

REDD Should Create Jobs, Not Merely Bring Compensation

by

Dr Promode Kant¹

The Bali Conference of December 2008 gave hope that REDD would make quick progress and the flurry of meetings across the world over the year 2009 does indicate that lot of effort did indeed go into making REDD a workable programme acceptable to both the developed and the developing countries. At Copenhagen, where little was achieved, there was still a consensus around REDD that it was an idea worth pursuing and that adequate funds should be made available for a task of this importance and utility. This led to heightened expectations among the developing countries that REDD Plus could deliver unprecedented levels of transfer of funds, with some estimates placing it as high as US \$ 20 to 30 billion annually, from the developed to the developing economies.

But since the beginning of the current year 2010 there has been very little progress in REDD (or REDD Plus, as it is now officially called) and not much can be expected from Cancun next month if what happened recently in Tianjin Climate Meet is any indication. Apparently, the divide between the developed and developing countries is getting wider and even the thin agreement reached at Copenhagen for reducing emissions has not only vanished by itself but may have also diluted the consensus reached around REDD. The rich countries, except Norway, do not appear inclined to make any real investments on REDD till a perfect system acceptable to them is firmly in place. At Oslo in April this year the North had agreed to begin with a meager funding of \$ 4.5 billion for initiating REDD but at Tianjin it was clear that the desire to spend even this limited allocated fund is lacking.

There is no dispute that the REDD funds must reach those who make real sacrifices in saving forests. A major burden of the share is usually borne by those residing close to the forests. Some of them loose their very means of sustenance and employment, and access to their only source of energy, while some are affected to lesser degrees. There are lost employment and trade opportunities for those involved in transportation, value addition and manufacture, and trade in forest products many of whom do not

¹ Director, Institute of Green Economy, New Delhi, India. Email: director@igrec.in

necessarily belong to the communities in the vicinity of forests. And there is a cost to the larger society also by way of losses of revenue and taxes to the national exchequer.

There are also increased costs to the country in planning and executing new policies that ensure forest protection and extension and development of alternatives to the lost opportunities of income from agriculture and timber and of energy and employment, even if unsustainable, that would have come from the deforested lands. Within the same communities also there would be people who may not be affected at all as they may be involved in economic activities unconnected with forests. Some may even benefit from stopping deforestation and forest degradation, like those who own trees may benefit from increased prices of timber resulting from control over excessive felling in forests.

Another factor that needs to be considered seriously is that sharing of funds between neighboring tribal communities can also result in serious conflicts among the claimant tribes that may lead to violence. Cash incentives can divide communities and in such situations increasing compensations can actually make the conflicts even more vicious.

There are thus a whole range of social and economic issues, costs and benefits to individuals, the communities and, sometimes, to a part of these communities, and to the nations as a whole and these differences can be ignored only at the price of an assured failure. Those who argue for transferring most of the money direct to the communities are perhaps as far off the mark as those who see virtue only in handing over the monies to the country governments and hoping the rest will take care of itself. The payments must reflect the realities of cost of REDD to different stakeholders, and the need to ensure that the compensation reaches them adequately and in time, if the program is to succeed beyond the mere infusion of money from outside.

From a Passive REDD to an Active REDD

One way of approaching it is by making REDD Plus primarily a positive action, rather than merely keeping away from damaging the forests, and making most of the payments to those who actually participate in such positive actions. For example, reducing deforestation may include identification of forest boundaries, survey and maintenance of related land records, inventorying timber and non-timber forest produce, preparation of management plans, carrying out sustainable harvesting, first level value addition to the harvested product, setting up and managing decentralized biomass energy units sustainably for meeting local energy needs, replanting at least some of the previous years cleared lands, protection against fires and pests and promotion of ecotourism through laying trails and managing them, and capacity building of suitable members of the local communities for all the related activities.

In forests prone to degradation, introducing and enlarging the scope of forest certification and deepening law enforcement using the services of young members of the neighboring communities would be beneficial. In forests for conservation, the primary activities should be effective law enforcement against illegal tree felling and poaching of wildlife through intensive intelligence gathering and patrolling while in extending the lands under forest cover, the primary activities should be linked to forestation. And besides these primary activities almost all the activities mentioned in the preceding paragraph for forests affected by deforestation would also need to be carried out.

In effect, a very intensive forest management, instead of the present largely hands off policy - leaving forests to their fates, should become the general approach. This is also recognized as the core part of strategy for dynamic adaptation of forest management to the changing climate.

Reduced Opportunities for Corrupt Practices

This manner of utilization of REDD funds through the active participation of the communities will largely solve the problem of distribution of funds and the fears of corruption overpowering any gains that may accrue from REDD. This stands in sharp contrast when the money is paid as a compensation for a damage not done which not only reeks of blackmail but is an open invitation to corrupt elements in developing countries to line their pockets leading to even poorer governance than what obtains today. There should, of course, be a certain part of the money, say one fourth, which should go to the national governments to compensate them for the costs that the larger society would have to bear. And there would also be a small part of money that should be earmarked to the local community as a whole to compensate for the collective losses that they are likely to bear. But the larger share of the money should still reach those members of the communities who actively work to meet the REDD objectives.

Real Benefit is Job Creation

But this might actually prove to be the lesser of the many benefits that this approach would bring. The bigger advantage of this approach is that it creates jobs. Nair and Rutt², 2009, have examined in details the potential new jobs that can result from various activities related to the sustainable management of forest worldwide. They have argued that in the forestry sector an annual expenditure of \$ 1 million creates between 500 to 1000 full time jobs in the developing countries and between 20 to 100 jobs in the developed countries. The highest amount of creation of new full time jobs is expected to come from the afforestation, reforestation and desertification control, followed by forest conservation, fire management, indigenous forest management, watershed improvement, improvement of productivity of existing planted forests, agro forestry, urban and peri-urban forestry and in skill improvement in the forestry sector.

Normally, conservation of forest is seen as not causing damage to forests and, therefore, not an activity likely to create many jobs. But Nair and Rutt recommend conservation activities like demarcation of boundaries, maintenance of inspection paths and roads and creating and managing nature education and information centers for the general public particularly the student community. They also foresee increase in demand for recreational activities as incomes rise which would make the ecotourism in well conserved natural forests an increasingly paying activity in the years to come.

The table below is an assessment by Nair and Rutt (2009) of the potential for the creation of new full time jobs in Sustainable Forest Management and the levels of investment required globally for various

² Nair, C.T.S. Nair and Rutt, R, 2009, Creating forestry jobs to boost the economy and build a green future, UNASYLVA, Vol 60, No. 233, FAO, Rome

activities that constitute such a management. The total annual global fund requirement is assessed by them at US\$ 36 billions.

Forest Management Activities	Full time new jobs in millions	Annual target area in million ha	Approximate annual outlay in billion US\$
Afforestation, Reforestation and Desertification Control	4-5	5	8
Improvement of productivity of existing planted forests	0.5-1.0	10	1
Watershed Improvement	1-3	1	6
Indigenous forest Management	1-2	4	5
Forest Conservation	2-3	20	7
Agro forestry	0.5-0.75	2	1
Fire Management	1.0-1.25	10	5
Urban and peri urban forestry	0.1-0.5	0.1	2
Skill improvement of forestry and wood industry	0.05		1
Total	10.1-16.5		36

Source: Nair and Rutt (2009)

As noted in the beginning there have long being expectations of flow of REDD funds of the order of US\$ 20 to 30 billions annually to the developing economies. Assuming it materializes at \$ 20 billion, REDD would have the potential of creating at least 10 million full time forestry jobs in the developing economies. Nair and Rutt also suggest that the investments in forestry sector has a high multiplier effect with every forest worker generating an addition of 1.5 to 2.5 jobs in the local economy since most of the

workers income goes to the purchase of goods and services in local markets. This should mean a further 15 million jobs in downstream economic activities in developing economies.

Creating Jobs in Developed Countries too

And a good part of these jobs can also be created in the developed economies, too. Under the prevailing circumstances in the developed countries, facing the uphill task of coming out of deep recession, it would be domestically a very difficult task to provide sufficient funds for REDD unless it also creates good employment opportunities within their own countries. Thus, it would be politically wiser to ensure that REDD creates a good number of jobs in developed economies, too, for the purpose of capacity building, planning, monitoring, reporting and verification, in which greater skills exists in the developed countries, in the first five years of the implementation of REDD which could taper in the subsequent years.

It is, therefore, suggested that, in the first five years, a quarter of the amount under REDD may be spent within the developed countries that would help them in domestic job creation in capacity building, monitoring, reporting and verification, and planning. While there may not be much objection to the role of developed countries in capacity building and planning, many developing countries may not readily accept their intrusion in monitoring, reporting and verification but it would be a good compromise if this is accepted for a brief period of five years only.

Going by the same assumption of an annual global outlay of US\$ 20 billion for REDD Plus activities an expenditure of one fourth of it domestically, for the purpose of capacity building, planning, monitoring, reporting and verification, should create 1,00,000 direct full time jobs and 1,50,000 downstream jobs annually within the developed economies for the first five years. This should be a welcome addition to the other efforts to reduce unemployment in the developed economies.

If it ultimately does fructify it would not be the first time the forestry sector would be playing a role in creating new job opportunities. In the recovery from the Great Depression of 1930s in the USA, and from the destructions of the Second World War in Japan, the forestry sectors in these countries played a key role in creating productive employment by undertaking reforestation of timberlands, fighting forest fires, building forest roads and creating and maintaining forest parks and the building of these assets during that time not only provided employment so critical during those days but, even more importantly, created resources for future generations to reap benefits from.

There could not be a better example of sustainable investment in the future. Let the US and Japan provide lead again. Along with Norway, the European Union, Australia, New Zealand and Canada. Many of the Economies in Transition, the former communist countries, now in much better shape economically, can also begin investing in their future and that of the rest of the world. It is time also, perhaps, for rich countries like Saudi Arabia, Qatar, Kuwait, Brunei and the UAE, enjoying very high per capita incomes but out of the Annex 1, to begin contributing to solving the problems created by the very oil that has made them so rich.

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