

Dear CARB officials,

Thank you for letting me the opportunity to express some comments in relation to the design of a jurisdictional REDD+ offset framework involving the Air Resource Board of the State of California.

I am a PhD candidate in environmental science from the Autonomous University of Barcelona (Spain). My dissertation intends to study the governance of a federal scheme of payments for forest conservation, in one of the government-labeled “Early REDD+ actions areas” in the southwest of the state of Chiapas, Mexico (which belong to the same framework that the Yucatan Peninsula mechanism that is described in page 19 of the April 28 presentation on social and environmental safeguards).

While I am quite convinced of the mutual benefits that jurisdictional REDD+ can bring to taxpayers of the state of California as well as those in a participant jurisdiction such as the state of Chiapas, I would like to raise some concerns about the design and the potential of such scheme in light of ongoing scientific debates on incentive-based mechanism and the contextual knowledge I have accumulated by working on forest conservation policies in the state of Chiapas. If I understand correctly your white paper, the goal of a jurisdictional REDD+ approach is to obtain real, permanent, quantifiable, verifiable, enforceable, and additional emissions reductions. The jurisdiction must then demonstrate how emissions reductions in forest sector are fostered, while respecting safeguard and guidelines of the agreement, in exchange of monetary compensation. In turn, the jurisdiction has a relative flexibility in deciding how emissions reductions are reduced, considering own strategy and ability. In Chiapas, I expect the jurisdiction to focus its strategy on a model of payments for ecosystem services implemented on communal and private forests, as it is the more direct and verifiable mechanism. Besides, Mexico has a significant experience in running such model at large scale.

I will start my comments by briefly describing the current architecture of forest conservation mechanisms in Chiapas. I will then highlight the critical importance of community institutions in incentives for avoiding deforestation. I will conclude my comments by pointing the complexity and uncertainties inherent to REDD+ offsets.

I) Forest conservation mechanisms in Chiapas

Since 2003, the Mexican federal government has implemented one of the largest schemes of Payment of ecosystem services (PES) focused on forest conservation in the world. PES can be roughly define as conditional cash transfers based on a pluri-annual contract providing monetary compensation for active or passive forest conservation activities. The National Forestry Commission (CONAFOR) is the governmental agency in charge of the program and so far more than 2.6 millions of ha of forest have been included in the program. The program has evolved considerably since a decade. The current rules of operation define the extent of annually eligible areas, currently around 35 millions of ha, obtained by taking into account forestry ecosystems likely to provide hydrologic services or enhancing biodiversity conservation. Forest-owners located within eligible areas can submit a project proposal to CONAFOR. The agency ranks all the received proposals using explicit criteria characterizing the importance of each project (proxies for risk of deforestation, involvement of forest owner in

other environmental initiative...). Selected applicants receives annual payments in exchange of the adoption of a forest management plan composed of restrictions of land use change and calendar of conservation activities to be performed during the five years of the contract. A part of the budget is allocated to technical assistance through a contract with a certified consultant in charge of designing and monitoring the forest management plan.

Since 2010, PES intervention model has been diversified through two other schemes sponsored by CONAFOR. On the one hand, a framework for local Payments has been established, in which a joint fund (50%/50% structure) between CONAFOR and another party (e.g. NGO, business, state or municipal government) is created for 10 years. The procedural rules are similar than in the federal scheme but the implementation area is chosen by the second party and limited to few forest-owners. The forest management plans are tailored to the specific drivers of deforestation in the area, as well as the preferences of the second party, which are generally stricter but more integrated than in the federal scheme (e.g. broader than restrictions on land-use change by including elements such as environmental education, institutional coordination, development projects,..).

On the other hand, CONAFOR has also concentrated portfolios of instruments in 3 special areas facing high risk of deforestation (Coast of Jalisco, Peninsula of Yucatan and east of Chiapas). These areas have been labeled as “early REDD+ action” areas and here also the intervention model is inspired by the federal scheme but with more elaborated forest management plan eventually open to reforestation and sustainable use of forests. This model relies on public budget but try to foster institutional coordination between several federal and state agencies. Chiapas Secretariat for Environment and Natural History (SEMAHN) is notably represented in the steering committee of REDD+ area for the state of Chiapas.

These varieties of PES schemes are generally compatible with other mechanisms such as protected area and hence have been implemented in communities located in buffer and transition areas of biosphere reserves. PES schemes appear as a flexible and effective mechanisms and available ex post impact assessment suggests a modest but positive causal effect on avoided deforestation. Subsequently, defining the business as usual baseline should probably take into account significant reduced rate of deforestation since 2010 compared to previous decades.

These contextual elements are critical in the discussion of jurisdictional framework because they demonstrated that Mexico has experience in the design of an effective and accountable forest conservation mechanism but that such experience has been concentrated at the federal level. These last years, however, CONAFOR agency operates with a reduced budget, with cut on the human resources but also on the number of participants annually selected. REDD+ offsets are then a particularly interesting option for Chiapas state government to both increase its competencies and provide tangible benefits to its rural population while adapting to climate change. Key points to take into account should be the constitutionality of such an agreement, and I guess it is a point valid for both the state of California in the US and the State of Chiapas in Mexico. Furthermore, the challenge for Chiapas government will be the promotion of such a mechanism among civil society, as sovereignty, opposition to commodification of forests and

threats to land tenure are very likely to crystallize social movements reluctant to most of policies perceived as neoliberal.

Chiapas is a very heterogeneous state considering environmental factors, ethnic groups and economic development. Many forest owners of the Eastern parts of the state, where the 1994 neozapatist uprising started in response to NAFTA, lack of trust in many governmental interventions but also business activities. It is important to note however that despite such opposition, many communities have been involved in payments or early REDD+ initiatives. Indeed, many relatively landlocked communities (i.e. poorly integrated with stataal or regional markets) are facing an important cash constraint. Furthermore, NGO or independent consultants have been able to convince communities to participate by reducing their uncertainties on the purpose of conservation policies. Cases of community expelled from protected areas or blackmail to trade property rights in exchange of access to governmental social programs have occurred in this area. Intermediaries facilitate the dialogue between governmental agencies and communities by increasing trust and reciprocity between both parties. The experience of CONAFOR has also reinforced the regulation of these intermediaries after 2008 in order to prevent the risk that they use their privileged position to gain benefits over the communities who contract their expertise.

II) Avoiding deforestation in commonly-owned forests

It is understandable that contextual elements appear poorly relevant for California lawmakers as, in a jurisdictional REDD+, all the elements should in principle be addressed by the contracting party, this one being in charge of demonstrating the effectiveness and accountability of mechanism and the respect of social safeguards. The white paper acknowledges the importance of rights and tenure of communities and the attention paid to safeguards demonstrate CARB commitment to transparent and informed consent. However, I would like to highlight that communities involved much more than tenure rights. Indeed, communities are also characterized by their local institutions such as rules of decisions making and management of natural resources, and we lack evidence on how conservation intervention are able to recraft these rules toward better conservation outcomes.

In Mexico, more than 60% of forests are owned by communities. There exist at least three collective property regimes, namely indigenous communities, rural communities and rural settlements. These regimes differ in term of custom and level of collective organization, but faces comparable coordination dilemma between individual households and collective action. Broadly speaking, communities are organized by an assembly of right holders who take decisions on most of the rules in vigor in the community. The assembly is in charge of electing a legal representative, who is also responsible for community management and executing assembly decisions. Within communities, forests can be managed in commons or be divided into individual parcels. In both cases, community rules usually clarify and enforce the rights and duties of every community members and even if forests are individually owned, collective duties or benefit-sharing agreement can be required by the assembly.

In that context, contract-based conservation usually transits through community institutions. Assembly should decide, by consensus or majority, the participation or renewal of such contracts. In fact, such decisions are sometimes taken by a community elite holding better

abilities to persuade their peers or take decisions without collective discussions on the topic. While some communities have transparent or consensual decision-making procedures, many communities are characterized unequal access to decision-making, even if community local representative is changed every three years. Communities are quite conflictive organizations when decision-making lack of legitimacy and equity as perceived by community members. Conservation contracts can reinforce some structural inequalities by reinforcing prestige and material benefits of some leaders at the expense of other community members.

Empirical and experimental evidences have highlighted the fact that payments can (often but not always) enhance rapid conservation outcomes resulting from high contract compliance. However, the same corpus of evidences also suggest that payments can also crowd-out pre-existing pro-social or pro-environmental social norms, eventually resulting in poor conservation outcomes. Furthermore, conservation contracts are implemented in complement with land use restrictions, in the sense that they are often instrumental to a stronger governmental control on community forests where federal law was poorly enforced before. Therefore, framing incentive-based contracts is as important as the contract terms in motivating long-term conservation practices among forest-owners. Indeed, issues of legitimacy and equity could in many cases undermine community cohesion and reduce trust toward state agencies, leading to ineffective interventions.

In that context, short or medium term conservation contracts are usually insufficient to increase abilities of community to adopt and enforce their own system of sanctions and rewards corresponding to the ideal-type of sustainable self-governance. Important coordination efforts appear critical to embed conservation planning into community institutions and convince community members that conservation contributes to their livelihoods, which is often far from evident. Such coordination efforts are facilitated by adaptive management of incentives for conservation, i.e. state agency and communities are able to discuss strategies and goals in order to foster a transformative process of community institutions. Therefore, intervention should be flexible enough to take into account heterogeneity of contexts but also learn from miscomprehension, conflicts and uncertainties created by the intervention.

Some cases of successful transitions appeared to emerge in Chiapas but they are never based on a sole mechanism but rather on the articulation of various interventions associated with community empowerment. In all these cases, permanent presence of international NGO funded by private foundations have played a critical role in adaptively manage opportunities and barriers to accompany this transition. These cases do no call necessarily for managing intervention through private foundations, but at least to the emergence of local organizations able to coordinate such community transitions in a transparent and participative way. Such intermediary organizations are expected to reduce transaction costs by enhancing participation and compliance while better tranform long-term conservation goals into regular activities.

III) Suggestions to CARB

Beyond these governance and contextual factors, REDD+ offsets are very complex mechanisms and we lack accurate understanding on their potential to contribute to avoid deforestation and

therefore fulfill their long-term objectives. Procedural rules favoring short-term accountability and effectiveness are often prioritized over legitimacy, equity and permanence while there are no reasons to give more weight to some criteria at the expense of others. I encourage CARB to not try to look for the optimal framework for cost-effectively offsetting reduced emissions but rather as thinking about how they can provide incentives for the jurisdictions to learn how to coordinate transitions toward sustainable practices.

Evidence are scarce, if not inexistent, of a causal link between an intervention and permanent avoided deforestation. Incentives often take the form of static signal when forest-owners take decision in a dynamic and uncertain context. If law enforcement and national programs haven't be able to achieve by themselves enough emissions reductions likely to be counted as offsets, I doubt that a complex transnational mechanism will provide better long-term outcomes. At least in initial phase of implementation, processes are as important as expected outcomes.

I thank you for taking into account my comments. If necessary, I can provide references of academic articles and reports highlighting the points developed.

With regards,

Sébastien Costedoat

PhD candidate in environmental sciences

Laboratory for the Analysis of Socio-Ecological Systems in a Global World (LASEG)

Institute of Environmental Science and Technology (ICTA)

Autonomous University of Barcelona (UAB, Spain)

sebastien.costedoat@uab.cat