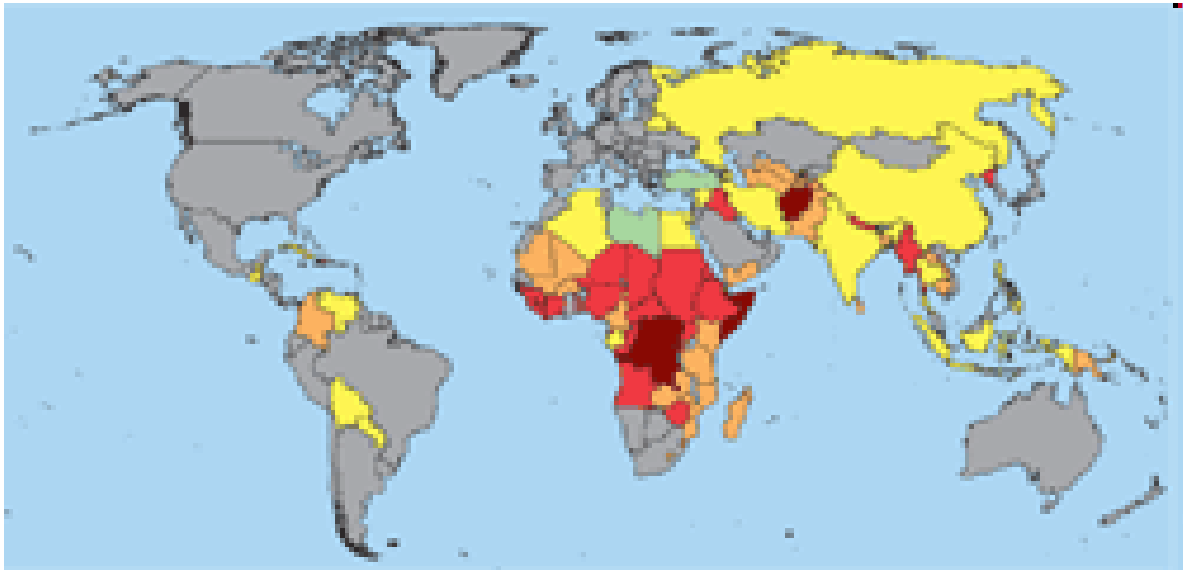
Projected 1.2 billion people by 2050.

Details in Notes..

## Reasons for Deforestation and Poor Management

- Governance
- Population pressures
- Low Incomes
  - High income nations gaining forest, low income are losing
- Larger nations vary regionally,
  - E.g. So. Brazil vs Amazon

# Rule of Law, Governance – Missing in Action in Many Places



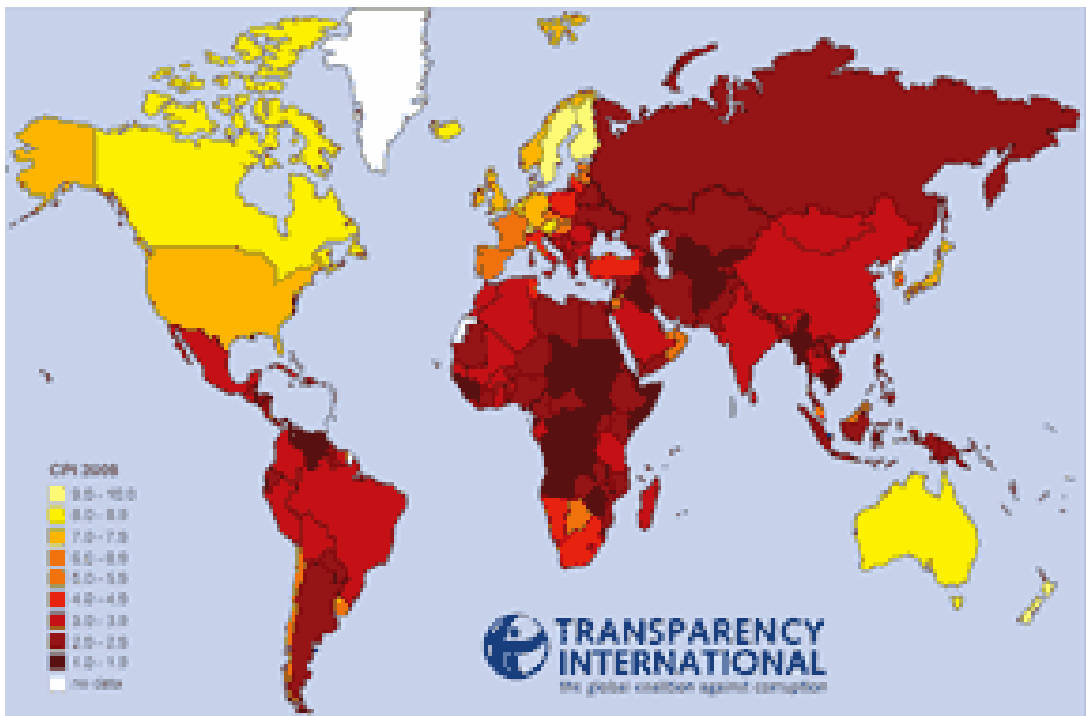
**Brookings Index of state weakness, 2008**

[http://www.brookings.edu/reports/2008/02\\_weak\\_states\\_index.aspx?p=1](http://www.brookings.edu/reports/2008/02_weak_states_index.aspx?p=1)

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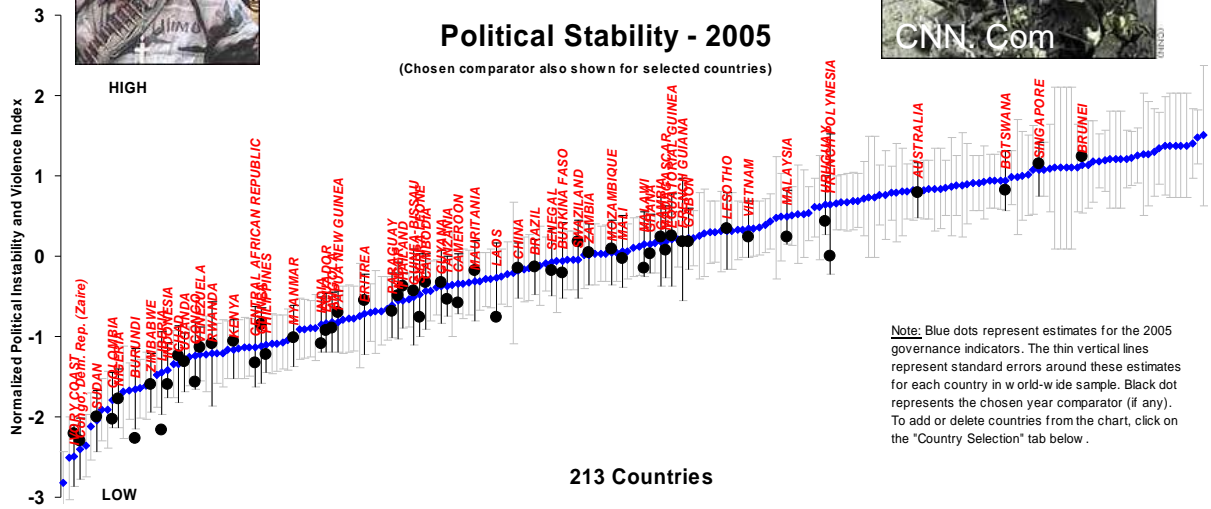
**World map CPI 2008**

[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2008](http://www.transparency.org/policy_research/surveys_indices/cpi/2008)

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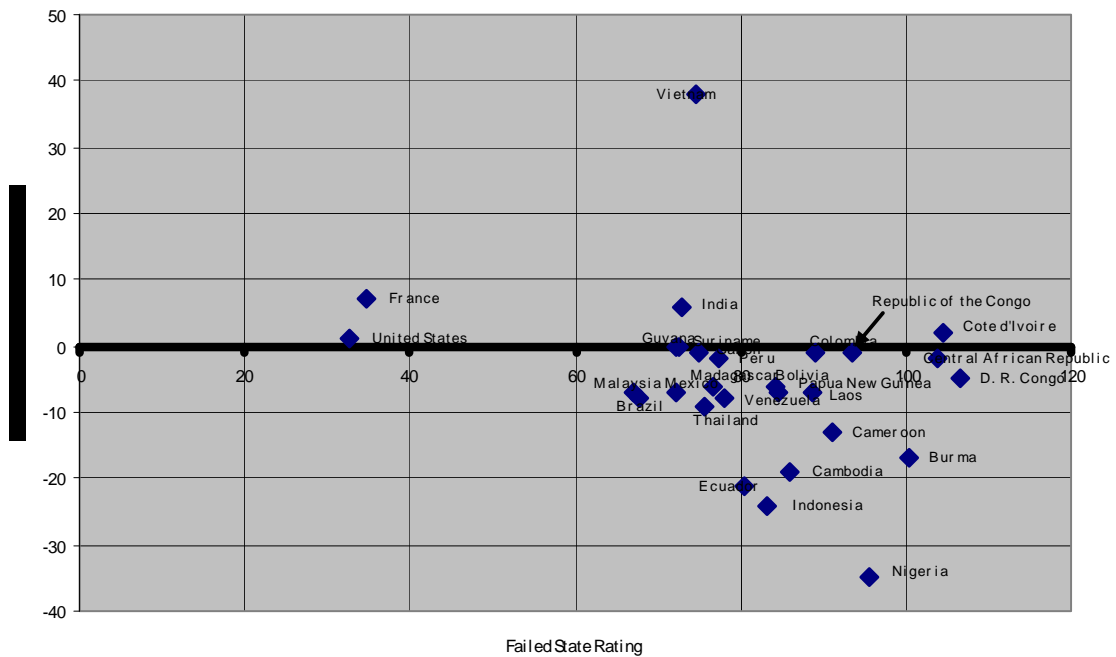
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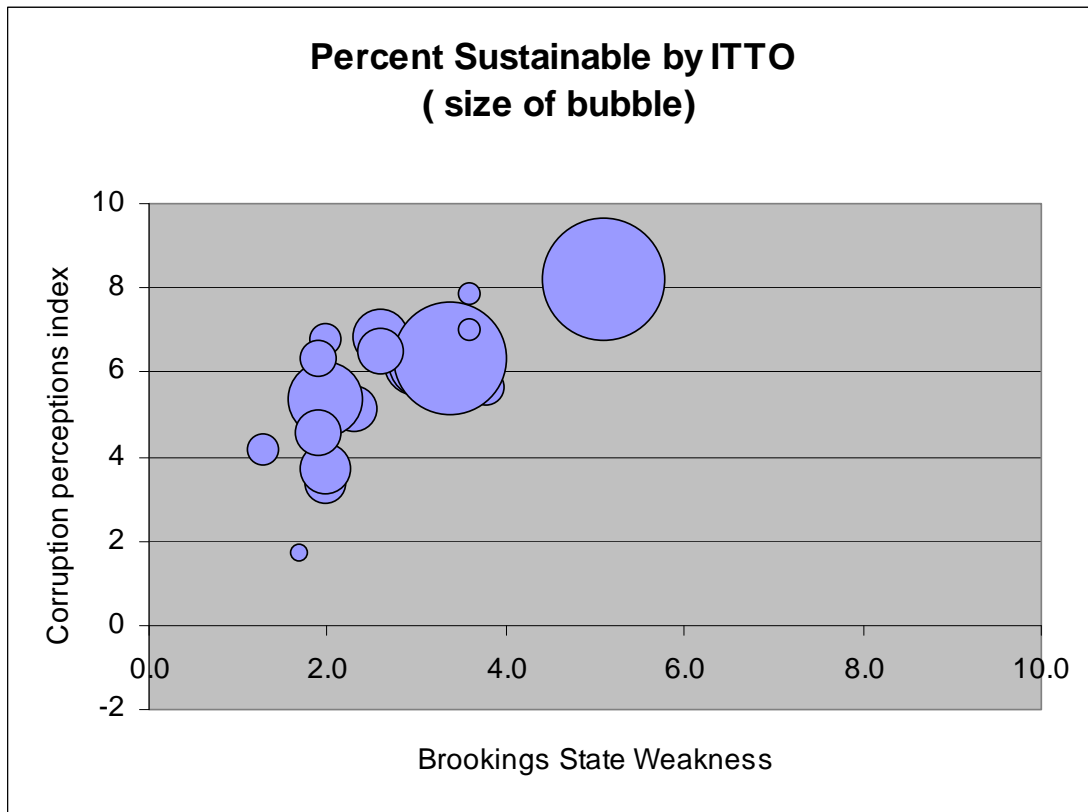


Source: "Governance Matters V: Governance Indicators for 1996-2005" by Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi.  
**Disclaimer:** The governance indicators presented here reflect the statistical compilation of responses on the quality of governance given by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries, as reported by a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The aggregate indicators in no way reflect the official position of the World Bank, its Executive Directors, or the countries they represent. As discussed in detail in the accompanying papers, countries' relative positions on these indicators are subject to margins of error that are clearly indicated. Consequently, precise country rankings should not be inferred from this data.

World Bank governance website, sorted for tropical countries.

Failed State rating ( X ) vs Change in Total Forest 1990-2005

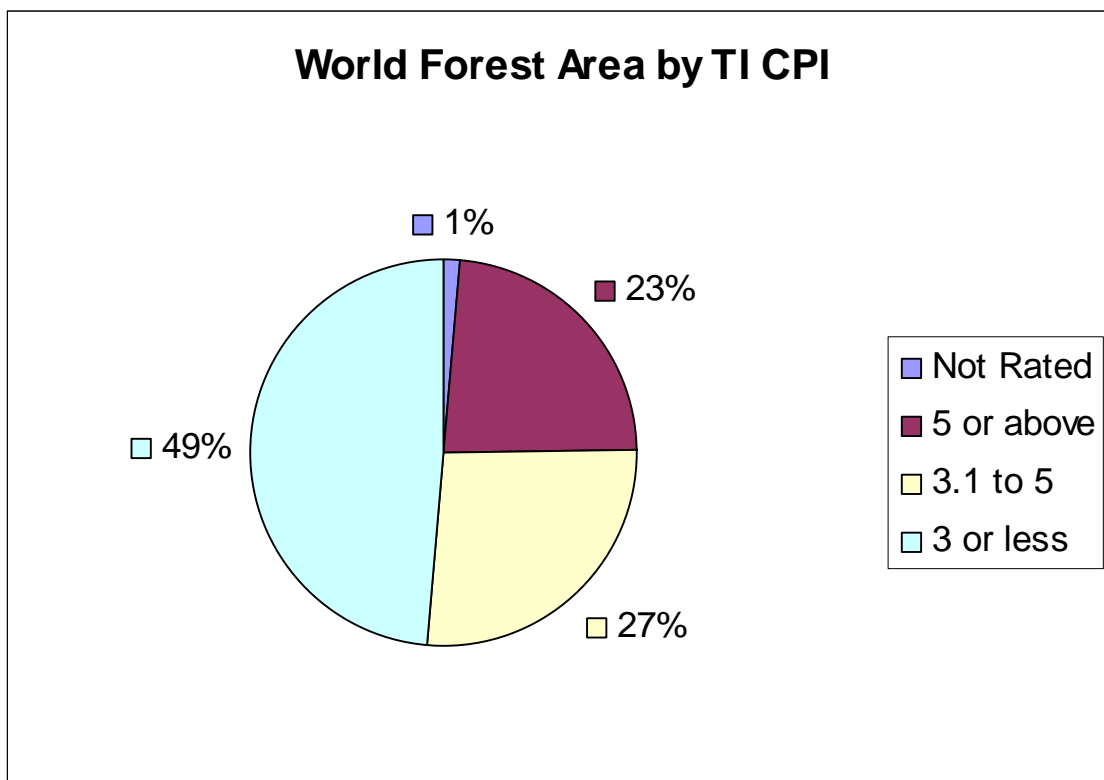




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# Problem from Hell

- Misgovernment, corruption, unsustainable management work well for the few
  - “Big Men”, warlords, key insiders, well connected companies
- Difficult to see how to change their incentive structure
- Atmosphere of impunity
- Absence of free press and political pluralism

## Multiple **Objectives** by International Community

- Indigenous rights, livelihoods, nearby communities
- Retain Carbon Storage
- Preserve biodiversity – retain current area of tropical forest
  - “Charismatic megafauna”

## Multiple Levels of Actors

- International Agencies/Agreements
  - UNFCCC
  - CDM Exec Bd
- National Authorities
- Provinces/Regions
- Municipal/Local governments
- Agencies/investors managing projects
- Indigenous Peoples & Local Communities  
IP/LC's

## Within Trop For Nations

- Multiple objective within
- Ethnic conflict/distrust
- Warfare and insecurity
- Illegitimate governments
- Atmosphere of impunity for those with  
arms/power

# REDD as financial Deal

- REDD basically aims to create property rights in tropical forest carbon
- But property rights in tropical forests are worth little:
  - Returns very low, and long term
  - Interest rates very high
  - Rule of law weak to absent
- Committees of multinational agencies cannot change these realities

## Operations over Time

- A REDD project is an operating entity managing a resource
- Over a long time period
- Challenging many adverse forces
- Controlling access & patronage
- Handling cash
- How can results be guaranteed?

# Bond Ratings on REDD

- Thought Experiment:
- Suppose an honest bond rating firm were to rate the 26 nations on potential for successful REDD projects:
- What would the result be?
- Can eligibility screens based on governance indicators work (e.g. US MCC?)

# Traditional Remedies

- Merit based employment
- Internal watchdogs – IG's
- Whistleblower protections
- Legislative/parliamentary oversight
- Etc...
- Difficult to see the point in most of these nations...

# Role of research

- Political Science/Public administration/Law community:
- Assess and evaluate means to secure individual projects against threats
- Develop means to improve governance generally
  - Evaluate lessons of any successes & publicize
  - Likewise with failures

# Role of Ethics?

- Personal ethics; Professional ethics
- How to upgrade instruction in these topics at suitable educational levels
  - E.g. in India, engineers study no professional ethics.
- Promote ethics codes in prof. societies
- Absence of incentives/opportunity to act ethically; peer pressures
- Mood of futility – how to address?

# Conflicts within NGOs

- Must report progress!
- Must stay engaged!
  - Cannot offend locals
  - Must overlook corruption, inefficiency, nepotism
- Keep the grants flowing...
- The Golden Trap

## Ethics: LCI working Biases

- Make no promises you cannot deliver
- Don't whitewash the risks
- Always have a backup employment option
- Being first does not matter, being effective does
- Have an active ethics program
- Try to fix the small things
- Leave the ideological cant at the door

# Important Options

- Screen for Indigenous rights issues
  - What should be the minimum performance standard?
  - Free, informed, prior consent?
    - Has this ever been done?
- Publish what you Pay
- Transparency in disbursements at all levels

# Implications

- REDD needs an honest, third party bond rater.
- Some insurance mechanism required
- REDD and its supporters need to recognize all the challenges (most do)
- And start small
- Some nations should probably be avoided
- Truly viable projects may be a very short list!