



# REDD & Indigenous Peoples in the Chaco

**A toolkit to avoid negative impacts**





## WHAT IS REDD?

“Reducing emissions from deforestation and forest degradation in developing countries” (by its acronym in English).

Consists of creating policies and positive incentives so that developing countries that have forests reduce their levels of deforestation, by financially compensating them for doing it.

Glossary of abbreviations used in negotiations on climate change and forests:

- GHG: greenhouse gases
- UNFCCC: UN Framework Convention on Climate Change
- KP: Kyoto Protocol
- CDM: Clean Development Mechanism
- PES: Payment for Environmental Services
- UNDP: UN Nations Development Program
- UNEP: UN Environment Program
- FAO: UN Food and Agriculture Organization
- ILO 169: Convention 169 of the International Labor Organization
- UNDRIP: UN Declaration on the Rights of Indigenous Peoples
- UN-REDD: REDD Program of the United Nations
- FCPF: Forest Carbon Partnership Facility (acronym in English)
- FIP: Forest Investment Program
- OP: Operational Policy (acronym in English)
- REDD: Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
- R-PIN: Briefing Note for REDD Readiness Project
- R-Plan: Readiness Plan for REDD Program
- MRV: Monitoring, Reporting and Verification
- UN: United Nations

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**Cover photo:** Deforestation in the Chaco. **Photo:** Iniciativa Amotocodie.

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## 1. The history behind REDD

It is clear that there is an interest in making forests part of the climate change regime by 2012. But the idea of making forest ecosystems part of the solution to mitigating climate change suffers from a lack of understanding about what a forest constitutes. The average climate negotiator still tends to see the **forests as a carbon pools** or even tanks of biofuels, rather than diverse and complex ecosystems. The recent proposals to integrate forests into the post Kyoto regime include the proposals from the so-called “Rainforest Coalition”, led by Costa Rica and Papua New Guinea. These proposals are directed towards compensating developing countries for reducing deforestation.

### Payment for Environmental Services (PES)

The idea of compensation for reducing deforestation is nothing new: during the United Nations Conference on Environment and Development, which took place in 1992, heads of state agreed that developed countries would set aside 0.1% of their GDP for ‘new and additional’ aid with the purpose of covering the incremental costs of environmental policies of developing countries. But at the last moment, the way in which the concept of Payment for Environmental Services (PES) is being included in the climate regime may have some very serious consequences to the most vulnerable groups in the world – **Indigenous Peoples, islanders and small farmers** who all have a major interest in stopping climate change. According to the principles underpinning PES, those who benefit from certain environmental services should compensate those who provide such services. In the climate regime, this could mean that the victims of climate change will have to pay the soya cultivators, the farmers and the forest companies for their ‘efforts’ in not burning down forests. This appears to be the opposite of the proposal of the movement for climate justice: that compensation must go *to* the victims of climate change caused by greenhouse gas emissions.

### Payments for Respecting the Law

At first glance it seems reasonable that countries that are making an effort to reduce deforestation should be compensated. Nevertheless, to better understand the context of the “Rainforest Coalition” of countries, the leading proponent of REDD amongst developing countries, it would be good to mention an anecdote about Papua New Guinea (PNG).

It is rumored that the idea to propose payment of environmental services and introduce forests into the climate regime arose from an informal conversation between the Prime Minister of PNG and a young government advisor. The Prime Minister complained that the World Bank had made his life complicated with the numerous conditions that it attached to the loans for the forest sector. They were making it impossible to make money with forests: **“who will compensate me if I conserve my forests?”**<sup>1</sup> His advisor proposed including forests in the carbon market.

This idea coincided perfectly with the ambitions of Costa Rica that wanted to sell its national project of payment for environmental services (PES) as carbon credits in the international market. The fact that Costa Rica has stopped deforestation is a point in favour of its project, but it is worth noting that deforestation had anyway been illegal in the country since 1998. This means that landowners in Costa Rica are simply being rewarded for respecting the law.

### Forest carbon

As part of the negotiations on climate change, governments have been trying to devise a mechanism to capture the value of forests in monetary terms for the increasing emissions of developed countries. The reason for this is the ‘low cost’ of conserving forest carbon compared with curbing ‘industrial carbon’ and fossil fuel consumption. Theoretically, whoever captures forest carbon will





receive financial compensation for the carbon that they have removed from the atmosphere. But whoever pays for this carbon, will usually do so with the intention of continuing to consume fossil fuels. They are simply compensating for their emissions with carbon from the forests or from planting forest plantations.

### Emissions reduction

For this reason, since the beginning of the negotiations on climate change, the countries that agreed to binding commitments to reduce greenhouse gas emissions – rich, developed countries – imposed what are known as ‘flexible mechanisms’. These mechanisms included compensating for emissions reducing forest projects. However, many developing countries, as well as numerous Indigenous Peoples’ Organisations and NGOs are opposed to the idea that other countries’ forests and tree plantations are being used by developed countries to meet their own commitments to reduce emissions of greenhouse gases: developed countries need to make a genuine reduction of their own consumption of combustible fuels. As a result of these negotiations, the Kyoto Protocol did not in the end consider the use of forest conservation projects, also known as “avoided deforestation”, to be an acceptable way of reducing of compensating for greenhouse gas emissions.



*Indigenous villaje in the Paraguayan Chaco.  
Photo: Simone Lovera, GFC*

The Clean Development Mechanism (CDM) came to light in the last hour of the negotiation process of the Kyoto Protocol (KP) in 1997; some say it’s advocates “pulled a rabbit out of the hat”. The CDM was introduced by countries with legally binding commitments to reduce emissions under the KP, and was intended as a mechanism to implement a large proportion of those obligations in other countries that had no such commitments (that is, developing countries). The argument was that these developing countries would benefit from the implementation of clean development processes in their territories. Since the beginning of the Kyoto Protocol negotiations, developed countries had spoken of the need to include as many “flexible mechanisms” as possible in the KP, which could be used to meet their target of a 5.2% reduction of their emissions reductions (compared with 1990 levels). One of these mechanisms was called the Green Development Fund. But the problem with the fund was that it included a commitment to provide financial resources, exactly what the donor countries wanted to avoid.

In the end, the Kyoto Protocol contained so much ‘flexibility’ or, ‘escape clauses’, that water down the objective of reducing emissions by 5.2%, that the actual impact of the KP is negligible. Its flexibility extends to crucial issues like the variability of base years, Joint Implementation, the CDM, emissions trading and carbon sinks. This is why there is considerable pressure in relation to the post-Kyoto period to determine the methods and processes required to minimize the possible use of these escape clauses.

The actual promotion of REDD is a new manifestation of these interests intended to give greater flexibility to developed countries in how they reduce their greenhouse gas emissions.

*Source: SEAM, 2009. Manual CDM project implementation*



## 2. REDD and the UNFCCC negotiations

In December 2009, the 15<sup>th</sup> session of the Conference of the Parties (COP) of the UN Framework Convention on Climate Change was held in Copenhagen, Denmark. Many hoped that the negotiators would arrive at a final agreement on the application of REDD as a mitigation mechanism to be used by industrialized countries seeking to meet their commitments elsewhere. However, no such agreement was reached in Copenhagen and the negotiations continue. The present objective is to reach an operative agreement in the 16<sup>th</sup> session of the COP, to be held in Cancun, Mexico, December 2010.

In the meantime, REDD has given way to REDD+, a variation on REDD with greater scope. In addition to the reduction of deforestation and the degradation of forests, REDD+ will include other activities such as conservation actions, accumulation of carbon in agricultural lands, natural restoration, and the option that many focus on, forest plantations. This last option is a big threat to natural ecosystems and the Indigenous Peoples that inhabit them, and will inevitably increase inequality in relation to the access and use of land, water and the biodiversity of the regions affected.

In 2008, the United Nations started a program designed for countries that took part in the UN-REDD program to prepare them to participate in commercial transactions of carbon forests in the framework of a possible REDD agreement. This program is implemented jointly with the United Nations Development Programme (UNDP), United Nations Environmental Programme (UNEP) and the Food and Agriculture Organisation (FAO).

## 3. REDD: potential impacts on indigenous peoples

REDD could impact on indigenous peoples in several ways. First of all, actions to reduce greenhouse gas emissions in developed countries may well slow down. These countries will use forest conservation schemes to continue their use of fossil fuels. Changes in temperature, rain, and other variables will particularly affect human populations that depend closely on nature for their subsistence and for practicing their traditional lifestyles. So, a decision on REDD, which will effect climate change and the fate of much of the world's forests, have serious consequences for the survival of Indigenous Peoples, their cultures and ways of life. This point is emphasised in numerous declarations of Indigenous Peoples' Organisations.

Other key concerns for Indigenous Peoples, minority groups and marginalized groups are:

- REDD may mean that forests come to be viewed as mere mechanisms for carbon sequestration.
- REDD may lead to a change in priorities, with economic priorities taking precedence over cultural, social, spiritual and environmental issues
- Carbon traders may require land titles to the carbon in the forest or to the land, which Indigenous Peoples and minority groups may not have.
- Indigenous Peoples and minority groups may be denied access to the forests for firewood and herbs, while landowners are granted the rights to harvest trees.
- Profits for loggers, deforesters and polluters will open a way for landowners to profit from logging in the name of sustainable harvesting.
- There could be displacement from traditional territories as a result of the implementation of REDD mechanisms that do not



consider the rights of Indigenous Peoples, minority groups and local communities.

- Equity issues might not be resolved, meaning that benefits may not reach the communities preserving the forests.
- Governments are still promoting agrofuels at the expense of natural forests, in spite of elaborating preparatory plans (eg for the World Bank's Forest Carbon Partnership Facility (see below)).

### **REDD and the Indigenous Peoples of the Paraguayan Chaco**

As in other countries the inclusion of Paraguayan forests in REDD has a public and a private angle (the voluntary market).

The public angle is formed by the Paraguayan participation in UN-REDD which is a joint effort with the Secretary of the Environment (SEAM) that leads the process; the National Forest Institute (INFONA), FAO and UNDP. This began in 2008 with the hiring of a consultant, financed by UNDP to write the document 'National Joint Plan' (NJP) that contains the design of UN-REDD for Paraguay.

The first stage decided on the structure for UN-REDD in Paraguay. This was done without the participation of key actors such as the representatives of Indigenous Peoples, civil society organisations and rural workers' organizations. Furthermore, the process did not fully comply with the basic guidelines for UN-REDD, which lead to several serious flaws in the final document, which was adopted by UN-REDD in November 2010 for a contribution of 4.7 million USD.

In May 2009 a change in SEAM management took place and SEAM reframed the NJP elaboration process, providing for the appropriate participation of key actors and initiating information sessions for Indigenous Peoples' Organisations and NGOs. Since then, four open forums have been held, with the objective of providing information to Indigenous Peoples' Organizations.

These sessions aim to increase the level of knowledge of Indigenous participants and also give them training so that they can effectively participate in the consultation stage that must be fulfilled in accordance with Paraguayan legislation.

SEAM also started a qualitative process as part of the NJP, which tries to balance the technical and socio-environmental content of the document. This process is taking place with the participation of the Coordination for the Self Determination of Indigenous Peoples (CAPI) and more recently, with the Assembly of Guaraní people in the elaboration of the document. There has been a lot of criticism on the process, both from inside the participating organizations and from outside, especially because of the slowness of the process. But it is important to recognize the different concepts and chronological challenges that are inherent to processes that involve both Indigenous organizations and non-Indigenous actors.

One of the most significant differences at the conceptual level is the importance of environmental integrity and the protection of biological diversity in UN-REDD and REDD+ processes. The need to direct framework actions and proposals – as the majority of involved actors know – towards a scheme of maintenance and restoration of different forest typologies, with ecological, cultural and environmental criteria as well as applying ecosystem and hydro river basins approaches, must form the hegemonic philosophy of the UN-REDD process in Paraguay.

Another serious problem is the interpretation of the requirement of prior consultation and the denial, by some, of the right of Indigenous Peoples to approve or reject the implementation of actions in the UN-REDD framework based on the principal of free, prior and informed consent, recognized in national legislation.

Another point of difference according to the Ministry of Environment of Paraguay is the lengthy time taken by Indigenous Peoples to reach agreement. The UN-REDD process must be



conscious of these differences and adapt its pace to them and not simply speed up the process in order to secure funds.

The NJP framework must conclude by guaranteeing the fulfilment of the rights of the principal affected actors, by guaranteeing consistency in actions that ensure national policy objectives address social and economic development and the socioeconomic inequalities that afflict the country.

Activities known as the 'voluntary market' also exist in Paraguay. Although there are few attempts at the moment, they are guided by certain standards and they base their qualitative arguments on the reputation of the organizations involved. The main activities planned by these private projects consist in buying forest lands, and introducing security measures and residences for park rangers. In one of these projects, situated in Alto Paraguay, the participating organizations are considering giving the land title to the Indigenous communities or bordering communities.

Constitutionally the Indigenous Peoples of Paraguay enjoy the recognition of their territories. The organizations are also planning to share the benefits of the project with others. The questions that arise are: how fair is the 'deal' for Indigenous Peoples, and are they legally the owners of their own territories? Why is an institution acting as an intermediary between the interested parties? Do Indigenous Peoples agree with the plan to assign a commercial value to their habitat?

### **REDD and the Indigenous Peoples of the Bolivian Chaco**

The "Pluri-national republic of Bolivia", is proud to be the first country in the world with an Indigenous President, Evo Morales. The Government of President Morales has made a clear commitment to the protection of the rights of Indigenous Peoples. For example, only a few months after it was adopted by the United Nations, the Bolivian Government included the UN Declaration on the Rights of Indigenous Peoples as a legally binding instrument within its legislation. As such, the principles enshrined in UNDRIPs are legally binding in Bolivia. This includes the principles that any

economic activity in Indigenous territories should be subject to the Free Prior and Informed Consent of the Indigenous Peoples that could be affected.



*Contamination of water and loss of biodiversity, in the Gran Chaco in Paraguay.  
Photo: Iniciativa Amotocodie.*

However, the recent 7<sup>th</sup> Grand March that has been initiated by the Indigenous Peoples of Eastern Bolivia in May 2010 demonstrates that the relationship between the central government, which is dominated by Indigenous Peoples from the highlands, and the Indigenous Peoples from the lowlands (which include the Chaco and the Amazon) is far from harmonious. The Indigenous Peoples from the highlands and the Indigenous Peoples from the lowlands in Bolivia have a very different cultural background. Due to the harsh natural circumstances in the highlands, the Indigenous Peoples from the highlands have a long and rich tradition of strong cooperative structures and institutions. The current political structure in Bolivia is a logical result of this tradition.





The Indigenous Peoples from the Chaco, the Amazon and the other lowlands traditionally depend mainly on large stretches of territory, rather than cooperative structures. Their history is not marked by formal institutions. Against this background, the establishment of CIDOB as a confederation of all the Indigenous peoples of the lowlands in 1982 was quite remarkable.

The new Grand March thus has a historical background, and once again it has been organized to remind the Bolivian Government of the rights of Indigenous peoples, including the now legally binding rights that were enshrined in UNDRIPs. These rights grant Indigenous peoples a significant amount of autonomy over their own territories, but there is still a lot of uncertainty regarding the authority of different entities over natural resources.

The reasons these claims are currently resisted by the Government are mainly economic: The lowlands are the wealthiest region of Bolivia and they include many of the most precious natural resources. Natural gas is one of the main natural resources that is at stake, but the political and economic background is definitely relevant for forests as well. After all, the overwhelming majority of Bolivia's forests is found in the territories of the indigenous Peoples of the lowlands. So the current political tensions are also relevant to the question to what extent these peoples can fully claim autonomy over REDD activities in their territories, and any potential carbon benefits.

### **REDD projects and REDD policies in Bolivia**

Approximately 50% of the total land area of Bolivia is covered with forests, which is one of the main reasons the country has been popular with private and public REDD donors. Already in 1997 a well-known voluntary forest carbon offset project was started, the Noel Kempf Mercado Climate Action project. This project concerns the protection of an area of 1,582,322 hectares in the North Eastern tip of the Province of Santa Cruz by two nature conservation organizations: The Nature Conservancy, one the largest US NGOs, and the Fundacion Amigos de la Naturaleza.

The project, which has been named “one of the world’s first large-scale REDD projects” by the responsible NGOs themselves was financed through contributions by three energy companies, including British Petroleum, which is considered responsible for one of the greatest environmental disasters ever, the recent oil spill in the Gulf of Mexico. In return for their contribution of 8.2 million dollars, the three companies were granted the rights to 51% of the carbon credits generated by the project over its 30-year lifespan to “compensate” their contribution to climate change. The remaining 49% is granted to the Government of Bolivia, which legally obliged itself to fund community development, park management and protection with their “offset sales”. The Government of Bolivia thus has a vested stake in the carbon offset sales of the project, which runs until 2026. The project pretends to share the benefits with affected Indigenous communities, but in reality there is a lot of criticism regarding the social programs of the project. There was no formal consultation about the project before it started, and it was not until 2009 that the first meeting of the Implementation Committee of these social programs took place. The project has clearly violated the principle of Free Prior and Informed Consent of the Indigenous Peoples affected by the project, a principle which is now legally binding in Bolivia.

The Bolivian Government itself began developing a formal strategy to reduce deforestation and forest degradation in 2008 only. It was invited by the United Nations Collaborative Programme on REDD (UN-REDD), a joint program of the Food and Agricultural Organization, the UN Environment Program and the UN Development Program, to submit a proposal for support to its REDD activities. It subsequently initiated a consultation process with, in particular, the National Council of Ayllus and Markas del Qullasuyu (CONAMAQ), the Sole Union Confederation of Campesino Workers of Bolivia (CSUTCB), CSCIB, the National Confederation of Peasant Native Women of Bolivia “Bartolina Sisa” (CNMCIQB) and CIDOB. CIDOB itself performed a comprehensive consultation process amongst its members, consisting of a series of information meetings, workshops and other consultation processes. The result of this process is the National Programme Document Bolivia, which was approved in March 2010. The programme will receive a grant of 4,4 million USD for the period May 2010 – April 2013.





The main goal of the programme is “Strengthening the institutional and organizational capacity for productive development and job creation through the sustainable management of natural resources and the environment”. Specific expected outcomes are 1) to improve capacity among national government institutions for implementing REDD+ activities, and monitoring and assessing carbon stock in forests, 2) to improve civil society’s capacity for implementing REDD+ activities, and 3) to generate REDD+-related experience at a local level, with the participation of territorial bodies and the civil society.

It is worth noting that one month before the National REDD Programme started Bolivia organized a prestigious "World Peoples' Conference on Climate Change and the Rights of Mother Earth". The Summit, which took place in the highland city of Cochabamba, was attended by almost 50.000 people, including thousands of Indigenous people from Bolivia itself. After 5 days of negotiation, the People's Summit came up with a long consensus statement, which included a remarkably strong statement against REDD. "We condemn market mechanisms such as REDD (Reducing Emissions from Deforestation and Forest Degradation) and its versions + and + +, which are violating the sovereignty of peoples and their right to prior free and informed consent as well as the sovereignty of national States, the customs of Peoples, and the Rights of Nature."

While the Bolivian Government publicly stated that it would support the outcomes of Cochabamba as its official position, its subsequent formal submission on REDD to the climate negotiations did not reflect this rejection of REDD, but rather a set of positive proposals to reduce deforestation that were in line with the national REDD program it had just adopted. However, the formal position of Bolivia is still that they are against forest carbon offset projects. As they stated in their submission in May 2010: "Carbon market mechanisms are not appropriate for financing and implementing forest-related activities and should not be used. They have the potential to be against the principle of sovereignty and the rights and customs of indigenous people including free and prior consent." However, despite this formal position they are contractually obliged to sell the carbon credits they have obtained through the Noel Kempf Mercado Climate Action project.

### **Equitable benefit sharing?**

It should be noted that, according to the National REDD programme, deforestation risks are insignificant in most of the Chaco. The overwhelming majority of deforestation is expected in the Amazon region. This is important as it implies that forest conservation in the Chaco will not be considered as additional to the so-called “business as usual” scenario. Under the current FCCC regime, activities that are not considered additional cannot claim any carbon credits. Therefore, the Indigenous Peoples of the Bolivian Chaco will not be able to claim any market-based funding for their forest conservation efforts.

Even a public fund for REDD+ activities is unlikely to benefit Indigenous Peoples in the Chaco, as such funding will most likely be “results-based” (according to the latest draft negotiation texts and for example the strategy of the Interim REDD+ Partnership, a REDD donor partnership which was established in May 2010). This means land holders will need to show they actually reduced deforestation compared to the business-as-usual situation.

According to the programme, 75% of deforestation takes place in the Department of Santa Cruz, so any funding flows from the FCCC process are likely to benefit that department the most.

### **Conclusion**

The formal support of the Bolivian Government for the rights of Indigenous peoples and the fact that the principles of UNDRIPs are legally binding in the country offers significant opportunities for the Indigenous Peoples in the Bolivian Chaco to defend their rights. However, the recent political tensions make it clear that there are still significant gaps between this formal recognition and actual practice

Moreover, there are important contradictions in the REDD+ related policies and practices of the Bolivian Government. Indigenous Peoples in the Chaco should be aware that they are unlikely to benefit from any results-based REDD payments as current deforestation rates in the Bolivian



Chaco are very low, yet concerns that REDD might undermine their rights have proven to be justified in Bolivia.

### **REDD and Indigenous Peoples in the Argentina Chaco**

Argentina submitted a Readiness Preparation Proposal to the World Bank Forest Carbon Partnership Facility on 14 May 2010. The proposal was developed through an "informal and formal consultation process" that started in February 2008. This process, and the development of the proposal in general, were financed through support of the World bank for a Readiness Project Information Note (R-PIN). No mention is made of any consultations with Indigenous Peoples' Organizations or stakeholders during the elaboration of this initial R-PIN.

### **Participation of Indigenous Peoples in the Readiness process**

The first formal consultation meeting took place in October 2009. The first meeting where Indigenous Peoples' Organizations were explicitly invited was the international conference on Indigenous peoples and climate change that was organized as part of the process in December 2009. On top of that, there were direct consultations with the Organization of Indigenous Nations and Peoples in Argentina (ONPIA). A Consultation and Participation Plan is one of the central elements of the Readiness Preparation Proposal. There is no special status of IPOs in the development of the Readiness Plan similar to the status they have in Paraguay and Bolivia. In the overall process they are classified as one of the many stakeholder groups, and they are one of the many groups that will be represented in the REDD Advisory Committee. However, there is a specific Consultation and Participation plan developed for Indigenous Peoples, which recognizes that "The national government needs to acquire the free prior and informed consent of indigenous Peoples at the end of the readiness implementation", as Argentina has ratified ILO Convention 169. The consultation and participation plan for Indigenous Peoples will mainly be implemented by ONPIA, which has applied for specific funding for a capacity-building and consultation process on Indigenous peoples and climate change in general. The proposal also indicates it will use existing structures like the Indigenous Peoples Participation Council to elaborate

consultation methodologies. There is a special consultation and participation process foreseen for the Chaco, for the 2<sup>nd</sup> and 3<sup>rd</sup> quarter of 2011.

It is important to note that peasant organizations, like the National Indigenous and Peasants Movement/ La Via Campesina Argentina and the Peasant Movement of Santiago del Estero were never invited to the consultation meetings about the proposed REDD strategy.

### **Identified underlying causes of forest loss and their links with proposed strategies**

The Readiness proposal includes an elaborate process to identify the underlying causes of forest loss. As in Readiness proposals submitted to the World Bank by other countries, there is a risk the identification of underlying causes and the proposed solutions will be manipulated by large landholders and powerful agro-industrial sectors like the soy sector. This is already shown by the proposal itself.

Soy expansion is by far the main cause of deforestation in the Argentine Chaco. From 1998 to 2004 alone, soy production increased 7-fold, and the area planted increased from 4.6 million hectares to 14.6 million hectares. Soy expansion is the main driver of deforestation in Argentina. Deforestation for soy expansion in the Chaco represents 70% of all deforestation in Argentina.

Indigenous peoples in the Chaco have suffered disproportionately from soy expansion: Aside from being the main cause of the destruction of their forests and lands, it has caused widespread water contamination and severe negative health impacts through excessive use of agrotoxics. Moreover, as a labor-extensive, capital intensive crop, GM soy has caused rural unemployment and depopulation, which has significantly exacerbated poverty and malnutrition amongst the Indigenous population in the Chaco. While the REDD proposal recognizes that soy expansion has been the main cause of deforestation in Argentine Chaco, the summary of the underlying causes the proposal only mentions a number of "causes" that are remarkably convenient for the soy industry. For example, "the high



opportunity costs" of not converting forests into soy plantations are identified as an underlying cause rather than the causes of soy expansion itself. Subsequently, payment for environmental services schemes are proposed to address these causes. No proposals are made to address other underlying causes that are mentioned, like the failure of the Argentine Government to ban genetically modified Round-up Ready soy produced by Monsanto, which made it economically feasible to produce soy in the Chaco. The REDD proposal also mentions that the active promotion of agrofuels by the Argentine government is another major driver of soy expansion. However, the proposed strategies to address the drivers of deforestation do not suggest banning genetically modified soy or abandoning agrofuel subsidies. Rather, they propose to create incentives for the agricultural sector to lower the opportunity costs of forest conservation, including by further elaborating payment for environmental services schemes. So the REDD scheme will pay soy farmers to reduce deforestation while the Argentine agrofuels schemes will continue to provide incentives to increase deforestation, which is arguably a rather inefficient way to conserve forests – but very profitable for the soy sector indeed.

### **Tree plantations versus forests**

Similar contradictions can be found in the way the proposal addresses the impacts of monoculture tree plantations. The expansion of monoculture tree plantations is actively supported by the Argentine Government through several incentive schemes, and it is already causing significant environmental and social impacts in the North East of Argentina.

Similar to other REDD schemes, the REDD proposal fails to distinguish between forests and tree plantations. Remarkably, the proposal recognizes that there has been too much support for "plantation forests" compared to support for natural forests, and it explicitly recognizes that replacement by Eucalypt and Pine monocultures has actually been one of the main drivers of deforestation in the eco-regions of Misiones and Patagonia. Yet, the proposed REDD strategy to address this driver is to provide even more support for tree plantation establishment, including through a "biomass energy development" scheme in Patagonia. There is a clear risk that,

without a clear definition that explicitly excludes monocultures, REDD funding will be used for the expansion of monoculture tree plantations in other regions as well, including in the Chaco. Tree plantations in countries like Brazil, Colombia and Indonesia have had dramatic impacts on Indigenous Peoples.

### **A Triple REDD Subsidy to the Soy Sector**

Other important activities in the proposal include support for the effective implementation of the new Forest Law 36, 311 of 2008, which requires provinces to develop a Natural Forest Land Planning scheme. It proposes to develop incentives for local authorities so that they will prioritize the conservation of forests within such schemes. It should be noted that the proposal tries to establish a financial management structure that would facilitate the participation of Argentine soy farmers and other actors in international carbon markets. At the international level, agro-industry is pushing to include additional carbon credits of genetically modified, no-till soy farming in REDD schemes, and for increased carbon credits for agrofuels. This implies soy farmers could benefit twice or even three times from carbon markets: they would receive payments for the area that is maintained under forest cover, for the area where they produce GM soy, and their produce would receive additional credits when used as agrofuel, which would significantly benefit the sector as well. The proposal suggests to "align" the current payment for environmental services scheme under the Forest Law, which pays only for the forest area that is conserved, with international REDD schemes, which is an obvious attempt to benefit from such triple subsidies to the soy sector.

The proposal will also support "sustainable certification programs". The latter will be done through cooperation with the Roundtable on Responsible Soy, a highly controversial process established by a small number of large conservation NGOs and industries in the soy sector. The Roundtable tries to promote the sale of genetically modified soy as "sustainable" while failing to address problems that are inherent to the expansion of the soy industry in regions like the Argentine Chaco.



Indigenous Peoples in the Chaco that have a recognized title over their land would benefit from REDD payments too, although the REDD scheme will not add any additional benefits compared to the existing payment for environmental services scheme. As mentioned elsewhere in this report, the inclusion of forests in carbon markets tends to have significant negative impacts on Indigenous peoples.

Lack of recognition for their land rights has been a major obstacle for the equitable participation of Indigenous Peoples in REDD and PES schemes in other countries. Lack of regularization of land rights is also seen as a major underlying cause in the proposal. However, the text on this activity is relatively vague, and there is no clear proposal to develop a conflict resolution mechanism regarding land tenure conflicts.

### **An assessment of the risks of REDD**

A preliminary diagnosis to identify environmental and social issues relevant to REDD+ in Argentina, has identified that there are many other potential risks of REDD+ relevant for Indigenous peoples, including risks associated with " a) the incentives distribution mechanism, the equity, and the ethnic considerations associated with compensatory and benefit sharing schemes; b) conflicts related to the land rights and tenure; c) free, prior and informed consent of Indigenous people; d) conflict in the legitimacy of representatives of IP organizations and other communities and sector organizations; .... and; f) the Framework to deal with the groups that do not want to participate in the REDD+ process."

Within the framework of the REDD proposal, a Strategic Environmental and Social Assessment will be developed and implemented, but regrettably this will be implemented parallel to the development of REDD strategies like the alignment of the payment for environmental services scheme with international carbon markets and the promotion of tree plantations. If the assessment concludes that some of these strategies will have negative impacts on indigenous Peoples, it will "minimize negative and adverse impacts, and in cases where such impacts are unavoidable to identify and implement measures to counteract these impacts as soon as possible and in a pro-active way." However, as the outcomes of the assessment will be

produced together with the REDD strategy itself, it will be a challenge to ensure that these outcomes will lead to a fundamental re-design of the strategy. It should also be noted that the monitoring, reporting and verification system for socio-economic impacts that is proposed does not address any of the issues that were considered to be a possible risk by the preliminary assessment. There also is no proposal for a grievance or conflict resolution mechanism in case impacts turn out to be more serious than expected afterwards. However, the Argentine government has explicitly stated that it will comply with ILO Convention 169 and seek the prior and informed consent of indigenous peoples before the final REDD strategy is adopted. Indigenous peoples' organizations should be aware of this, and closely analyze the outcomes of the social assessment before they give their consent to REDD.

### **Conclusion**

While the REDD Readiness proposal in Argentina presumably establishes a participatory process to develop a REDD policy, it already prejudices the outcomes of that participatory process by proposing several strategies that might impact negatively on Indigenous Peoples in the Argentine Chaco. In particular, the proposal will provide major financial benefits to soy farmers in the Chaco by strengthening and expanding payment for environmental services schemes, and aligning them to international carbon markets that already support agrofuels and might soon support GM soy. Meanwhile, the Argentine REDD scheme fails to address factors that clearly contribute to deforestation, like agrofuel subsidies and the use of genetically modified soy.

While a social assessment will be undertaken, there is a risk that identified negative impacts will only lead to a marginal adaptation of REDD strategies as the outcomes of the assessment will be presented almost at the end of the process of designing the REDD strategy itself. In this respect, it is important that Indigenous peoples, including Indigenous peoples in the Chaco, are aware that the Argentine Government has committed to seek their free prior and informed consent before the REDD proposal is formally approved. They could use this to demand that the social assessment, in its terms of reference, includes a profound analysis





of all elements of the proposed REDD strategy, especially in the light of the benefits REDD might provide to the soy sector, and not just an analysis of a few pilot projects. Moreover, they could demand that all outcomes of the social assessment are satisfactorily addressed so as to take away any potential negative impacts and risks for Indigenous Peoples before the REDD strategy is finalized.

#### 4. REDD: Expected Impacts on Indigenous Peoples of the Chaco

The anticipated impacts of climate change on Indigenous Peoples and their territories can be summarized as follows:

1. Abrupt variations to the maximum and minimum temperatures
2. Salinization of water
3. Drop in water levels and a shortage of water in open areas
4. Increase in diseases transmittable by vectors
5. Decrease in animal population numbers
6. Disappearance of plant species from their normal ecosystemic zone and simplification of composition and the functioning of ecosystems
7. Soil desertification
8. Forest fires

#### Survival

The impacts on the Indigenous Peoples of El Chaco are causing numerous socioeconomic and social problems. Traditionally, the Indigenous Peoples of El Chaco confronted periods of shortage or environmental catastrophe by moving far away from the areas affected by the disasters or other factors. Currently, however, extensive privatisation of land and the destruction and fragmentation of ecosystems (mainly by deforestation) severely limit the mobility of the El Chaco peoples, to the point that it threatens their survival.

The majority of Indigenous and local communities are not able to participate in the commercial schemes of payment for environmental services. The requirements to participate, such as elaborating projects, the cost of preparing the project for approval, official fees and other miscellaneous costs, all add up to amounts of money that these communities do not possess. Therefore, only those that can access financial resources will be able to participate, exposing others to an unjust situation where they are unable to receive compensation for the same efforts that others make and are rewarded for.

Other important impacts and risks are:

- Those who own land and resources are most likely to benefit
- Market mechanisms lead to the privatization of vast tracts of land
- Market mechanisms can lead to the illegal appropriation of resources
- Market mechanisms are throwing land reform programs into reverse
- Speculators are buying up land to profit from biodiversity related market mechanisms
- Even those communities with legal land tenure may not benefit
- Local communities can find themselves saddled with unexpected obligations
- Losses may outweigh any benefits
- Market mechanisms undermine legislation on local self determination
- Engaging in market mechanisms can alter community governance and create conflicts
- Market mechanisms have a serious impact on food sovereignty and water security
- An increased commercial presence can create additional burdens for local governments and rate payers
- Economically powerful actors dominate conservation and priority setting



## 5. Toolkit to avoid negative impacts of REDD

In spite of the disproportionate consideration that States and the judiciary grant to companies and commercial interests, Indigenous Peoples also possess tools to defend their rights or prevent their rights being violated.

The majority of these tools try to adapt the positive right based on Roman law, predominant throughout the world, to the traditions and realities of different indigenous judicial systems. Also, these instruments intend to ensure the consideration of human rights for Indigenous Peoples, both individually and collectively.

Following is a description of the most relevant tools:

### 5.1 ILO Convention 169 of the International Labour Office (ILO)

ILO Convention 169 is currently the only regulatory international instrument that grants Indigenous Peoples the internationally recognized right to their own territory, their culture and language, and commits the signatory governments to respect these minimum standards in the execution of those rights.

ILO Convention 169 is based on the revision of ILO Convention 107 of 1957 (Convention on indigenous and tribal populations). The Convention states in the preamble that “Considering that the developments which have taken place in international law since 1957, as well as developments in the situation of indigenous and tribal peoples in all regions of the world, have made it appropriate to adopt new international standards on the subject with a view to removing the assimilationist orientation of the earlier standards”. The Convention reaffirms the special contribution of Indigenous Peoples to cultural diversity.

ILO Convention 169 grants to Indigenous Peoples the right to define “their own priorities in the process of development” and “participate in the establishment, execution and evaluation of plans and programs for national and regional development”. It recognises the rights of property and possession of Indigenous Peoples over their traditional lands, says states should ensure the demarcation and protection of territories and

further define the procedures for the legal recognition of traditional lands (Art. 13).

Signatory governments are committed to consult with Indigenous Peoples on all legal and administrative measures relevant to them, with the objective of achieving conformity and acceptance of the proposed measures.

Recommendations:

- follow up national reports put before the Convention;
- propose judicial-policy actions to ensure fulfilment at the national level: claims and judicial actions, public seminars and seminars with officials, disseminating related information and the use of the Convention;
- lobby and promote the scope of the Convention before government authorities, the education sector, the press, etc.;
- promote capacity building of community leaders and communities in relation to the existence and application of the Convention and ratified national legislation.

#### *Ratification of Convention 169 of the ILO*

<b>Country</b>	<b>Date of ratification</b>
Argentina	03.07.2000
Bolivia	11.12.1991
Brazil	25.07.2002
Colombia	07.08.1991
Costa Rica	02.04.1993
Denmark	22.02.1996
Dominican	25.06.2002
Ecuador	15.05.1998
Fiji	03.03.1998
Guatemala	05.06.1996
Honduras	28.03.1995
Mexico	05.09.1990
Norway	19.06.1990
Netherlands	02.02.1998
Paraguay	10.08.1993
Peru	02.02.1994
Venezuela	22.05.2002

Source: [www.ilo.org](http://www.ilo.org)



## 5.2 The UN Declaration on the Rights of Indigenous Peoples

The Declaration is an integrated document that deals with the rights of Indigenous Peoples. It does not establish new rights, but recognizes and affirms fundamental universal rights in the context of indigenous cultures, realities and needs. The Declaration constitutes an important international human rights instrument because it contributes to conscious raising of the historic oppression brought against Indigenous Peoples, in addition to promoting tolerance, comprehension and good relations amongst Indigenous Peoples and other segments of society.

Indigenous Peoples have insisted in including the UN Declaration on the Rights of Indigenous Peoples in the negotiations on REDD and it is currently included in draft texts. However, all 'safeguards' are subject to the words 'promoted' and/or 'supported'. So, to fulfil their requirements and therefore receive REDD finances, a government can simply declare that they are 'supporting' respect for the knowledge and rights of Indigenous Peoples. Organizing a meeting in the capital of the country and inviting five indigenous representatives might be sufficient. The word 'promote' is still too weak, whilst the word 'should' still provides opportunities to steer clear of what should be done.

### Recommendation:

States do not consider that the Declaration is binding; therefore its judicial use is difficult and problematic. Nevertheless, the moral value that the Declaration has in the civil consciousness of societies is very large. Raising its observance in relation to Indigenous Peoples with the surrounding society in all areas, for example, with private companies, official dependents and with neighbors, is recommended.

## 5.3 The draft text on REDD+ for the UNFCCC post-2012 regime

In Copenhagen, the Parties considered a draft text on REDD+ in the following terms: *Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable*

*management of forests and enhancement of forest carbon stocks in developing countries* Paragraph 1(b) (iii) of the Plan of Action of Bali.

The new draft text covers important and central elements for the application of REDD+ activities including objectives, scope and principal directives (eg. directed by each country, promotion of co-benefits and biodiversity, actions coherent with the conservation of native forests, participation of Indigenous Peoples and communities, and transparent forest governance).



*The Gran Chaco in Paraguay. Photo: Iniciativa Amotocodie.*

In addition, the following themes are being considered:

- Means of implementation (financial options for preparation and complete implementation – funds, individual markets, combination of markets and funds).
- Monitoring, reports and verifications (MRV) of actions and of support (for example establishing national reference emission levels, monitoring systems, user guides of Intergovernmental Panel on Climate Change, parameters for the application of MRV).



- Institutional adjustments (as part of the financial structure, REDD+ under the authority of the COP, channels of existing finances).

#### Recommendations:

- It is essential to ensure the active participation of Indigenous Peoples' representatives in the formulation of national positions for each country;
- Ensure the participation and active representation of Indigenous Peoples in international negotiations (the lesson learnt in this respect is that governments only react to direct action!);
- Realize concrete proposals for the implementation of activities in Indigenous territories;
- Emphasise the work of international networks with compatible organizations to achieve the best likelihood of success in the adoption of key texts for the design and implementation of REDD.

Proposed paragraph of the International Indigenous Peoples Forum on Climate Change (IIPFCC) to be included in the final agreement of COP 15 adopted in Copenhagen, December 2009

*State Parties commit to respect international human rights standards that establish moral and legal obligations to protect and promote the full enjoyment of indigenous peoples' collective human rights in all areas related to climate change, including their rights to lands, territories and resources, their traditional knowledge and their free, prior and informed consent in conformity with the UN Declaration on the rights of Indigenous peoples (UNDRIP), as well as guaranteeing their full and effective participation in all processes related to climate change at the global, regional, national and local levels.*

#### 5.4 UN-REDD

UN-REDD is a UN program, designed to provide financial resources and technical support to developing countries in order to participate in a REDD system, as soon as the framework is developed and agreed upon within the UN Framework Convention on Climate Change.

It should be clarified however that the UN-REDD program does not involve commercial emissions: rather it focuses on preparing the country to apply all components of a commercial transaction to REDD, which involves quantifying carbon forests, contract duration, and property and forest tenure issues, among other things.

#### Recommendations:

The UN-REDD program must respect the decisions and declarations of the UN:

- The UN Declaration on the Rights of Indigenous Peoples
- The Guides for the application of the principle of free, prior and informed consent of UN-REDD
- The Universal Declaration of Human Rights
- The International Covenant on Civil and Political Rights
- The International Covenant on Economic, Social and Cultural Rights

But what do these mean in practice? There are 'standards', but currently no deed, application mechanism nor complaint mechanism exists at the national or international levels. It is therefore essential to require governments, during the elaboration of National Plans for UN-REDD, to observe these instruments strictly. In addition, governments should maintain these positions during international negotiations.





### 5.5 The Forest Carbon Partnership Facility (FCPF) of the World Bank

The FCPF of the World Bank is a financial mechanism also designed to 'train' countries that form part of its programs to prepare themselves to participate in REDD operations ([www.worldbank.org](http://www.worldbank.org)). The FCPF has policies for the application of the principle of free, prior and informed consent and measures to safeguard the rights of Indigenous Peoples. Also, the accountability mechanisms found in the Operative Policies (OP) of the World Bank apply:

- OP 4.01 is about environmental evaluations
- OP 4.1 is about Indigenous Peoples
- OP 4.11 is about physical cultural resources
- OP 4.12 is about involuntary resettlement

#### Recommendations:

An inspection panel in relation to the fulfilment of policies and safeguards of FCPF and the OP can be summoned on the basis of "threat of damage". The question that arises is when and how to apply these OP, to the so-called R-PIN (Readiness project information notes), the R-PLAN (Readiness plans), the actual REDD-related projects financed by the Bank? Theoretically, it could be applied to a REDD activity at whatever level of development.

The scope of 'preparation' for REDD in the framework of FCPF, must emphasise establishing good governance in the areas of forests and also approve finance to ensure what has not been done is actually done. Governments have to establish processes at the national level with informed participation; provide solutions to the problem of the rights of Indigenous Peoples to communal lands and forests; establish mechanisms to reduce deforestation and degradation of the forests and also greenhouse gas emissions; and stop government programs that lead to deforestation.

### 5.6 The Forest Investment Program (FIP) of the World Bank

The forest investment program of the World Bank is one of three fiduciary funds created by this financial organization to promote the carbon market (Dieterle, 2008).

According to the World Bank, one of the fundamental commitments of the FIP is to deal with the underlying causes of deforestation, such as:

- Socioeconomic factors
- Extra-sectoral policies (those that do not depend on the forest sector)
- Investment in unsustainable exploitation of forests
- Weak and inefficient sector capacity
- Limited financial resources
- Poor and corrupt government
- Inadequate value of forests
- Regime of possession of inadequate land
- Limited amounts of capital

#### Recommendations:

The same recommendations for the FCPF also apply to the FIP, as they are part of the World Bank system. The qualitative difference with other funds of the Bank is, perhaps, that FIP does emphasize in its approach the underlying causes of deforestation and the degradation of forests. The channelling of Bank resources towards these areas of investigation can jump start an important and delayed debate about these causes and motivate attitudinal changes in key actors, to reveal and clarify the responsibilities and roles in deforestation and degradation of the forests.



*Ayoreo, Indigenous Peoples from the Chaco, Paraguay.  
Photo: Simone Lovera, GFC*

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*"The defense of natural resources against devouring capitalism has become an issue on the campaign agenda of an increasing number of popular organizations and social movements. A common front is being reinforced against the false solutions, "market environmentalism" and "green capitalism" such as carbon markets, agrofuels, GMOs and geoengineering nature destruction, which are promoted in the name of climate change mitigation by the main centres of power.*

*We denounce the governments of the geopolitical North who, rather than confronting serious climate change impacts, are seeking to evade responsibility and to develop new carbon market mechanisms to make more profit, such as "Reducing Emissions from Deforestation and Degradation "(REDD), which promotes the commercialization and privatization of forests and the loss of sovereignty over territories. We reject such arrangements."*

*Declaration of the Social Forum of the Americas, 15 August 2010*