Peru: REDD+ places the Amazon rainforest and biodiversity at the service of the financial market

The Peruvian Amazon, which covers more than 61% of the country's territory, is the fourth largest area of tropical rainforest in the world. Thanks to this extensive forest cover, Peru also has an extremely high degree of biodiversity; for instance, it ranks in fifth place worldwide for plant diversity, with close to 25,000 recorded species.

The Amazon rainforest in Peru is seriously threatened, as we have reported in previous issues of the WRM bulletin (188, 166, 161). The direct causes of deforestation include large-scale mining projects, oil and gas drilling, forest concessions to logging companies, highway construction (including construction in the framework of the IIRSA regional infrastructure programme), extensive cattle farming, and more recently, industrial oil palm plantations. Added to this is the deforestation caused by "illegal" mining, as well as agricultural activities such as so-called "illicit" coca crops. In the meantime, indigenous communities and peasant farmers who depend on the forests and have traditionally coexisted with them without destroying them are waging an arduous battle to defend their rights and ways of life. As a result of this long, hard struggle, some 15 million hectares of forest are already under some form of legally recognized indigenous control. There are still at least eight million hectares of reserves where official demarcation is still pending, in which many communities are the occupants of their own lands. There are hundreds of communities and territories that have yet to be systematized.

The official implementation of REDD+ in Peru, underway since 2009, created considerable expectations among the population of the region, with promises such as combating the causes of forestation (e.g. extractive industries), guaranteeing participation and respect for the rights of local communities, improving the weak and fragmented management of forests, and generating wealth. In practice, however, REDD+ has failed to deliver on these promises, while a small group of actors have sought to capitalize on the forests and biodiversity for business purposes.

Blaming deforestation on small farmers

In recent years, as a response to climate change, the World Bank has initiated two forest-related programmes that promote carbon markets and commercial forestry. One of these is the Forest Investment Programme (FIP). The most recent information available on this programme in Peru, where it is implemented with the support of the World Bank and the Inter-American Development Bank (IDB), reveals that deforestation increased from 91,000 hectares during the 2000-2005 period to 163,000 hectares between 2005 and 2008. The increase in deforestation coincided with the increase in economic "growth" rates, which averaged 7.5%. This growth was primarily due to the export of natural resources, with mining as the leading activity, accounting for 63% of total exports. Nevertheless, the FIP plan in Peru claims that the clearing of small areas of forest for agricultural activity, mainly by poor migrant peasant farmers merely trying to survive, was responsible for 75% of deforestation, while large-scale export-geared projects are said to have played only a secondary role. What the FIP plan fails to explain are the underlying reasons that would lead migrant peasant farmers to clear forested areas for agriculture. It also fails to mention that the arrival of these people in the Amazon was preceded by the construction of highways, which is generally motivated by the interests of private companies and the government in moving natural products and resources out of the region.

Like previous World Bank initiatives, the FIP seems to show little interest in analyzing the underlying causes of deforestation in Peru. One would have hoped that, instead of pointing an accusing finger at small farmers for creating small parcels of land for subsistence farming, the World Bank might have learned a lesson from prior failed attempts to curb deforestation. These attempts were also characterized by a lack of analysis, understanding and action on the underlying causes that led to the loss of forests.

And yet the FIP continues with the World Bank tradition of showing little concern for large-scale mining, oil and gas projects, based on the justification that the preparation of an environmental impact assessment (EIA) for a project of this kind ensures that the impacts are duly identified and mitigated. There is no mention, however, of the structural problems related to the undertaking of this type of study in Peru, which proves to be an extremely weak instrument for preventing and/or reducing impacts – and this does not apply only to Peru. Can it really be claimed that mitigating the impacts of large-scale extractive projects is that simple, when the FIP plan itself admits that, in 2012, there were 148 recorded cases of conflicts between companies and communities, 105 of them connected with mining and 24 with oil and gas extraction?

The authors of the FIP plan admit that in areas with some sort of protection, including indigenous territories, there is less deforestation. Therefore, the most obvious proposal would be to officially demarcate all indigenous lands and those of other populations who depend on and take care of forests, as well involving these communities in forest management. In practice, however, local populations are not a priority for the FIP. In fact, at least 70% of the nearly 50 million hectares of land in the Peruvian Amazon that have been leased or are under negotiation with mining, oil and gas companies overlap with indigenous territories. The FIP is aligned with the corporate interests who initiated the “neoliberal sale” of the Amazon and, instead of identifying large-scale projects as the cause of deforestation, lays the blame on small farmers. Moreover, the FIP is based on a totally different premise: it considers the forest, its “natural resources” and its biodiversity as opportunities for the development of markets. These now include the carbon market and “environmental services” in general, as a means of promoting “sustainable, inclusive and competitive development” in the Amazon. This obviously involves big companies and not the indigenous and peasant farmer communities who have repeatedly stressed that they do not share this market-oriented view of the forest.

The Agrarian Federation of the Department of Madre de Dios (FADEMAD), an organization of small farmers, received a proposal in March 2013 from AIDER, an NGO, to plant 5,000 hectares of trees as part of an agroforestry project. The meeting where the proposal was made was also attended by a Peruvian representative of another organization, LIVELIHOODS, which was interested in supporting the initiative. At the end of the meeting, he said that his organization already had “buyers” in the “first world” who were interested in offsetting their carbon emissions in the North by supporting reforestation in the South. The FADEMAD representatives responded that they would be pleased to participate in an agroforesty project, since agroforestry is something that they already practice, but that they had no interest in participating in the carbon business. Their refusal was based on the experience of an earlier project in the region in which the communities involved signed contracts that forced them to relinquish their rights. FADEMAD also observed that although agroforestry has been a traditional practice for many years in the region, it seems that it has only recently attracted the interest of NGOs and private companies because of the business opportunities it offers through the carbon market.

Who benefits from REDD+?(*)

There are certainly some who reap considerable benefits from REDD. These include the consultants who prepare studies and plans, like the Finnish firm Indufor, commissioned to design the FIP plan in Peru, and the NGOs who act as intermediaries in contracts between foreign buyers – polluters like oil companies or finance banks – and local "suppliers", usually peasant farmers and/or indigenous communities, as well as others who will be hired to develop and implement the "complex" and thus costly mechanisms for "measuring" and "monitoring" forest carbon. The case of Peru also shows how the focus on markets and business almost always translates into a total lack of transparency when it comes to the "objects" of negotiations, something that has happened around the world.

With its market focus, the FIP plan for Peru concentrates on actions aimed at increasing carbon "stocks" or sinks and thereby the financial volume of "carbon credits" that can be negotiated on the basis of forests or plantations. These actions include: (1) Granting forest concessions for the extraction of timber under a so-called "sustainable forest management" scheme, preferably with "certification", such as under the FSC. The FIP plan suggests a partnership with the Forest Institute of Brazil for the training of technicians, which would serve as a strong incentive for an activity that has already been heavily challenged in Peru by indigenous and peasant farmer communities, and a significant cause of deforestation, something that is disregarded by the FIP. (2) Promoting "carbon positive" agriculture, such as oil palm plantations, which already have national government and international support as an alternative to "illicit" crops. This is based on a false supposition, because in addition to promoting a monoculture model that leads to a whole range of negative social and environmental impacts, the use of palm oil as an energy source can also generate up to 25% more carbon emissions compared to fossil fuels, if the effects of changes in land use are included in the calculations. (3) Promoting large-scale tree plantations in the regions that the migrant peasant farmers are coming from, including the recommended establishment of 250,000 hectares of plantations in Cajamarca and Huánuco, near San Martín and Ucayali, as a means of employment generation and carbon sequestration. A similar project in Ecuador has demonstrated how this type of proposal generates many more problems for peasant farmer communities and is only attractive for plantation companies (seehttp://wrm.org.uy/blog/books-and-briefings/carbon-sink-plantations-in-the-ecuadorian-andes/). (4) Promoting a domestic carbon market to foster "innovation in financial products", including financial speculation schemes such as "venture capital funds". All of this represents not only the financialization and greater privatization of nature, but also a deepening of the neoliberal processes already underway in Peru and the rest of Latin America for decades, with serious social and environmental impacts.

The FIP plan for Peru also praises the country's new forest law as a positive step, for example, because it allows large-scale projects to "offset" the destruction they will eventually cause, which can open up even further business opportunities. The principle of "offsetting" is a repeated and fundamental factor in the REDD+ proposal; for instance, any necessary deforestation in the desired future of "zero deforestation" could supposedly be offset by promoting tree plantations, falsely classified as "forests". With regard to this new law, FADEMAD comments: "A quick analysis … shows us the inconsistencies of the proposal of economic growth and environmental sustainability (in the name of which they are plundering our natural resources); in more than 30 articles of the law, in addition to mentioning ecosystem services, they also mention tree plantations and even agroforestry."

The FIP plan also refers to seeking “synergy” among the more than 100 REDD+ initiatives in Peru, which already represent close to 400 million US dollars in investments, involving agencies like KfW and GIZ (Germany), USAID (the United States), FAO-Finland, and the government of Japan, including JICA, in addition to the World Bank and the IDB which, together with the private sector arm of the World Bank – the International Finance Corporation (IFC) – would concentrate on land titling and support for logging companies to work “sustainably”. Various agencies that seek to promote the “green economy” are also actively participating, such as the Global Green Growth Institute, with the aim of developing “rigorous green growth economic development strategies”. Another private foundation involved is GBMF, which, together with KfW-Germany, is financing the measurement, reporting and verification (MRV) component of REDD+ in Peru. MRV is a key component in order for carbon to be sold on international markets. All of the countries mentioned above have significant economic interests in Peru, as well as consuming part of the natural resources that it exports.

Finally, the FIP plan admits that creating a better “business” environment in the Peruvian Amazon, with more infrastructure and economic activities, could lead to an increase in undesirable phenomena such as migration and the “disorganized” occupation of land, and consequently, an increase in deforestation. It response to these concerns, it proposes strategies such as land zoning, “synergy” among institutions, and “decentralized management”, put forward as measures that would serve to resolve, as if by magic, any serious problems.

Final comments

From the very beginning of its promotion, REDD+ has been about carbon, about the reduction of greenhouse gases from deforestation and forest degradation. No matter how hard organizations concerned about forest destruction may strive to change this concept and include a holistic view of the forest, which includes the rights of forest peoples, biodiversity and other issues, and although REDD+ has supposedly expanded the REDD concept, those who work to promote REDD+ continue to focus primarily on carbon and have their sights set on the carbon market. As with any other market, the buyers are concerned above all with the value and quality of the merchandise, as well as wanting to exploit other markets. This is the way REDD+ is developing in Peru, and the experience of recent years has demonstrated that REDD+ projects are not aimed at defending the interests or improving the lives of indigenous peoples and small farmers.

REDD+ is therefore simply another business market, in the midst of the climate crisis, which in coordination with other markets, such as those of the extractive industries and palm oil and logging companies, ends up increasing the threats already facing the peoples of the Amazon. Moreover, the actions of those who promote REDD+ have an even more perverse effect: they generate serious divisions in communities and take advantage of the fact that these communities and their organizations are waging an arduous struggle fraught with many difficulties. As FADEMAD states: “Our structural weakness, viewed from the outside, is the best opportunity for all those who seek to implement their plans in the Amazon. Internal divisions and struggles not only weaken processes for strengthening but also open the way for political opportunism and an assault on common goods.”

Due to the fact that REDD+ was designed to work as a market mechanism, it will not reduce deforestation (and thereby, carbon emissions), but instead will grant “rights” to continue polluting and, consequently, will further exacerbate the climate crisis as well as the depredation of the Amazon by large-scale extractive projects. And this will also increasingly affect the tropical forests and their inhabitants in Peru – a country already identified as one of the most seriously affected worldwide by climate change, in both the Andean and Amazon regions.

(*) REDD+ (Reducing Emissions from Deforestation and Forest Degradation) is based on the idea that the carbon dioxide naturally absorbed by trees can offset the carbon emissions produced elsewhere. This premise has given rise to the “carbon market”, where polluters can buy carbon credits to compensate for their own emissions from carbon offset projects. For more information on the troubling impacts that REDD+ projects have caused for indigenous communities and other local populations worldwide, see the WRM booklet “10 Things Communities Should Know About REDD” (http://wrm.org.uy/blog/books-and-briefings/10-things-communities-should-know-about-redd/) and various other related WRM publications and articles available at:http://www.wrm.org.uy/subjects/REDD.html

Sources: Analysis of the FIP plan for Peru by AIDESEP (http://issuu.com/aidesep/docs/an_lisis_pif_versi_n_14.02.13?mode=window); FIP Plan, Version 15/03/2013 (available in Spanish at http://wrm.org.uy/paises/Peru/PIF-PERU.pdf), Public statement by FADEMAD – Federación Agraria Departamental de Madre de Dios (available in Spanish athttp://wrm.org.uy/paises/Peru/Informe-FADEMAD-Peru.pdf), “La realidad de REDD+ en Perú: entre el dicho y el hecho”, AIDESEP, FPP and others (http://www.forestpeoples.org/sites/fpp/files/publication/2011/11/la-realidad-de-redd-en-peru-entre-el-dicho-y-el-hecho-para-el-sitio-web_0.pdf)