

**FOREST GOVERNANCE, DECENTRALISATION AND REDD+
IN LATIN AMERICA AND THE CARIBBEAN
REPORT FROM THE OAXACA WORKSHOP**

**A COUNTRY-LED INITIATIVE IN SUPPORT OF THE UNITED NATIONS FORUM ON
FORESTS (UNFF) BY THE GOVERNMENTS OF MEXICO AND SWITZERLAND**

**31 August – 3 September 2010
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Summary

The objectives of the Oaxaca workshop were to identify trends, facilitate the sharing of experience and distil lessons learnt on Sustainable Forest Management (SFM), forest governance and decentralisation in light of REDD+, to identify opportunities and threats to livelihoods and poor people; contribute directly to the 9th session of UNFF scheduled for January 2011 and dedicated to *Forests for people, livelihoods and poverty eradication*; and inform discussion during COP16 in Mexico and contribute to REDD+ design.

The Workshop was organised by Mexico's *Comisión Nacional Forestal* (CONAFOR) and the Swiss Federal Office for the Environment (FOEN), and co-organised by the Center for International Forestry Research (CIFOR), Intercooperation (Switzerland), the United Nations Forum on Forests Secretariat, the Inter-American Development Bank (IDB) Group and United States Agency for International Development (USAID) and additional financial support from Finland, Norway, Sweden, United Kingdom, Japan, SDC Switzerland, ITTO, FAO, UN-REDD and the Ford Foundation.

The workshop was organised around the following themes: (1) People, forest governance and forests, with subthemes (a) governance and REDD+ implementation and (b) opportunities for establishing synergies between mitigation and adaptation initiatives; (2) Landscape change, forest management and REDD+; (3) Forest finance and finance for REDD+; and (4) Rights, livelihoods and forests, with subthemes (a) REDD+, rights and communities and (b) indigenous people and REDD+.

The workshop concluded that REDD+ offers both opportunities and risks for people and forests. SFM can make an important contribution to REDD+ initiatives. Past concerns regarding governance are still valid, and effective governance is even more important in light of REDD+, as a new mechanism offering significant funding and requiring high levels of technical capacity and new instruments for monitoring to demonstrate achievement of emissions reduction goals. The more inclusive that REDD+ processes are, in all phases of design and implementation and at all scales from global to national and local, the more legitimacy and acceptance REDD+ will have, and the more effective it will be in reducing carbon emissions and improving livelihoods. Inclusive and decentralised processes will require capacity-building and knowledge sharing at all levels.

The workshop formulated 14 recommendations to countries and 7 to UNFF. Key recommendations to UNFF include:

- Support strengthening the inclusion of local people, including indigenous peoples and women, in decision-making, benefit sharing, and preservation of their cultural and social values through SFM and REDD+.
- Promote synergies between climate change adaptation and mitigation in forests through SFM.
- Promote the linkages between SFM and *REDD+ policies and positive incentives*, as REDD+ has the potential to provide significant support to achieving SFM.
- Emphasise the particular role of SFM in combating forest degradation and its potential for enhancing forest carbon stocks.

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I. Introduction and background

(1) At the closing of UNFF 8 on 1 May 2009, the Governments of Mexico and Switzerland announced an international workshop focused on Forest Governance and Reduced Emissions from Deforestation and Forest Degradation (REDD+)¹ in Latin America and the Caribbean (LAC). The workshop, held from 31 August to 3 September in Oaxaca, Mexico, was a country-led initiative in support of the United Nations Forum on Forests (UNFF). The Workshop was organised by Mexico's Comisión Nacional Forestal (CONAFOR) and the Swiss Federal Office for the Environment (FOEN), and co-organised by the Center for International Forestry Research (CIFOR), Intercooperation (Switzerland), UNFF, the Inter-American Development Bank (IDB) Group and United States Agency for International Development (USAID).²

(2) The goal of the Workshop was to bring together diverse stakeholders, policy makers and international experts to share experiences and explore opportunities for generating concrete gains from governance reforms in the context of REDD+ in LAC. The Oaxaca Workshop is the fourth country-led initiative focusing on the theme of governance and decentralisation in forestry. In 2004, the Governments of Switzerland and Indonesia jointly organised the Interlaken Workshop on Decentralisation in Forestry as a country-led initiative in support of UNFF. The purpose of that workshop was to capture the global situation in the interplay between

¹ REDD+ as defined in the Bali Action Plan (par 1(b)(iii): '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.'

² Other sponsors included Swiss Agency for Development and Cooperation (SDC), Ford Foundation, Department for International Development (DFID), International Tropical Timber Organization (ITTO), Ministry of Agriculture (Sweden), Norwegian Ministry of the Environment, Ministry for Foreign Affairs of Finland, Japanese International Cooperation Agency (JICA) and the Food and Agriculture Organization (FAO).

forest governance and decentralisation. This was followed by the 2006 Yogyakarta Workshop on Forest Governance and Decentralisation in Asia and the Pacific hosted by the Government of Indonesia and supported by Switzerland; and the 2008 Durban Workshop on Forest Governance and Decentralisation in Africa, organised and co-hosted by the Governments of South Africa and Switzerland. These two workshops provided special attention to regional realities.

(3) Governance issues are of fundamental importance to sustainable forest management (SFM), the core objective of UNFF. REDD+, as a new climate change mitigation measure, has strong potential to alleviate poverty, but its implementation needs to be better understood in the context of forest governance. Thus, the Oaxaca workshop aimed to better our understanding of the linkages and synergies between decentralisation and broader forest governance reforms, SFM, the improvement of living conditions for people who depend on forests and the increasing role of forests in climate change mitigation and adaptation.

(4) There are many ongoing REDD+-related projects and activities being implemented throughout LAC that are important at the local scale. At the national scale, REDD+ Readiness activities have initiated in 15 LAC countries with the World Bank's Forest Carbon Partnership Facility (FCPF) and the UN-REDD Programme. Ten of these countries are preparing or are in the initial implementation stage of so-called Readiness Preparation Plan. This includes (i) an inclusive consultation process and preparation of institutions; (ii) the analysis of drivers of deforestation and degradation and the development of a national REDD+ strategy; (iii) the development of a carbon baseline based on the REDD+ strategy; and (iv) the introduction of a monitoring, reporting and evaluation process (MRV) with full respect for the World Bank's social and environmental safeguards provisions. Three countries in LAC have been chosen for piloting up-scaled funding for REDD+ investments (Mexico, Peru and Brazil). Other countries are working with bilateral donors in developing their national REDD+ scheme. In many countries, the REDD+ process is being conducted by institutions and authorities that are not the ones in charge of forests. Inter-institutional and inter-sectoral approaches need to be developed and refined at the national level, and learning processes to be conducted to develop adequate consultation mechanisms at national, regional and local levels.

(5) Several factors underscore the relevance of a discussion on the relationships among SFM, forest governance, REDD+ and livelihoods. Forests in LAC are home to millions of people who depend directly on forest resources for their livelihoods. Current deforestation rates and their external drivers deprive these people of this resource. At the same time, in many places deforestation and forest degradation are driven by poverty: poor communities change the land use to improve their lives. Forest policies and instruments can influence REDD+ outcomes and REDD+ projects' and schemes' ability to provide incentives for conservation of forests, while reducing poverty.

(6) The objectives of the Workshop on Forest Governance, Decentralisation and REDD+ in Latin America and the Caribbean were:

- To identify trends, facilitate the sharing of experience and distil lessons learnt on SFM, forest governance and decentralisation in light of REDD+ and to identify opportunities and threats to livelihoods and poor people;
- To contribute directly to the ninth session of UNFF scheduled for early 2011 and dedicated to 'Forests for people, livelihoods and poverty eradication';
- To inform discussions during COP16 in Mexico and contribute to REDD+ design.

(7) The Workshop brought together a mix of participants from government, civil society, research institutions, community organisations and the business sector. It was designed to facilitate sharing of insights from the diversity of countries' experiences in order to draw lessons and recommendations for action by the UNFF and other key institutional actors and decision-makers. It also aimed to foster widespread sharing of information and outcomes and create a forest governance community of learning through a variety of web-based follow-up activities.

(8) A total of 230 participants from 22 Latin American and Caribbean countries and 12 other countries, representing national, sub national and local governments, civil society organisations, indigenous peoples' organisations, private sector, research, academia and international organisations, participated in the Workshop. This Final Report captures the highlights of the deliberations undertaken during the Workshop.

II. Overview of Sessions

Opening session

(9) Speakers during the opening session reiterated the purpose of the workshop and the importance of governance for SFM, REDD+ and the future of forests, including a clear legal framework, accountability, capacity building, tenure rights, benefit distribution and the anticipation of threats. The emphasis on governance and REDD+ supports the 9th session of UNFF dedicated to *forests for people, livelihoods and poverty eradication* and the importance of forests as much more than carbon. Mexico, in its commitment to the fight against climate change and its contributions to the next COP meeting in Cancun, was celebrated as an appropriate location for the workshop, and Oaxaca, in particular, was highlighted for its importance in terms of biodiversity and its indigenous communities.

Workshop themes

(10) The workshop consisted of presentations, panel discussions, roundtable sessions and field trips. These were organised around four main themes: (1) People, forest governance and forests, with subthemes (a) governance and REDD+ implementation and (b) opportunities for establishing synergies between mitigation and adaptation initiatives; (2) Landscape change, forest management and REDD+; (3) Forest finance and finance for REDD+; and (4) Rights, livelihoods and forests, with subthemes (a) REDD+, rights and communities and (b) indigenous people and REDD+.

(11) The themes and subthemes served as a way of loosely organizing presentations and discussions to allow the clustering of ideas but also for recurrent issues to surface and flow across thematic boundaries. All presentations and background materials regarding the workshop are available at www.cifor.org.

Field trips

(12) Four field trips to nearby municipalities were organised as an integral part of the workshop to further common understanding about key issues of the Workshop and to facilitate networking and communication among participants. The field trips were designed to provide the participants exposure to the Mexican context and specifically to different models of community forest management, including experiences with sustainable logging and carpentry, ecotourism and carbon markets. (For more information, see Annex 2).

Open Spaces

(13) Four Latin American organisations organised open space discussions around the following topics: the practicalities of carbon payment schemes for REDD+; the legal framework for REDD+ in Latin America; forest land use planning in the forests of San Nicolas, Colombia in light of climate change mitigation; and the organisation of REDD+ projects by indigenous peoples. These meetings provided further opportunity for dialogue among participants.

III. Thematic presentations and discussions

Theme 1: People, forest governance, and forests

(14) The opening presentation under this theme introduced the concept and principles of governance and discussed its relevance to REDD+ and forest people in LAC. Deforestation is caused by a combination of inappropriate forest governance and extra-sectoral dynamics; that is, some decline in forest surface area may be planned. Forest degradation, however, is primarily linked with inappropriate or ineffective governance and is mainly the responsibility of the forest sector. REDD+ is not a governance reform but will be shaped by the governance environment in the countries where it is implemented: it can improve forest governance or can be undermined by its failures and needs good governance to be effective, efficient and equitable. At the same time, LAC's forests are home to millions of poor people; a fifth of the rural population depends to some extent on forests for their livelihoods.

(15) A supportive governance environment can be defined by 1) Clear, coherent policy, legal and regulatory frameworks 2) Systems for effective implementation and enforcement of those policies, laws and regulations and 3) Participatory, transparent and accountable decision-making and institutions. In spite of some progress, forest governance in LAC is still fraught with numerous problems that could affect the success of REDD+. These include opaque and centralised decision making; overburdening bureaucracy; the misalignment of policies in agriculture, infrastructure and other spheres that affect forests; an emphasis on timber management instead of broader integrated forest management; insufficient funding and capacity, unclear legislation and the failure to implement laws; corruption and illegal logging; and lack of clarity and respect local forest tenure rights and local forest knowledge.

(16) Additional papers explored these and related issues more in-depth. A variety of current policies have unintended negative economic, equity and environmental effects, while policies for REDD+ are in their infancy. Synergies between efforts to curb illegal logging and REDD+ could have an important impact on illegal forest activities. A large influx of funds through REDD+ could also deepen corruption and further damage the reputation of forest managers. Resistance to governance reform is sometimes fierce, and change will require not only political will but also political savvy.

(17) The values and benefits of forests accrue at different scales. Many values are important for local communities and tend to be favoured under decentralised systems. Other values, notably biodiversity, hydrological and climate regulation functions, benefit entire nations and the global community. Special measures are needed to ensure that the values that are predominantly national and global are maintained in decentralised systems. Regulations and incentives, as provided by REDD+ schemes, are the most common means of achieving this. Markets need to be developed for environmental services (particularly REDD+, water protection and biodiversity), based on secure property rights in order to provide revenue support for the provision of those services and as a more equitable way for society to exert influence over which national and global values are delivered.

(18) Concerns were raised over potential recentralisation of decision-making over forests under REDD+. A centralised REDD+ allows for national carbon accounting systems, the control of leakage and broad-based benefit distribution. But decentralisation of REDD+ implementation would increase legitimacy and allow subnational and local governments to tackle specific causes of deforestation, which vary across the landscape. A strong federal system such as that of Brazil makes an effective balance of powers between central and state governments more likely, but it is unclear where municipal governments will stand; a large influx of funds may lead to recentralisation where subnational governments are weak.

(19) Current international negotiations have treated mitigation and adaptation (M&A) as two separate streams, with a cascading effect on national-level policy; they have been addressed as completely separate policy processes with very little communication between the two. Nevertheless, there is growing consensus on the need to explore, promote and develop synergies, especially in forest, agriculture and land use, at multiple scales: global, national, landscape and local. REDD+ projects and policies can contribute to the adaptation of

forests, people and countries to climate change if they deal appropriately with livelihood and governance issues and reduce vulnerability.

(20) Almost all the interventions during the discussion period referred to concerns over the rights of local actors: indigenous rights, communal tenure or common property, the lack of tenure rights for women and the importance of decentralisation, referring to coordination specifically between central and local governments and to decentralisation to indigenous peoples. In this regard, the need for capacity building and effective representation is crucial. There was also concern expressed about the reasons that governments believe that REDD+ will be more successful in relation to ongoing governance problems, especially for reaching these groups.

(21) Roundtable discussions were divided into two groups. The first group focused on governance and REDD+ implementation, exploring national experiences with decentralisation, forest tenure reform and emerging REDD+ strategies and plans to identify best practices, bottlenecks, contradictions and potential synergies for people and forests as REDD+ programs evolve. They considered actors of governance for REDD+ in LAC countries, preliminary lessons learned and practices to ensure transparency and accountability. The second group explored opportunities and governance mechanisms for establishing synergies between mitigation and adaptation policies and initiatives at multiple scales, from international to local.

Theme 2: Landscape change, forest management and REDD+

(22) Important transformations are underway in tropical landscapes in LAC with implications for economic development and climate change. Landscape transformation is driven not only by national policies and markets but also by global market dynamics associated to a growing role of transnational traders and investors. National and global trends influence social, political and economic interactions at the local level and ultimately shape land use and the socio-economic profile of landscapes. In addition to deforestation caused by development needs and market demands, degradation due to unsustainable forest use and wildfires are among the major causes of carbon emissions in the tropics.

(23) The presentations under this theme all agreed that reducing deforestation and degradation depends on making forests and forest products economically competitive with other alternatives, though money alone is not enough. Economic competitiveness can be increased through policies that decrease land rent for agricultural crops and increase it for forest use, that increase the price of specific products from well-managed forests or that decrease transaction costs for forest use. REDD+ mechanisms will need to learn from past experience and take into account the specific characteristics of the areas and populations where they will be implemented. The instruments created to promote REDD+ (e.g. FCPF, UN-REDD, FIP, REDD+ Partnership) demand fast investments, however developing appropriate national and local processes and capacities work on slower time frames. This issue needs due consideration in the policy dialog.

(24) The tropical forest landscape can be differentiated by types of actors and production systems, each with different, dynamic social contexts leading to different land use outcomes, and thus deforestation dynamics. The five main landscape types are characterised by: growth driven by agribusiness; expansion and modernisation of traditional ranching; growth and stagnation of peasant agriculture; large-scale commercial logging on public lands; and the resurgence of traditional agro-extractive economies. The pressure on forests and social effects vary among these types. To be effective, REDD+ will have to differentiate across these types and at specific locations, and among the key actors causing deforestation, their opportunity costs and effective institutions and means of implementation. Their different objectives and behaviours mean that different actors will respond differently to REDD+ incentives.

(25) The roots of forest degradation – weak forest governance – are similar but not the same as those of deforestation, hence attempts to address degradation as well as forest conservation, sustainably managing forests and enhancing carbon sinks in REDD+ will require an additional set of knowledge and policies. Proposals include increased tenure security for and participation of communities, firms and concessionaires;

appropriate harvesting and silviculture; incentives for forest restoration; and taxation policies or market-based instruments such as certification or performance bonds to improve management.

(26) Interventions from participants called for more research and better understanding of the political economy – the politics and the social interests that drive policy-making and land use. For example, some dynamics defy predictions that deforestation will occur, because of effective governance or social organisation. Other participants commented on the problem of low or non-existent demand for certified timber, which drives down the benefits of certification. Questions were raised about the possibility that too many different agendas driving REDD+ could dilute its effectiveness. Participants also raised the issue of scale, including the need to pay attention to individual producers or users, and to lawful owners vs actual forest users in the context of land tenure; national vs local perspectives on policy; and the role of markets. Discussion emphasised the importance of a common understanding of economic, social and political dynamics.

(27) Round table discussions focused on development pressures on forests and people and the adequacy of responses. They explored the policy options for balancing development challenges and forest conservation in the context of REDD+, associated governance challenges to address the drivers of deforestation at degradation at different scales and policies needed to support SFM so that it can fulfil its promise and combine development and the REDD+ goal of long-term carbon emissions reduction.

Theme 3: Forest finance and finance for REDD+

(28) Investing in forestry and timber assets is nothing new. REDD+ finance can bring a whole range of benefits, but interests vary among different stakeholders and parties. For developing country governments, REDD+ is a new source of finance for development and an effective measure to reduce GHG emissions. For developed country governments it is a cost efficient option for global carbon offsets. NGOs are primarily interested in its potential for biodiversity conservation. It can be an additional source of finance to make SFM competitive for investors. Many believe that it can help lift the rural poor and forest dependent people from poverty. Politically powerful groups and vested interests are likely to consider it as yet another income opportunity.

(29) It is difficult, if not impossible, to meet such a wide range of interests. Different forest-related carbon markets are likely to provide common and different options. There are three main options for REDD+ finance:

- A fund, which could be national, bi- or multi-lateral or international and mobilise public and private resources;
- A market mechanism for verified/certified credits used by investors in Annex I countries;
- A hybrid, market/fund linked mechanism for credits combined with certified emissions reductions (CER).

(30) There are proposals for phasing-in REDD+ finance and implementation in three stages: strategy development and institutional strengthening; access to predictable REDD+ finance based on clear criteria; and finally, a GHG-based instrument rewarding performance.

(31) Presentations under this theme focused on financing small-scale forestry, voluntary market standards and assessment criteria and the REDD+ partnership as an initiative designed to mobilise efforts and funds for REDD+. Experience with small-scale sustainable forest management in LAC demonstrates that one of its main weaknesses is the lack of affordable or accessible financing options as well as the need to enhance incomes from the sale of products and services. REDD+ may provide additional funding options for SFM but would require attention to a number of issues. Those include the integration of REDD+ into broader national forest finance strategies; respect for 'bottom-up' demand and local diversity, the need to integrate with broader livelihood strategies and building on existing structures but with awareness of their weaknesses; the use of intersectoral and strategic rather than blueprint approaches; and the promotion of innovation and knowledge sharing, especially among forestry and finance sectors, which are 'worlds apart', and with communities.

(32) A comparative analysis of 10 existing voluntary certification schemes suggests a variety of options that could be used for certifying REDD+ projects or programs. The options were analyzed according to the extent to which they assess commonly accepted safeguards and requirements for REDD+, including poverty alleviation, participation of and respect for indigenous peoples and local communities, support for SFM, conservation of biodiversity, accurate measurement of carbon emissions and requirements for monitoring and reporting, the credibility of the scheme's certification procedures, and others. Though no single standard covers all essential aspects of REDD+ activities, they may provide an important starting point for innovation and testing in relation to the design of the REDD+ finance mechanism eligibility criteria and safeguards.

(33) The REDD+ Partnership was explained as a mechanism that permits member countries to move forward with REDD+ actions before an international agreement is finalised. Donor member countries among the 60+ members have agreed to provide funds to make this possible, and are providing funds for readiness and implementation activities. The partnership supports the harmonisation of ongoing initiatives and is not a parallel process or negotiating forum. It is committed to transparency, inclusiveness and learning exchange and follows the three-step approach of the international initiatives of readiness (capacity building and strategy options), the development of appropriate REDD+ policies and measures and implementation. The partnership will identify areas that require more funding and make recommendations to increase the efficiency of the international process.

(34) Concerns were raised about uncertainty regarding the long-term availability of REDD+ funds, the role of funds versus markets in providing more funding and the need for an international agreement to provide greater certainty for both. Fear was also expressed that funding for forest conservation may undermine ongoing successful ways in which people have maintained forests in the past. The possibility of using REDD+ funds to purchase and reforest pasture land was raised, as well as the goal of building on community experience and management models and using REDD+ funds to help these adapt and grow. Discussion about the potential of payments for environmental services as a REDD+ mechanism mentioned problems that would have to be addressed such as leakage. An indigenous participant noted problems in having indigenous proposals taken into consideration by certain governments due to closed negotiations.

(35) Concerns regarding standards and certification focused on the tradeoffs between transaction costs and benefits. There is growing use of certification schemes by buyers interested in assuring that their funds are not causing social or ecological harm, but these have to be cost-effective. For example, CDM-afforestation/reforestation was criticised for having very high transaction costs. A short additional presentation was made regarding a toolbox that has been developed for cost-effective social impact evaluation.

(36) The round table groups focused on identifying the conditions under which REDD+ finance will best work for forests and people. Participants drew on lessons from national experience in forest finance and discussed key challenges, such as access by the poor and rules for participation at country, subnational and local scales, mechanisms to prevent REDD+ capture by vested interests and how to ensure REDD+ competitiveness in comparison to other land uses. With regard to compliance, the discussion sought to identify national level capacity requirements, lessons from experience with voluntary standards and policies and measures to ensure that REDD+ finance delivers emissions reductions while also meeting equity and efficiency objectives.

Theme 4: Rights, livelihoods and forests

(37) Some of the most important challenges for REDD+ will be related to land tenure and carbon rights in achieving emission reductions, ensuring transparent benefit sharing and determining non-permanence (or non-compliance) liabilities. In Latin America and the Caribbean, REDD+ strategies will unfold in a context of evolving tenure systems, increasing claims to rights over ecosystem services, including carbon, and expanding forest areas under community management. An important portion of Latin America's forests is located in indigenous territories. Many of these are subject to threats from colonists, illegal loggers, extractive

companies and others, whose practices endanger not only the forests but also indigenous people's territory as a whole. Hence the importance, *a priori*, of indigenous territories for REDD+ and REDD+ for indigenous peoples.

(38) The first presentation under this theme provided an overview of tenure rights. Tenure regimes define who has rights over forest resources, who should be held responsible for losses and gains in forest carbon and who can claim access to or ownership of ecosystem services and their benefit streams. LAC countries have addressed tenure issues to varying degrees in their REDD Readiness Preparation Proposals (R-PP), but this has generally been insufficient, both with regard to ongoing insecurity and conflict and to the failure to enforce existing formal and customary rights. Even in cases where carbon rights are clearly associated with forest tenure rights, it is not always clear what this will mean when the state is the forest owner but local people are forest managers; and it is not clear how liabilities and penalties for non-compliance will be managed.

(39) Indigenous peoples, the topic of the second presentation, now own or formally manage at least 160 million hectares of land in LAC, including over a quarter of the global Amazon. The right to territory is embedded in other collective rights to autonomy or self-government but has been implemented at a scale at which most indigenous communities did not previously have governance institutions. Hence REDD+ offers an opportunity not only for increasing the value of forests but could also support the constitution of these territories, as political, social and economic entities. REDD+ may present risks for indigenous people, however, if they do not have secure land rights or if they fail to obtain carbon rights, or if it is implemented in ways that undermine traditional culture and livelihoods. It is in the interest of both governments and indigenous peoples to come together at the same table and turn REDD+ into an opportunity.

(40) Community forest management (CFM) could be an effective REDD+ strategy. CFM is defined broadly as 'the management of forest resources and services by communities or groups within communities under shared rules or collective rights.' REDD+ could support CFM where it currently exists and help create the conditions that have resulted in successful CFM to date. Those conditions include effective land tenure institutions and strong multi-scale governance institutions capable of implementing, maintaining and defending productive forest systems.

(41) There was general agreement among the presentations that the legitimacy of REDD+ procedures depends on ensuring indigenous and community participation in designing REDD+ strategies; rights to carbon benefits should be clear and substantiated; internal community politics may affect benefit distribution within communities; and 'one-size-fits-all' schemes will not work. That is, REDD+ options should be adapted to local contexts.

(42) The discussion involved controversial issues and lively debate. One of the central issues was the appropriate scale for effective forest management. One group defended the community scale and successful experiences, particularly of communities managing forests with traditional knowledge, and argued that institutions do not exist to manage larger territories. Another group argued that CFM is not successful or replicable and that the territory scale is more appropriate. There was also strong disagreement on whether carbon rights should be linked to land rights. Concern was raised that, based on business-as-usual economics, larger players will gain while communities lose. Other risks were mentioned such as fraud (Costa Rica is developing an anti-fraud unit) and the need to hold negotiations with stakeholders at appropriate scales to design working agreements.

(43) The round table discussions examined policies and practices that affect or engage communities in their effort to reduce poverty and identified opportunities and lessons relevant for REDD+ design. Discussions were organised into two subthemes. The first group focused on rights and communities, while the second group focused on indigenous peoples specifically. Both groups sought to identify the processes and institutional arrangements needed to ensure community participation in the design and implementation of REDD+ at different scales; policies needed to protect existing rights and ensure rights to carbon and opportunities to

integrate local forest management practices in REDD+; and the potential for design measures that could be adaptable to local contexts. The former group discussed the relationship of community forest management to REDD+, and the latter focused on ways in which to design REDD+ for a balance between traditional lifestyles and market engagement.

IV. Lessons and conclusions

(44) The lessons and conclusions that emerged from the roundtable discussions can be clustered around the six themes and subthemes of the workshop: governance and REDD+ implementation; opportunities for establishing synergies between mitigation and adaptation initiatives (M&A); landscape change, forest management and REDD+; forest finance and finance for REDD+; REDD+, rights and communities; and indigenous people and REDD+.

Governance and REDD+ implementation

(45) REDD+ provides a new opportunity to address SFM at national and local levels. It can also be considered as part of a continuum of ongoing efforts to address multilevel forest governance concerns and is only part of the solution to problems in the broader development agenda. The institutional architecture is changing, however, as existing bureaucracies are increasingly subject to monitoring by and accountability to new anti-corruption agencies, growing pressures due to collective action by forest-dependent communities, and the role of the media in improving access to information. Concern and risks still remain, despite encouraging trends regarding declining net rates of deforestation, possible declines in illegal logging rates and the devolution of forest tenure rights to some local communities.

(46) To improve forest governance for REDD+, there is a need to build on previous forest governance experiences, such as successful decentralisation and effective local tenure rights reforms. It also needs to build on existing processes, such as Forest Law Enforcement and Governance (FLEG, FLEGT) initiatives, Voluntary Partnership Agreements, EC Timber Legislation, the Lacey Act, etc. Political leadership and policy champions are needed, as well as inclusive processes and ongoing dialogue, whilst recognizing that there will be conflicts of interests. Participation means including vulnerable groups, especially indigenous peoples and women, and strengthening decentralisation through greater pro-active inclusion of local governments in the design and implementation of REDD+ programs. It also requires major efforts in capacity building at all levels.

(47) REDD+ design needs to acknowledge the differences between and within countries and will have to be designed and implemented transversally across sectors, which usually requires policy, regulatory and institutional reforms. Tenure rights will have to be unpacked and clarified in relation to carbon, forests and land. Transparency and accountability, including independent audits, are crucial elements of any REDD+ scheme.

Opportunities for establishing synergies between Mitigation and Adaptation (M&A) initiatives

(48) Social, economic and climate change vulnerability should be the key concept that connects M&A, guiding actions and development plans. Mitigation measures are often seen more as business opportunities, while adaptation is associated with costs. It is important to ensure that climate change funding considers both adaptation and mitigation as two equal priorities. Managing conservation can be a tool for both M&A, offering many opportunities and co-benefits when the two are integrated.

(49) Adaptation occurs at the landscape scale. It must be flexible, and operates at a different time and scale from one country and community to another country and community.

(50) Participants pointed out that non-forest sector agencies have to be involved in a broader debate on development paths based on non-extractive industries in order to avoid conflicts and reduce development and demographic pressures on land.

(51) It is important to find a balance between the role of national governments and local actors. The national level plays an important role in providing guidelines, interacting with international actors, promoting information flow, financing and monitoring. On the other hand, extreme centralisation of the state can inhibit the capacity to adapt and mitigate. Governance decentralisation and a focus on community experiences are essential. It is particularly important to recognise institutions, traditions, local experiences and local knowledge (the use of local knowledge is more efficient); to promote the capacity of local authorities and communities to integrate the risks and additional costs of the impacts of climate change in natural resources management; to share and disseminate information to local communities; to decentralise funds, thus giving opportunities to communities to find solutions, and to develop finance mechanisms for their activities; and to devolve power to local authorities to promote sustainable management and mechanisms of control.

Landscape change, forest management and REDD+

(52) Synergies and transversality among policies are needed to make REDD+ work. The main drivers of deforestation are often found at multiple scales and outside the forestry sector, and cross-sectoral policies are needed to address them. Cross-sectoral integration of policies should be done with the goal of contributing to communities' human development. REDD+ should not be developed as the mechanism that will address all social problems, but these need to be addressed through a range of interventions of which REDD+ is part.

(53) Some stakeholders have more power and influence than others, including sectors that generate pressures on forests. Communities need adequate power and influence regarding decisions that affect their lands.

(54) Forests are not just carbon but provide many services. The active management of forest ecosystems and broader landscapes should be the focus of REDD+, as these promote sustainable use and conservation, stimulate local development and reduce greenhouse gas emissions.

(55) Efforts should be dedicated to strengthening governance, social capital and technical skills at the community level. Successful cases of SFM and conservation should be used as models.

(56) It is important to develop and adopt instruments that help to balance actual and potential use of natural resources, such as the inclusion of a broader range of environmental services in national accounts. Resources should be directed primarily at strengthening governance in areas that face higher threats of deforestation and degradation. Fiscal mechanisms need to be strengthened to ensure a more equitable distribution of resources.

(57) Central government forest and REDD+ policies should be developed in a way that harmonises both global and local concerns. REDD+ strategies need to be developed in transparent and participatory processes to create necessary ownership for local implementation. This implies, at local level, clear benefits, flexibility according to the specific context and agreement regarding compliance mechanisms. Command and control measures should continue to be implemented to protect forests, but based on science and robust analysis and with transparency and accountability.

(58) Governments should play a more active role in stimulating markets for sustainable products (such as certified wood products) and services (including carbon offsets).

Forest finance and finance for REDD+

(59) Efforts to increase international public funding for forests and REDD+ have been met with some success over the past years, with combined pledges from FCPF, UN-REDD, FIP and REDD+ Partnership, Global Environment Facility and bilateral aid of about US \$10 billion. However, the institutional design for the

allocation of this initial funding at national and local levels needs development and strengthening. Clear criteria for allocation, transfer and distribution of finance and benefits, assessment of impact in terms of cost-effectiveness and equity need to be developed.

(60) At national level, forest finance for REDD+ requires participation and political reforms for the design of adequate financial schemes and transfer mechanisms. The benefits and costs must be shared at international, national and local levels, and the concept of burden sharing includes directing benefits at the most disadvantaged. Financial mechanisms should be decentralised wherever possible, and mechanisms such as trust funds, intersectoral committees, producer associations, multilateral and government funds should be considered. The involvement of the private sector, federal and bilateral levels is necessary.

(61) Transparency and accountability is required by the REDD+ MRV standards (Monitoring, Reporting and Verification), particularly in regard to benefit sharing and distribution mechanisms, and access to information, science and data. The process will require managing expectations and establishing reasonable time frames, as reform takes time. Monitoring and intermediation should be cost effective.

REDD+, rights and communities

(62) The working group discussed the interaction between REDD+ schemes and the local level, beginning with the basic concepts of rights formation processes and of rights bundles (land tenure, use rights, etc.). The main point that surfaced in the various discussions was that the land rights of local communities must be assured as a first step. This includes the design of institutions, including forms of common property, that give communities clear forest and carbon rights within nested governance structures.

(63) In order to design a functioning REDD+ mechanism, clear rules must be negotiated in a participatory process where the outcome of this process is granted legal status. The rules must include all levels from the international to the community (and even individual) and all actors and clearly specify their roles.

(64) REDD+ presents a danger of weakening community institutions. This can be countered by comprehensive access to information in local languages and by a participatory process of rule-making and design of the national REDD+ mechanism. Complaint and conflict resolution mechanisms must be installed in every country to guarantee that community rights related to their territory, but also procedural rights, are respected in the design and implementation of REDD+. Existing community structures and experiences such as community forest management and higher-level associations or organisations that aggregate several communities should be recognised and built upon in order to facilitate the participatory design and implementation of REDD+.

Indigenous people and REDD+

(65) In order to ensure a genuine indigenous participation in the process of REDD+ design and implementation there is a need to include established indigenous organisations, formally as an equal partner, in ongoing policy dialogues at all scales - local, national and international. Learning platforms should be built for the exchange of views between indigenous peoples and scientists, indigenous peoples and other stakeholders involved in REDD+ processes (e.g., governments, NGOs, and other stakeholders) as well as among indigenous peoples.

(66) REDD+ schemes should acknowledge the rights of indigenous people to their lands, forests, carbon, and other social rights; avoid the imposition of conditions that force indigenous people to adopt other models of development, destroying their traditions and lifestyles; accommodate traditional practices, including systems of government, local culture, and natural resources management. REDD+ has the opportunity to bring significant change, in contrast to current policies, by building a legitimate process of participation, recognizing the needs and rights of indigenous populations in all their diversity, and aligning forest policies and policies in other sectors. REDD+ could support indigenous peoples' protection of their territories against the deforestation caused by the incursion of outside interests on their land.

V. Recommendations

(67) A set of draft recommendations was developed based on the presentations and round table discussions. This was subsequently presented to the plenary and amended based on comments and suggestions. The final recommendations from the workshop are presented below.

Recognizing that:

(68) The main conditions for successful decentralised forest governance remain valid also under the emerging REDD+ agenda. To ensure these conditions, it is necessary to:

- Promote participative, democratic, and transparent, multi-stakeholder processes
- Develop and maintain a clear legal and policy framework
- Secure tenure and access to forest resources
- Strengthen capacity building at all levels
- Guarantee accountability at all levels

Recognizing that:

(69) The countries promoting REDD+ from a buyers' perspective have the responsibility to effectively control their own carbon emissions

(70) The following recommendations have been made to the countries and to UNFF:

(71) Recommendations to countries

- Strengthen the inclusion of local people, including indigenous peoples and women, in decision-making, benefit sharing, and preservation of their cultural and social values through SFM and REDD+.
- Strengthen the human and institutional capacity of all stakeholders, particularly at the local and territory scales, in issues relating to SFM and REDD+, using a range of methods for sharing knowledge, including partnerships among various stakeholders. These include *inter alia* local and indigenous peoples and their organisations, women, local rightsholders, private sector, research and educational organisations.
- Promote efforts to address knowledge gaps on the risks and opportunities arising from REDD+ and build the institutional mechanisms to manage risks.
- Strengthen cross-sectoral coordination and the alignment of policies to address drivers of deforestation and forest degradation and enhance carbon stocks.
- Promote the involvement of NGOs, especially national NGOs, and indigenous and other local peoples and their organizations as strong partners in designing, planning, monitoring and implementation activities related to SFM and REDD+. These strategies need to be developed in transparent and participatory processes to create necessary ownership for local implementation.
- Build learning platforms at multiple scales for exchange of views among scientists, indigenous peoples and their organisations and other stakeholders involved in REDD+ processes (e.g., governments, NGOs, communities, etc.). This includes developing negotiation skills at all levels.
- At national, subnational and local levels, improve coordination between those agencies that primarily deal with SFM and those agencies that deal with the development of REDD+.

- Engage with and build from local institutions, traditions, experiences and knowledge for the design and implementation of SFM and REDD+ strategies.
- Intensify national and local efforts to design and implement fiscal policy reforms related to forests, and create participatory financial mechanisms that support REDD+ transfer payments to strengthen national and local capacities.
- Facilitate the development and implementation of comprehensive and inclusive national financing strategies, including REDD+ financing, within national planning frameworks (e.g. national forest programs) that depart from and build on national opportunities and the diversity and specificity of local realities and needs.
- Assure that the desire to spend REDD+ funds alone not drive the process, given the longer time needed for capacity-building, institutional reform and local-level organization and consultation.
- Apply adequate social and environmental safeguard policies in the development and implementation of REDD+.
- Develop central government forest and REDD+ policies in a way that harmonises both global and local concerns, particularly the need to support poverty alleviation.
- Promote increased mutual understanding of global and local perspectives and priorities and build REDD+ strategies from this.

(72) Recommendations to UNFF

- Support strengthening the inclusion of local people, including indigenous peoples and women, in decision-making, benefit sharing, and preservation of their cultural and social values through SFM and REDD+.
- Promote synergies between climate change adaptation and mitigation in forests through SFM.
- Promote the linkages between SFM and *REDD+ policies and positive incentives*, as REDD+ has the potential to provide significant support to achieving SFM.
- Share and apply lessons learned from forest governance and broader land use dynamics that drive deforestation and forest degradation and develop adequate strategies to promote sharing of cost burdens and responsibilities among global, national, territorial and local actors.
- Emphasise the particular role of SFM in combating forest degradation and its potential for enhancing forest carbon stocks.
- Strengthen the capacity of countries to meet market demands for forest products and forest services, including carbon, with better forest governance, e.g. by identifying the linkages between REDD+ and FLEG/FLEGT.
- Support further dialogues on poverty alleviation, SFM and REDD+ based on some of the specific findings of this workshop in the search for solutions to emerging issues and concerns.

(73) The participants of the Oaxaca workshop expressed their deep appreciation to the governments of Mexico and Switzerland as well as the other donor countries and organisations for co-sponsoring the Workshop, and to the organizing committee for their efforts. They also expressed their sincere thanks to the government and people of Mexico for hosting the workshop and their warm and generous hospitality.

Annex 1. Programme of the Workshop

See <http://www.conafor.gob.mx/UNFFtallergobernanzayREDD/>

The CONAFOR Website also contains the Spanish version of the present report

See also coverage of the workshop by ENB:

Earth Negotiations Bulletin (PDF): Oaxaca Workshop Bulletin - Vol. 180 No. 1 - Oaxaca Workshop on Forest Governance, Decentralization and REDD+ in Latin America and the Caribbean - Final Summary

<http://www.iisd.ca/enbvol/enb-background.htm>

Annex 2. Workshop Papers

See CIFOR Blog: <http://ciforblog.wordpress.com/>

Annex 3. Field Trip Highlights

As mentioned in the main text, four field trips to nearby municipalities were organised as an integral part of the workshop to further common understanding about key issues of the Workshop and to facilitate networking and communication among participants. The field trips were designed to provide the participants exposure to the Mexican context and specifically to different models of community forest management, including experiences with sustainable logging and carpentry, ecotourism and carbon markets.

Agrarian reforms following the Mexican Revolution (1912-1918) laid the foundation for community forestry in Mexico, followed by three factors that came together to support the emergence of highly innovative community forest enterprises: the participation of socially-conscious reformers in positions of government power in the 1980s, the development of effective forms of communal governance of forest resources, and the rise of local institutions to administer market-competitive enterprises. Today, 151 communities are protecting over a half million hectares of forests, almost half of which are in Oaxaca.³ These enterprises, which vary considerably from one community to another, both provide for local livelihoods and conserve biodiversity.

The four trips learned about the following community experiences:

- Communal land management in Ixtlán de Juárez for timber and a large, modern furniture factory, as well as ecotourism cabins and activities, communal store and credit union, high tech regional nursery and two furniture stores in the city of Oaxaca with FSC certified products.
- Community forestry company in Capulalpam de Méndez, known as 'Pueblo Mágico', which manages forest and runs a furniture factory, a spring water bottling plant, traditional medical center, an edible mushroom lab and ecotourism, protects a watershed and trades carbon certificates on the voluntary market.
- Community forestry in Santa Catarina Ixtepeji, which processes pine resin, bottles spring water from a community protected area, produces FSC certified timber and also has ecotourism facilities.
- Handicraft workshop of Copal Manos e Imaginación de Arrazola, EcoAlebrijes, A.C., which also works on reforestation in the communities that provide its wood and in an archaeological site.

Comments and observations from field trips

These clearly successful cases in community forest and enterprise management demonstrate a balance between traditional and more business-oriented institutions. In some cases (e.g. Capulalpam's bottling plant),

³ Bray, D. 2010 Capitalism meets common property, *Americas Quarterly* (Winter): 30-35.

creating jobs for community members is more important than profits; in other cases (e.g. Ixtlán's vertically integrated forest enterprise), business efficiency is important. Community incentive structures for effective governance encourage transparent management and accounting, including clear rules, rights, responsibilities, standards and sanctions. Enterprise profits are allocated by the community assembly, with certain percentages set for reinvestment in the enterprise, social projects in the community and also to household dividends. These dividends may operate as an incentive for participation and rule compliance. The sites demonstrated that there are models of governance that are compatible with traditions and are environmentally and economically sustainable.

Participants raised questions about the replicability of these experiences, and how to proceed in other, more typical communities. Community organisation and stakeholder engagement were central to success, as well as continuity in planning and knowledge and the training of community members in the required skills. The presence of women as workers in the different projects was noted, as was, however, their absence from leadership roles.