

Developing Forest-sector and REDD+ Governance: a Multi-stage, Multi-level and Multi-stakeholder Approach in Nepal

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This article focuses on the governance of forest carbon emissions projects and policies. It explores how the development of standards through multi-stage, multi-level and multi-stakeholder processes can contribute to ensuring good governance. It argues that a governance standard, which is developed through a multi-stakeholder process at different levels (local, national and international) and in several stages, provides legitimacy to forest carbon emissions trading. It illustrates this approach by presenting the development of a draft voluntary national quality-of-governance standard for Reducing Emissions from Deforestation and Forest Degradation and conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD+) through action research in Nepal.

Governance can be defined as the “dynamic interplay between civil society, business and the public sector” (Ruggie, 2003). Governance needs to address an increasing complexity arising from its multi-actor, multi-level (local, national, and

international) and multi-meaning nature: different stakeholders may have different values, interests and views (van Bodegom *et al.*, 2008). Therefore, multi-stakeholder processes and social learning are required for governance to effectively steer and improve societal situations.

The importance of governance in the forest sector and REDD+

Weak governance in the forest sector is one key underlying factor or driver of deforestation. Low levels of participation, transparency and accountability increase the risk of corruption, financial mismanagement and capture of benefits by elites—resulting in conflict over forest resources and illegal logging (WRI, 2009; Menzies, 2007). These governance failings result in government revenue losses of an estimated USD10–15 billion per year globally (ITTO, 2010).

Ensuring good governance is particularly important in the development of a global financial mechanism for REDD+. Most countries are of the view that carbon

markets will make an important contribution to REDD+ by delivering performance-based payments to forest owners and managers in developing countries who protect and/or enhance forest carbon stocks. Millions of people live in and next to forests worldwide, and their involvement in REDD+ development, implementation and governance is key to its success.

The United Nations Framework Convention on Climate Change (UNFCCC) has recognised the importance of good forest governance for REDD+. In 2010 in the Cancún Agreements (Decision 1/CP.16) the 16th Conference of Parties (COP 16) adopted social and environmental safeguards on REDD+ that “should be promoted and supported”—including “transparent and effective national forest governance structures” (COP 16 UNFCCC, 2011). However, the development, operationalisation and institutionalisation of forest governance definitions are largely country-driven in response to specific country conditions, priorities, requirements and opportunities. Internationally consistent governance standards will assist governments in ensuring effective forest institutions at the national level.

REDD+ governance quality

There have been two global-level policy responses to governance problems facing REDD+. One was the agreement on the social and environmental ‘safeguards’ at COP 16 in Cancún, which has led to requirements for stakeholder consultation (FCPF and UN-REDD, 2012). Another response has been the rise of ‘participatory governance assessments’ (PGAs), which aim at undertaking consultations to identify the costs and benefits of REDD+ to stakeholders, and to develop safeguards (UN-REDD, 2011).

A number of social and environmental standards for REDD+ are under development. These include initiatives

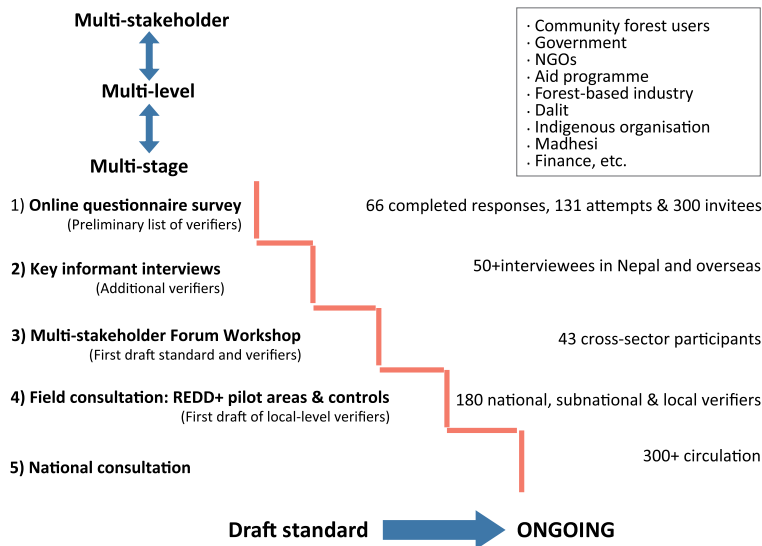
TABLE 1 Normative Framework of Principles, Criteria and Indicators for Evaluating Governance Quality

Principle	Criterion	Indicator
‘Meaningful participation’	Interest representation	Inclusiveness
		Equality
		Resources
	Organisational responsibility	Accountability
‘Productive deliberation’	Decision-making	Transparency
		Democracy
		Agreement
	Implementation	Dispute settlement
		Behavioural change
		Problem-solving
		Durability

Source: Cadman, 2011.

FIGURE 1

Methodology for Developing a Governance Standard for REDD+ and the Forest Sector in Nepal



Source: Authors' elaboration.

facilitated by the Forest Carbon Partnership Facility (FCPF), the World Bank, UN-REDD, and the Climate, Community & Biodiversity Alliance (CCBA) jointly with CARE International.

The effort that these initiatives have put into the development of criteria to ensure certain elements of good governance should be acknowledged, but these are counter-balanced by the extent to which countries are committed to consultation and/or have the capacity to do so. In Panama, for example, indigenous people recently withdrew from the national REDD+ programme because full and effective (i.e. meaningful) participation did not take place (Lang, 2013).

Nepal project: objectives, research questions and methodology

The research project in Nepal is developing a quality-of-governance standard to assist the effective negotiation, development and implementation of REDD+ but with relevance also for forest management and emissions trading schemes in general. The key features of the standard development process are that it is multi-stage, multi-level and multi-stakeholder. The project uses a common framework of principles, criteria and indicators (PC&I) of governance that:

- ensure consistent and comprehensive governance in REDD+ development and implementation; and
- reflect national circumstances and stakeholder requirements (see Table 1).

The primary method for the standard development project has to involve key forest-sector and REDD+ stakeholders, typically including government, forest user groups, other civil society organisations, minorities and international aid programmes. The multi-stakeholder approach ensures the representation and involvement of all key sectors of forestry and REDD+ in developing the standard. The stakeholders are engaged throughout a number of stages to identify site- and context-specific verifiers of governance quality at the local, subnational and national levels.

The active involvement and participation of a diverse range of stakeholders demonstrated that many key groups and individuals were able to experience the value of developing such a standard in a collaborative environment, which fostered meaningful participation and resulted in productive deliberation around a whole series of core governance challenges including inclusiveness, equality, transparency, accountability, decision-making and implementation. Particular



The need for a comprehensive analytical framework or standard to assess, monitor and report on forest governance in REDD+ countries is increasingly recognised at the international level.

emphasis has been placed on facilitating the involvement of marginalised groups who seldom have the opportunity to participate in such processes. The approach creates governance standards that are likely to have a high degree of local ownership and relevance (see Figure 1).

The need for a comprehensive analytical framework or standard to assess, monitor and report on forest governance in REDD+ countries is increasingly recognised at the international level, including the UNFCCC. Ensuring emissions reduction through good governance is vital for the longer-term viability of REDD+.

Several initiatives have developed governance standards for REDD+, but they have not been developed through genuine multi-stakeholder processes, in the sense of stakeholders providing the contents of the standards as active participants throughout all stages of the process.

Rather than making the stakeholders the 'subjects' of governance, the Nepal project has ensured that all major stakeholder groups have had the opportunity to identify what they felt was needed to ensure good governance. Context-specific standards have the advantage of making it easier for all participants to determine what they require in a given local, subnational

or national situation before policies and projects are developed. The governance framework and involvement methodology used, however, can also be applied for the development of governance standards elsewhere in the world. ■

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The Necessity of Land Governance: Sustainable Development in the Amazon

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There are many dimensions to sustainable development in the Amazon, but prevention of primary forest deforestation is undeniably the most important. The Brazilian Forest Code has demonstrated that Brazil is unable to establish clear policies about deforestation and that debates have been superficial and ideological in nature. The preservation of the Amazon rainforest requires deeper and more significant changes, which should be more comprehensive than difficult-to-enforce laws and regulations.

It is undeniable that the strong command and control policies² implemented in the last few years have played a crucial role in reducing deforestation. Due to their nature, command and control policies depend on direct state intervention and can hardly be enforced for a long period of time. This is because the main causes of deforestation—activities such as livestock herding, agricultural production and power

generation—will continue to exist; therefore, permanent solutions must be adopted.

A greater use of economic incentive policies³ to avoid deforestation, such as those proposed in the Forest Code, is one of the alternatives that has been discussed the most, both in literature and in social movements.⁴ The most important economic instrument in this regard is payment for environmental services (PES).

Studies indicate that the main opportunity cost to be compensated by PES relates to the productive gains associated with the land.⁵ Andrade (2007), using a literature review as a basis, and Fasiaben (2008), relying on studies conducted in Acre, came to the conclusion that the approximate average amount paid per year as compensation to avoid deforestation was USD100 per hectare.

Wunder *et al.* (2009) propose an opportunity cost based on the alternative use of the

forest (traditionally timber, livestock and grain) converted into equivalent carbon dioxide, using the carbon market as a basis, and reaching values up to BRL671 (approximately USD288)⁶ per hectare. Nevertheless, both Fasiaben (2008) and Wunder (2008) highlight the importance of suitably regulating/controlling land ownership in order to use PES to preserve the forest.

As demonstrated by Reydon (2007), one of the most important incentives for deforestation is the increase in land value as a result of forest clearing.

Data from AgraFNP⁷ initially reveal, as shown in Table 1, that the prices of land with forest coverage vary from state to state, costing from BRL108 per hectare in the state of Acre to BRL546 in Mato Grosso.

It is also noteworthy that in less deforested states (Acre, Amapá and