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To: **Joint Legislative Committee on Climate Change Policies** January 29, 2019

Does a ‘jurisdictional’ TFS program avoid the political risks, social harms, and environmental failures associated with many REDD+ projects?

You’ve probably heard that problems plague REDD+ projects, the model for the TFS. You may have heard that this shouldn’t concern us because the TFS proposes a ‘jurisdictional’ approach to tropical conservation in which entire states such as Acre, Brazil, are paid for slowing forest loss. But jurisdictional offset programs are as prone to failure for many of the same reasons why stand-alone REDD+ projects have not resulted in any significant slowing in deforestation in their 15-year history. I’ve seen many of these in my 15 years of research and field work on REDD and international carbon offsets.

The consultants proposing the TFS ‘jurisdictional approach’ are not inventing it. At least 38 other jurisdictions have ‘jurisdictional’ forest conservation programs, at least on paper.ⁱ Activities that jurisdictions are likely to use in a forest conservation program linked to the TFS include the same kinds of project-level REDD+ interventions that have often resulted in negative outcomes for indigenous and other forest communities. These damages have ranged from loss of access to forests for people whose livelihoods depend, on them to cultural impoverishment, to violent dispossession.ⁱⁱ Such unjust outcomes reflect existing inequalities and the power of local and national elites to shape land-use policies in their own interests. Even with the safeguards proposed in the TFS, a ‘jurisdictional approach’ does not avoid these risks, as Lauren Withey from UC Berkeley will explain.

A ‘jurisdictional approach’, including the monitoring and accounting methods laid out in the TFS, also does not guarantee **environmental integrity**. It cannot ensure that the conservation measures carried out in a linked jurisdiction – the actions that would justify the purchase of offset credits – will actually result in environmental plusses to balance out the environmental negatives caused by the additional greenhouse gasses that CA facilities using the offsets would be allowed to emit.

Three fatal flaws of the TFS are: 1. leakage 2. impermanence 3. non-additionality. All three are very well documented in peer-reviewed literature and are just as problematic in jurisdictional programs as in stand-alone REDD+ projects. They mean that the TFS, once linked to California’s cap-and-trade program (the stated goal of the ARB) would not represent the real, additional, permanent, quantifiable, verifiable, and enforceable reductions that California law requires.

Environmental integrity? Three fatal flaws of the TFS

1. Leakage The main causes of tropical forest lost are expanding palm oil and soy plantations, mining, cattle ranching, and pulpwood production. These are all very ‘leaky’ commodities: their production can move into unregulated locations as long as demand exists and other states and countries don’t restrict them. We’ve seen this over and over, including in Acre, Brazil, as forest clearing for beef production has moved over into neighboring states, Bolivia, and Paraguay, partly in response to regulations in Acre. This leakage is very hard to detect and impossible to quantify.

Leakage is the only one of these three fatal flaws that the TFS specifically attempts to address, but its proposed solution is embarrassingly weak and contradictory. The TFS says that business-as-usual in mining and other forest-destroying extractive activities is OK – the state could still qualify for offset payments – if the state as a whole reports decreased forest loss. But it also says that continued or even *increased* beef production within a jurisdiction can be a sign that leakage has not

occurred! The theory is that forests can be spared if more beef is produced on less land through ‘sustainable intensification’, as TFS advocates have described. But the greenhouse gas emissions from intensified beef are even greater than from pastured beef once we take account of life-cycle emissions from cattle-feed production and methane from manure.ⁱⁱⁱ The TFS acknowledges another kind of leakage, ‘market-shifting leakage’^{iv} but offers no means of detecting or preventing it.

2. *Non-permanence* Unlike in the industrial sector, the environmental benefits of a forest-carbon transaction can be completely reversed in a single event, like a fire, or a relaxation of logging restrictions. Again, Acre illustrates problem: deforestation rates began falling *before* REDD+ began there, then rose again *despite* REDD+ after national policies changed in 2012 and are still on their way up, despite Acre’s jurisdictional program. The TFS has provisions to address such ‘reversals’, mainly a ‘buffer pool’ in which 10% or more of locally-generated forest-carbon credits would be held in reserve until needed to replace any credits that turn out to be invalid, but it could quickly be swamped by the effects of natural events or *political* reversals of the sort we are witnessing right now in Brazil.

3. *Non-additionality* A third reason why the TFS would not be valid environmentally is that credits for avoided deforestation are very often issued for forest conservation that would have happened anyway, regardless of any REDD or jurisdictional policies, meaning that governments or landholders get paid for business as usual and there is no environmental gain to balance the excess emissions by the offset users in California. This is a major problems that we have seen in REDD and in industrial offset programs. The TFS doesn’t prevent this. Dr. Barbara Haya’s research at Berkeley has made her an expert on exactly this problem. (Please see her memo on Environmental Integrity.)

Political risks and the international context

Given all this, the TFS could put California in the risky position of assessing questionable carbon-sequestration and deforestation estimates, as well as reports of abuses, from a great distance and on the basis of limited expertise in rural development in the tropics. CARB is not prepared for this and should not be expected to dedicate the staff resources to the great deal of work it would require.

As more than a decade of voluntary carbon markets, REDD+, and the disastrous experience of the Kyoto Protocol Clean Development Mechanism have shown, international emissions trading is a wild frontier, plagued by double-counting, conflicts of interest, and outright scammers, alongside law-abiding entrepreneurs. Under the TFS, California would place significant trust in affiliated jurisdictional governments to sort out credit-worthy conservation action from dodgy schemes and carbon-accounting corruption.

Many carbon entrepreneurs and interested parties are eager to see California open for emissions-trading business. Endorsement of the TFS would help to legitimize forest-carbon offsets as an acceptable component of national contributions under the Paris climate pact at a time when such carbon-market financing of conservation is extremely controversial worldwide. It would put us in the middle of the double-counting controversy that blocked a global agreement at the last global climate talks in December. Is this a goal of California ‘foreign policy’ that the CARB has decided to promote?

California payments would be a drop in the bucket of the funds already flowing from rich countries and international funds for tropical forest conservation. The TFS’s model jurisdiction, Acre, already has a jurisdictional conservation program, with large-scale financing from European governments and with standards much like those in the TFS, yet deforestation has again surged there.

One reason why jurisdictional REDD+ hasn’t prevented this is that the subsidies, tax breaks, and political dealings that support deforestation in Brazil and other tropical countries are set at the national levels, beyond the control of sub-national jurisdictions.^v This helps explain why offsets-

financed programs almost inevitably target small-scale land users, usually restricting their livelihood activities, and fail to tackle the main drivers of deforestation: plantation agriculture, ranching, mining, and forest products. The great majority of REDD+ and similar payments for ecological services (PES) projects have focused on small-scale farmers and forest dwellers, not agribusiness or mining firms. One reason is that in a market-based offsets system it is much more expensive to generate saleable credits by paying the opportunity costs of stopping these activities that *are* the main deforestation drivers. There is nothing about the jurisdictional approach that would alter this calculus.

Policy changes to eliminate existing incentives for deforestation, along with stricter regulation, could have far greater impact on deforestation rates than the compensatory payments to small-scale farmers, ranchers and forest dwellers who are the main targets of REDD+ sanctions and would probably continue to be so in offset-financed jurisdictional programs. Of course jurisdictions – starting with our own! – ought to try to address the big drivers of deforestation. However, we should not expect that purchases of carbon-market offset credits that might result from incorporation of the TFS into the climate policy of California or other industrial-country jurisdictions would yield sufficient funds to counteract the existing incentives and profit opportunities that extractive and agribusiness industries now enjoy.

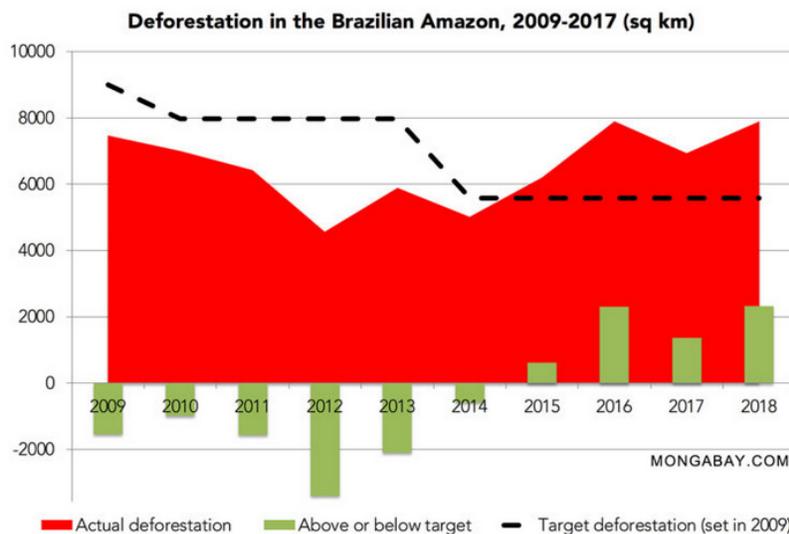
ⁱ Fewer than half these jurisdictions reported reduced deforestation rates between 2012 and 2017 although most of them include quantified goals for emissions reductions. The most comprehensive and sympathetic meta-survey of REDD+ to date notes the program’s “...failure to provide significant emission reduction results so far” (CIFOR 2018 *Transforming REDD* p 19). It finds that projects under the REDD+ rubric have had almost no measurable success in reducing deforestation and that they have produced only modest local benefits in a few cases, at best.

ⁱⁱ While many REDD+ projects have included anti-poverty or development goals as an intended side benefit, most REDD+ advocates acknowledge a tension between social benefits and cost-efficiency: projects (or jurisdiction-wide programs) that prioritize the poor as recipients of payments for sustainable practices would, by their design, achieve less per dollar spent in terms of reduced deforestation than projects that solely prioritize conservation.

ⁱⁱⁱ Also, ample research indicates that increased returns from intensified production of crops and meat often stimulates more, not less investment in gas-emitting, forest destroying production (the ‘Jevon’s paradox’).

^{iv} This would occur if decreased production of any forest-destroying commodity within the jurisdiction contributed to increased prices for that commodity and thus increased incentives for deforestation to produce that commodity *outside* of the jurisdiction. (Market-shifting leakage is defined by the California Code of Regulations as “increased GHG emissions or decreased GHG removals outside an offset project’s boundary due to the effects of an offset project on an established market for goods or services.”)

^v Big dams and other forest-destroying infrastructure projects are also planned at the national levels. They are often funded by the same international agencies, such as the World Bank, that are sponsoring REDD+ .



Note that deforestation resumed after the weakening of Brazil’s federal forest code in 2012, and that the most progress against deforestation happened *before* REDD+ kicked in.