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Questioning REDD+ and the future of market-based conservation

Running head: Questioning REDD+

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Introduction

Increasingly, one hears furtive whispers in the halls of conservation: “REDD+ is dead; it’s time to cut our losses and move on.” In a recent *Conservation Biology* editorial, Redford et al. (2013) identify REDD+ (Reduced Emissions through Avoided Deforestation and Forest Degradation) as one of the latest in a long line of conservation “fads,” defined as “approaches that are embraced enthusiastically and then abandoned” (p. 437). They caution: “we must take such fads more seriously, to work collectively to develop learning organizations. . . and study where new ideas come from. . . why they are adopted, why they are dropped, and what residual learning remains” (p. 438).

While we understand this call, we suggest an urgent need to critically analyze so-called conservation fads, and the logic that informs them, by situating these fads within the historical political and economic power structures that influence their rise, decline, and transformation over time. The current uncertainty over the future of REDD+ in the post-COP21 landscape offers a valuable opportunity to reflect on and learn from these dynamics in envisioning the future of both this mechanism and global conservation more generally.

We considered two interrelated issues: how to better understand where REDD+ is going and prepare for fallout if it fails to deliver on intended promises and, equally urgent but more fundamental, what can be learned from REDD+ concerning the prospects of the market-based instruments (MBIs) that have become increasingly central to global conservation (Büscher et al. 2014). Our analysis is based on our ongoing empirical research concerning REDD+ as a component of market-based conservation in Africa, Asia, and Latin America.

Envisioning REDD+

Reduced Emissions through Avoided Deforestation and Forest Degradation is an ambitious global effort to link campaigns to halt deforestation, conserve biodiversity, and mitigate climate change. Since its origins in United Nations Framework Convention on Climate Change (UNFCCC) negotiations a decade ago, the mechanism has been enthusiastically promoted by many conservation-focused organizations who have helped to develop over 500 REDD+ pilot projects worldwide. Although a handful of these receive some funds through the voluntary carbon market, the majority are paid for by multilateral and bilateral donors including the World Bank, the UN REDD initiative, and the Norwegian government. Between 2006 and 2014, US\$9.8 billion was pledged for REDD+, and only 10% was through the voluntary market (IIED 2015). Most of this donor funding is intended for REDD+ Readiness, which is designated for development of the governing capacity necessary to manage REDD+ funding properly, including implementing cobenefit arrangements and social safeguards. At some point, this seed money is supposed to be replaced by payments linked directly to the conservation outcomes pursued with financing secured through associated carbon trading.

In this vision, then, REDD+ is conceptualized as a quintessential MBI in its aim to incentivize forest conservation by correcting so-called market failure in sustainable forest management through ascribing monetary values to standing forest that would cover the opportunity costs of alternative land use and so make conservation more profitable than destruction. While MBIs are of course variable they generally share these aims (Pirard 2012). Thus, REDD+ represents the latest in a long line of efforts to tap global economic markets for conservation finance, from ecotourism and bioprospecting to more direct financialization through biodiversity offsets, wetlands banking, and similar modalities (Büscher et al. 2014).

Economy of Expectations

While the idea of REDD+ has been successful, its implementation has proven quite problematic. The envisioned global market for REDD+ credits has yet to materialize beyond the modest voluntary payments previously mentioned. At the 2014 World Parks Congress, during a symposium on REDD+, project coordinators uniformly lamented the difficulty of securing sustained funding for projects they had invested considerable time and energy in developing, particularly to overcome resistance by local communities increasingly suspicious of outsiders arriving with promises of future benefits. A recent empirical analysis of a cross-section of pilot projects showed that the majority were stagnating due to lack of funding and that several had been abandoned altogether (Sunderlin et al. 2015).

This has led to considerable tension in many REDD+ project sites. On Palawan, the Philippines, for instance, after decades of partially implemented integrated conservation and development projects, the prospect of implementing a comprehensive, community-based REDD+ program has slowed considerably, with both nongovernmental organizations and local peoples waiting for funding. In Berau, East Kalimantan, Indonesia, the district government has collaborated with The Nature Conservancy to implement the Berau Forest Carbon Program, which, while officially classified as a REDD+ demonstration project, specifically avoids discussion of carbon payments in an effort to manage expectations. In both places, local residents are increasingly negotiating the intangible promised benefits of REDD+ against the tangible, far more lucrative, if transient, benefits of boom crops and mining activities.

The global rollout of REDD+ pilot projects, in short, has fueled a substantial “economy of expectations” (Borup et al. 2006) in targeted communities, a promise of substantial future

benefits. While the Paris Agreement enacted at the UNFCCC 21st Conference of the Parties (COP 21) in December 2015 includes REDD+ as a component of a larger multidimensional landscape-level forest conservation strategy, the mechanism's original promise to generate a global market in carbon credits is already effectively finished. Despite pledges from Norway, Germany, and the United Kingdom to continue to directly fund REDD+ projects, the scale of these promises (around US\$5 billion) is insufficient to support all projects currently in development. For those who have worked in good faith that their investments in these projects will be rewarded, a failure to deliver will likely spur substantial resentment. This will almost certainly add to the growing graveyard of expectations already filled by the failure of previous fads (Redford 2013) We urge conservation professionals to take this prospect seriously and develop strategies to deal with the backlash – whether covert or explicit – that is likely to come from communities disillusioned by undelivered benefits for their participation in REDD+ and previous initiatives.

Rethinking Market-Based Conservation

This leads to our second point: to consider the lessons that the trajectory of REDD+ offers for the promise of market-based conservation in general. After all, as noted, the widespread failure of REDD+ to generate significant market movement to date comes on the heels of similar failure on the part of previous MBIs, including carbon markets, payment for environmental services programs, bioprospecting, and even ecotourism in many cases, to generate the revenue needed to support conservation initiatives. This failing forward of market-based conservation can be seen as the cycle of conservation fads that Redford et al. (2013) highlight as managers continually searching for new sources of funding to make up the shortfall left by previous unfulfilled promises.

Yet here we emphasise the need to ask why REDD+ has encountered so much difficulty in realizing its initial vision. In recent discussions, a variety of explanations are offered, most of which emphasize the absence of a global structure to support the REDD+ market (e.g., Sunderlin et al. 2015). Hence, REDD+'s failure is often interpreted as ineffective implementation, coupled with a lack of political will to realize it. In contrast, we argue that current difficulties are symptomatic of inherent deficiencies in the REDD+ mechanism, itself symptomatic of contradictions in market-based conservation in general.

The fundamental problem, we propose, is that conservation markets are intended to counter conventional extractive markets. Extractive markets generate profit by externalizing environmental and social production costs. Conservation markets seek to reverse this by internalizing these costs within the payments they provide to forest managers. Yet to function as market mechanisms, payments must provide at least as much revenue as the extractive markets they replace, covering not only opportunity costs of extraction but also the social and environmental costs that this extraction externalizes.

The problem is even more fundamental for conservation markets like REDD+ that seek to directly offset (and are therefore funded by) extractive activity itself, in which case they must at minimum receive at least as much revenue as the extraction they seek to offset. This is untenable, which is why in practice conservation markets become increasingly less market-like over time and must incorporate forms of subsidy or regulation antithetical to their original aims in order to achieve conservation, as we have seen in the evolution of REDD+.

Conservation does not fail because the economic value of conserved resources is "invisible," as the famous *The Economics of Ecosystem and Biodiversity* study (TEEB 2010) claims; it

fails because this value is quite visible to extractive industry as the source of its profit.

Valuing ecosystem services will not change this reality unless this valuation is accompanied by payments in excess of the revenue gained through externalization, which cannot be generated through offset markets because it necessitates appropriating all the revenue of the activities it seeks to offset. The effort to reconcile the people, planet, and profit perspective central to market-based conservation is thus a contradiction in terms.

Conservation organizations have embraced market mechanisms to secure continued finance in an economic climate in which sources other than the private sector are increasingly restricted. This has been reinforced by recognition that private sector firms are also in many cases the main cause of environmental degradation – hence the need to address their actions directly – and by the need to appeal to policy makers foremost preoccupied (or influenced) by economic considerations. These are all understandably pragmatic aims in difficult times, yet they end up binding conservation to the very forces that undermine it. The difficulties encountered by REDD+ give us the opportunity to acknowledge this reality while we can still reverse course and pursue a more constructive strategy. This is particularly important given current efforts to intensify market engagement by, for instance, establishing conservation as an “asset class” within conventional capital markets (Credit Suisse et al. 2014).

A New Way Forward

If we treat the rise and fall of conservation approaches as mere fads that come and go, we risk losing sight of the larger patterns to which particular fads contribute and that underlie their trajectories. Rather than an invitation to unveil the next silver bullet in the market-based conservation portfolio, the current challenges facing REDD+ invite us to fundamentally rethink what conservation means and how it should be pursued.

In the long term, this means moving away from market mechanisms toward a more fundamental redistribution of resource control in order to reign in extractive expansion and put land back under local control to manage as a commons. In the short term, conservation professionals need to work to ensure that the rise and fall of conservation fads leave as little damage as possible and perhaps even deliver concrete benefits within the communities where they are piloted. Current discussions around reconceiving REDD+, not as an MBI but as compensation for conservation efforts by rural community members, signal a fruitful start in this direction. We suggest one build on this to begin taking the market out of conservation altogether and moving toward redistribution. Might one experiment with providing subsidies (state supported or otherwise) to resource-dependent communities based on direct taxation of extractive activities of the type that are already in some cases covertly supplied through MBIs (Pirard 2012)? When the conservation community embraces the opportunity REDD+ provides to start thinking anew, this and other novel possibilities present themselves.

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