

Equi-proportionality and macro-micro dynamics: challenges for the real participation of indigenous peoples' in REDD+

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Ambitious claims are being made for the potential of enhanced approaches to the reduction of emissions from deforestation and forest degradation (REDD+) to become a key source of funding for forest conservation to ensure carbon storage and sequestration. Moreover, the development of REDD+ schemes is expected to bring wider benefits for forest conservation and forest -dependent livelihoods, including biodiversity conservation, forest recuperation, and sustainable harvesting of forest resources – the so-called “co-benefits”.

Indigenous peoples have played and continue to play a critical role in forest and biodiversity conservation through their livelihoods, or ways of living, in the absence of broader policy initiatives. While “REDD+” recognizes this and promises to deliver significant resources at an unexpected scale, there may be a danger of it being seen as a panacea rather than part of a broader, long-term development response. Indigenous territories, which cover around a quarter of Amazonia and a substantial proportion of the world’s other major forest regions, have been shown to be the most effective land use category in reducing Tropical deforestation (Nelson and Chomitz 2009). Needless to say, given the social and political marginalization of indigenous peoples around the world, this role received relatively little acknowledgement before the advent of the “greatest externality of all times”: global climate change. However, references to indigenous peoples have become increasingly common in climate change policy statements in recent years, as an apparent international consensus has emerged on the importance of involving them in adaptation and mitigation initiatives.

In reality, it may be fairer to say that clear policy frameworks for the effective and equitable involvement of indigenous peoples in REDD+ have yet to emerge. Greater clarity is needed in both the “what” and the “how”: what these frameworks should contain, and how they should be implemented. As Leisa Perch noted in a recent review, policymakers across a range of international agencies agree that “the ‘how’ remains the greatest challenging in moving forward on sustainable and co-benefits approaches” (2010: 10). Nevertheless, the “what” also remains uncertain and with significant risks attached.

Some of the most important issues for co-benefit debates in the context of indigenous peoples, indigenous territories and REDD+ relate to the question of how different mechanisms can tackle the critical point of translating into carbon prices the value of their complex livelihood system, which is ultimately the source of the positive externalities that these territories have historically generated. In fact, the world is discussing payments that maybe in *cash (per CO₂ stored/emissions avoided)* to some communities, including IPs, who don't operate in a cash-based economy and/or have very little access to other formal mechanisms such as banks, cashiers, financial companies etc, or knowledge and comfort in using them .

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Big questions remain to be resolved between the promise of REDD+ and its application in reality. Moreover, a further “how” needs to be addressed: the key question of how indigenous peoples themselves can actually shape the policies that affect them. Alcida Ramos and colleagues note that “sovereignty, self-government and self-determination are core values in the Western world, but they are seldom contemplated in relation to indigenous peoples... To indigenize development is to take into account the indigenous version of these values” (2009: 5).

Box 1. Scope and Scale of Indigenous Lands in Brazil

Brazil has a territorial extension of 851,196,500 hectares, or 8,511,965 square kilometers. There are 673 Indigenous Lands (TIs), with a total extension of 111.523.636 hectares (1.115.236 square kilometers). Thus 14 % of the country are reserved for the Indian peoples.

The majority of TIs are concentrated in the Amazônia Legal: 405 of them, with an extension of 108.211.140 hectares, or 20.67% of the area of all of the country's TIs. The remaining is scattered in the Northeast, Southeast and South regions and in the

In this article, we examine some of the challenges facing efforts to move forward on these “how” issues, drawing on the findings of a recent study of the political economy of REDD+ regulation in Brazil. We begin, however, by addressing the ‘what’ question, arguing for the concept of *equiproportionality* as a key consideration in informing price formation systems which seek to account for the critical co-benefits generated by indigenous peoples, thus creating positive incentives for their conservation activities. We suggest here that such a normative approach - can mitigate the inability of the existing systems to appropriately translate complex livelihoods systems and the “co-benefits” generated by them into carbon prices. Such a shift would also require compensations for likely under-estimations of the opportunity costs of REDD+ for forest dwelling populations and, would clearly require significant political will before it could be put into practice.

‘Equiproportionality’ refers to equity and proportionality together; in other words, an equity criterion submitted to principles of proportionality. In the case of REDD+, it applies specifically to redistributive parameters/principles for benefit sharing, proportional to the relative benefits generated, conserved, warranted, or in other words, the extension of forest conserved, the degree of preservation of its major ecosystem services and socio, cultural and ecological processes. Consequently, the redistribution of REDD+ benefits would follow equity criteria proportionally based on the relevant aspects of forest conservation for which indigenous peoples (and other local communities) can claim responsibility, and which have importance for their livelihoods as well as for cultural and social values, extending also to include non-use/intrinsic values

Such efforts would, by extent, also include:

- the geographical extent of the landscapes that are conserved and the macro-ecological processes that are maintained by this conservation, which may be trans-boundary as well as global;
- the contribution of traditional ecological knowledge (TEK) to forest conservation through indigenous peoples’ praxis in harvesting and conserving forest resources (timber, non-timber forest products, biodiversity, soil, waters) in ways that reflect the close links between their forest realities and livelihoods; and
- indigenous peoples’ historical contribution to forest and natural resource conservation, following the logic of the forest carbon stock value, but regardless the logic of IPs themselves toward values.

Values are important. O'Brien and Wolf (2010: 233) note that "a values-based approach to vulnerability and adaptation recognizes that economic assessments of impacts and responses, as exemplified in the Stern Review, cannot capture the full significance of climate change. The experiential and cultural dimensions of climate change, largely ignored in assessments by the IPCC, examine the meaning and relevance of climate change for individuals and groups. Vulnerability is not simply about the negative material outcomes associated to climate change ... Consequently, what is considered legitimate and successful adaptation depends on what people perceive to be worth preserving and achieving, including their culture and identity".

The environmental economics literature has already shown that market-based instruments can be "dynamically efficient" in providing an incentive for the development, innovation and adoption of low-cost abatement technologies that enable adopters to reduce the costs of achieving emissions targets, in line with the principle of *equimarginality*³ (Requate, 2005) . However, they may also contain an excessive bias against other seemingly expensive mitigation technologies that have a large potential for cost reductions, particularly in the long-. Thus, cost-effectiveness is not a sufficient criterion⁴ for evaluating policy options. This can generate distortions by (i) generating disincentives for equiproportional participation and benefit sharing, (ii) only measuring 'priceable' aspects of t, (iii) limiting redistribution and (iv) under-valuing the culture values more generally. The problem here is largely defined by diversity in world/cosmos terms i.e. "*what people perceive to be worth preserving and achieving, including their culture and identity*" as pointed above.

In considering both principles, varying "how" issues come to the fore. On the one hand, the equimarginality principle requires strong market institutions to operate, in order to permit economic agents to achieve socially optimal results – though without addressing the equity issue. It is appreciated that most of the discussion around REDD+ and related economic instruments (benefit sharing, warranty, liability) derive from standard welfare economics, but also understood that this is also inherently contradictory and counter-intuitive.

On the other hand, the equiproportionality principle requires strong political will, efficient participation, solid institutions and regulation to enable economic agents to achieve equity-optimal results according to well-defined criteria – which dimensions of forest conservation will be the basis for establishing proportionality, for example – within well-defined socially-defined objectives.

As an illustration, one might think of a situation where different aspects of the livelihoods of different forest owners influence the price formation of "carbon credits". In the theory of price formation, prices reflect only the relative scarcity of the goods and services being priced, in this case tons of carbon, or say, carbon credits via sequestration or storage. However, in reality these are influenced by many of the aspects also raised earlier. In practice this differentiation already applies in the case of indigenous peoples' involvement with REDD+, albeit in an unregulated manner. The fact that their livelihoods, in various cases, are intrinsically linked with desired outcomes in terms of forest conservation is reflected in the extent of the standing forests inside their territories, which in

³ The basic intuition for the equimarginality principle is that economic agents interacting in any space (market) and all conscious of their cost structure for some kind of good or service supplied, left alone, they will arrive at the best /optimum social result by, at the margin, adjusting their quantities and prices to the best for each one, or say, maximizing individual profits. This is achieved by action of the equimarginal principle. An equity principle for private liberal economic interactions, derived from welfare economics.

⁴ By developing mechanisms such as REDD+ based on a criterion like "cost effectiveness" (STERN, 2007) the results will be those which predicts welfare economics, or say, a social Pareto optimum, which can be very bad as far as distributional results are concern. Cost effectiveness works under economic efficiency perspective - the largest quantity with the minimum prices - , not opening space for differential price formation schemes.

turn has led to frequent targeting by carbon brokers. The extent to which the ‘carbon price’⁵ accounts for all the co-benefits, and thus serves as proper incentive for sustaining such actions, is still very much open.

In Brazil, concern about the potential for rapid expansion of unregulated REDD+ activities targeting indigenous lands has been growing among policymakers, NGOs and indigenous peoples themselves. In a recent study of the political economy of REDD+ regulation in Brazil we examined the different national and subnational processes through which government and non-governmental actors have tried to shape the national REDD+ policy framework (see Shankland and Hasenclever 2011). We noted that the initial polarization between ideological positions favoring or opposing the use of market mechanisms for REDD+ initiatives seemed to have been overcome through a series of consultation processes, including a civil society-led initiative that shifted the debate towards a consensus on the importance of defining safeguards that should be in place whenever such initiatives involved indigenous peoples or other local communities.

We concluded, however, that this apparent consensus brought with it the risk of marginalizing indigenous concerns, given the fast-moving nature of the policy process and the practical and political difficulties in ensuring meaningful involvement not only of indigenous leaders but also of their grassroots constituents. Furthermore, safeguards are not a *sine qua non* condition for REDD+ project implementation, potentially leading to further risk of marginalization for IPs and other local forest communities.

Managing these macro-micro dynamics – including effective and inclusive communication and representation across different levels from the local to the global – is a key challenge for indigenous peoples’ engagement in REDD+ policy processes. In the case of Brazil’s consultations on REDD+, despite strong efforts to ensure inclusion of representatives of indigenous peoples and other forest communities, to-date the process has failed to accommodate indigenous peoples’ own mechanisms of political deliberation and decision-making. Additionally, Brazil’s REDD+ consultation process has also not openly allowed for debate that recognizes the existence of profoundly different understandings of human beings’ relationships with “nature” among indigenous peoples. These different understandings are linked to equally profound differences in values. More broadly, these resonate with other critiques of REDD+ globally and nationally and are indicative of an emerging structural issue which spotlights the need for local-global (micro-macro) management structures to appropriately match the nature of the issues involved – both explicit and implicit. There is limited to little good practice on managing resources of local, national and global relevance within a single, complementary framework.

In contrast to the equimarginality principle, which derives from a positivist perspective, the equi-proportionality principle, adds a critical normative perspective; that is, it is concerned with the difference between how things actually are and how they should be. While both perspectives are founded on particular values, in the case of equi-proportionality, the presence of these values is explicitly recognized. We suggest here that this makes it a more appropriate basis for complex and multi-layered approaches such as REDD, particularly in the context of the recently ratified International Convention on the Rights of Indigenous Peoples. Anything less than a full recognition of and respect for their distinctive values and decision-making processes undermines the principles

⁵ Theoretically, the price system will lead prices to reflect only the relative scarcity of the good/service being priced and of nothing else.

of participation enshrined in many UN human rights conventions and broader social justice principles of access and benefit-sharing

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