

## Comments on Sector-Based Offsets under AB-32

Michael Dwyer, PhD\*

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### Comments:

Drivers of deforestation and forest degradation – hereafter forest loss – are both highly varied and inherently spatial: plantations, roads, dams, fires, urban expansion, and so on: each of these has its own location, extent, shape, and resolution. Drivers of forest loss, in short, each have their own geographies of operation. As REDD has been piloted over the last few years at both the project and increasingly the jurisdictional scale, a key question project developers have had to face is which drivers of forest loss to address, and which geographies of intervention to focus on. Among many possibilities, a default answer seems to have emerged, although the evidence is largely anecdotal (as far as I know): many, if not most, REDD projects have chosen to focus on small-scale agricultural expansion in or at the edges of protected areas, while fewer projects, in comparison, have engaged the forest loss due to industrial “drivers” such as large-scale agricultural plantations and energy, transportation and other types of infrastructure.

With a colleague from Cornell, I studied this question of which drivers REDD projects engage with, and where and why, in a single country: Laos. (This was part of my postdoctoral research with the Center for International Forestry Research (CIFOR); our findings are available as a CIFOR working paper (Dwyer and Ingalls 2015), attached with this comment and available [online](#).) Our findings are relevant to California’s decisions about venturing into the global offset market in a few ways.

Our work suggests that smallholder agriculturalists are often selected as the targets of REDD-based interventions not because they are the most significant drivers of forest loss, but because they are seen as the “low-hanging fruit” in a complex landscape of drivers (Dwyer & Ingalls 2015: 13). Scholars have long noted the (even longer-standing) tendency to blame politically and economically marginal groups for environmental damage that is either beyond their control or caused by other processes entirely: sometimes small-scale land users are *agents* of forest loss but not *drivers*, and other times they are not even agents, but are simply perceived as such due to engrained assumptions and institutionally produced narratives that turn out to be false (see e.g. the well-known work of [Fairhead and Leach](#)). This tendency to treat small-scale agriculturalists as the primary drivers of forest loss to be engaged by REDD is immediately observable in our work in Laos, and has two types of implications for California.

First, the politics of land and resource tenure will likely figure centrally in the projects that offer credits on the California market. This is not inherently bad; while REDD programs *can* help perpetuate elite land grabs, they can also – depending on both baseline land and forest tenure conditions and the ways that projects engage with various actors – help strengthen the often weaker hand of smallholder and community land managers, for example by capitalizing and/or giving additional legal tools to community forest management efforts. But the devil is in the details, and the disproportionate focus on smallholders as “drivers” of forest loss within REDD as a whole (at least to date; see point 2 below) raises the bar for due diligence and accountability mechanisms significantly. California thus needs *not only* a convincing process for ensuring up front that REDD projects planning to sell credits are socially positive from the perspective of the communities involved, but also a grievance mechanism so that oversight of these sorts of plans is not reliant solely on third-party certifiers. (Third-party certification

can be useful, but it is not sufficient;<sup>1</sup> a grievance mechanism will incentivize third-party certifiers to do better work.)

Second, given the criticisms that have surrounded REDD to date, the focus on smallholders described above may not be sustainable, either politically or from a climate science perspective. In addition to the equity dimensions, many have questioned the degree to which scientifically convincing carbon credits can be produced at scale by targeting smallholders alone. This is an open question; some practitioners believe that smallholder-caused forest degradation is a huge source of potential mitigation (although this has been so far precluded by the technical difficulties of measuring fine-scale changes in biomass economically), while others believe that smallholder systems are much more carbon-neutral than is often assumed due to regrowth and fallowing on the one hand, and the abovementioned prejudices against smallholder communities.

One can imagine a hypothetical supply curve of REDD credits representing different drivers of forest loss. (To my knowledge, such a curve has not been produced.) Nonetheless, based on the above, I would argue that (1) current REDD projects are operating at the cheap end of the curve, where the political costs of offsets are low, and are markedly less expensive than offsets that would require political-economic reforms within the state, say over the granting of palm oil concessions or natural forest logging quotas; and (2) the number of credits available at the current low end – and specifically available below the price point California buyers are anticipating (cf. [Borenstein et al. 2014](#)) – is thus far unknown, and should be investigated in order to make a California REDD program environmentally, socially and economically convincing. Put another way, as pressure builds on REDD practitioners to engage other types of forest loss, whether for political reasons, scientific reasons, or both, the cost of this engagement – and of the credits produced – is likely to rise, perhaps significantly. While this may be a good thing for countries like Indonesia, or Laos, or Cambodia or the DRC, etc., it may not be palatable to California buyers who have pre-set expectations about low carbon prices, and may thus require debate on the question of local market efficiency versus global effectiveness.

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\* The author is an interdisciplinary scholar and researcher whose work examines historical, geographical and policy questions related to land and natural resource governance with a focus on Southeast Asia. He received his PhD from University of California Berkeley's Energy and Resources Group in 2011, and has completed postdoctoral research in the University of Bern's Centre for Development and Environment (2012-2013) and the Center for International Forestry Research's Forests and Governance program (2013-2015). The comments offered here pertain to research conducted under the third of these, and build on longer-standing research on internal struggles over natural resource rents within the state, and associated questions of transparency and geographical data access.

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<sup>1</sup> Third-party certification should not be assumed to be sufficient, given the incentives to not report problems that exist due to the economic relationship, as well as the knowledge gaps (lack of awareness and/or "hard" evidence of problems) that can confound third-party investigators.