Forest Policy and Economics 86 (2018) 4–12

Contents lists available at ScienceDirect

Forest Policy and Economics

journal homepage: www.elsevier.com/locate/forpol

The role of government in operationalising markets for REDD + in Indonesia

Henry James Boer

Adjunct Research Fellow, Centre for Governance and Public Policy, School of Government and International Relations, Griffith Business School, Griffith University, Brisbane, Australia

ARTICLE INFO

Keywords:
REDD +
Carbon markets
Indonesia policy
Governmentality

ABSTRACT

The global climate initiative Reducing Emissions from Deforestation and Forest Degradation (REDD +) initially included carbon markets as one potential policy mechanism to finance a range of forestry projects in developing countries. Indonesia was an early leader on REDD +, and set up the regulatory frameworks and monitoring systems to support demonstration projects that could trade credits in voluntary carbon markets. This article applies a neoliberal governmentality framework to evaluate the development of REDD + market institutions in Indonesia during the Readiness period between 2008 and 2013. It critiques the role of the state in this process, and how the authority of public agencies shapes the actions of private subjects. The case of Indonesia indicates a pivotal role for government agencies at multiple levels in integrating the operation of REDD + market activities within a supportive regime of forest and land management. Critical to this process was legislation to trade in forest carbon and obtain project licenses, devolved land-use planning and forest management that could support commercial activities, and robust MRV surveillance systems to oversee on-ground activities. Despite these efforts, projects were often subject to an uncertain and highly contested forest management regime, undermining attempts to demonstrate the viability of operationalising market mechanisms at the local scale.

1. Introduction

The global climate initiative Reducing Emissions from Deforestation and Forest Degradation (REDD +) was initially conceived as a global incentives framework to transfer resources and capital to developing countries in return for implementing measures and programs that addressed forest loss (McDermott, 2014). In the lead-up to and following the UNFCCC Bali Conference in 2007, carbon markets were enthusiastically promoted by NGOs, multilateral agencies and some developed countries as one potential mechanism to source long term finance for REDD +. At the UNFCCC negotiations held in Durban in 2011, Parties endorsed the decision that "…appropriate market-based approaches could be developed by the [Council of the Parties]COP to support results-based actions for REDD +" (UNFCCC, 2011). Developing countries were encouraged to establish the institutions and technical infrastructure to facilitate carbon markets – in addition to implementing a broad range of forest management programs and social and environmental safeguards. Countries were also to host demonstration projects to trial the various components required to trade carbon credits in future international and/or regional compliance markets.

The initial attraction of markets was the potential to commercialise forest carbon as a new export commodity, competing against existing timber and agricultural industries (Fletcher et al., 2016). REDD + projects could offer multiple opportunities, such as income for communities through payments for ecosystem services (PES), a new investment option for local businesses, and a potential stream of revenue for governments. Markets offered a potentially large source of capital, primarily as offsets purchased by large emitting countries and private industry, and thereby providing a complementary option to multilateral or bilateral funds (Ebeling and Yasué, 2008). Despite the initial enthusiasm, REDD + offsets are not tradable in global cap and trade markets limiting potential finance (Angelsen et al., 2017), and projects have faced significant obstacles setting up in developing countries (Sills et al., 2014). Reference to markets for REDD + activities was also absent in the Paris Agreement, with emphasis shifting to low emissions development integrated within nationally determined contributions (NDCs) (UNFCCC, 2015).

During the REDD + Readiness period, a number of countries supported setting up markets as one component of a broader suite of programs. Indonesia, for example, implemented specific laws to regulate carbon as an ecosystem service, and regulations to establish projects and share finance and co-benefits (MoF, 2008, 2009a, 2009b, 2012). The Indonesian Government (with support from multilateral and bilateral funds) invested substantial resources to develop robust carbon measurement, monitoring, reporting and verification (MRV) systems that meet international standards (Satgas REDD +, 2013). At the subnational scale, several prominent REDD + demonstration projects

E-mail address: h.boer@griffith.edu.au.

http://dx.doi.org/10.1016/j.forpol.2017.10.004
Received 18 January 2017; Received in revised form 2 October 2017; Accepted 2 October 2017
1389-9341/

expended considerable resources to develop the management programs and contract agreements to attract investor finance and trade forest commodities in the voluntary market (Sills et al., 2014). However, these market projects have faced significant barriers; such as limited long term financing for project activities (Dixon and Challies, 2015), lack of community support and participation, and ongoing uncertainty and conflict over forest tenure and resource access (Resosudarmo et al., 2014).

Considering the early emphasis on markets, there is comparatively limited analysis of the various policies and components to set up market mechanisms for REDD + in Indonesia (see Astuti and McGregor, 2015). Empirical analysis of REDD + in Indonesia has covered the myriad of program activities and technical components introduced at the national and sub-national scales, as well as the highly contested governance arrangements that characterised the reform process (for example Agung et al., 2014; Luttrell et al., 2014; Moelino et al. 2014; van Noordwijk et al. 2014; Wibowo and Giessen, 2015; McGregor et al., 2015). To provide a fuller analysis of efforts to establish REDD + market institutions in Indonesia, this article focuses on the critical Readiness period between 2008 and 2013. It applies a neoliberal governmentality lens to explore the rationales, practices/technologies and forms of knowledge that underpin different regimes of forest and carbon government (Winkel, 2012; Arts, 2014; McGregor et al., 2015). The article analyses the various legislative, land-use planning frameworks and technical programs that contributed towards a nascent commercial regime for trading in forest carbon. Importantly, it elaborates on the critical function of the state, and the conduct and authority exercised by public bureaucracies in establishing these mechanisms.

The analysis recasts administrative government as an important locus of authority and capacity in facilitating carbon markets as a form of neoliberal conservation. In Indonesia, this required various government agencies to develop and coordinate an array of regulatory and monitoring practices that could effectively steer and direct the actions of private companies and NGO's engaged in project activities. Critical to this process was legislation to trade in forest carbon and obtain project licenses, devolved land-use planning and forest management that could support commercial activities, and robust MRV surveillance systems to oversee market transactions and on-ground activities. The state was pivotal to supporting and integrating this new array of market intuitions within broader forest management systems, but projects were often subject to an uncertain and highly contested governing regime. REDD + markets are unlikely to function effectively in Indonesia without substantial further administrative reforms and policy integration across scales in order to deliver consistent and transparent outcomes at the local scale.

The next section of this paper develops a theoretical framework of neoliberal governmentality and its application to REDD +. The following sections apply this framework to assess the establishment of markets for REDD + projects in Indonesia.

2. Theoretical framework

2.1. Neo-liberal governmentalities

Foucault's (2008) concept of governmentality provides a flexible approach to analyse different governing practices and the exercise of power. Governmentality enables analysis is the various practices of rule (Dean, 2010), and how these practices are applied, re-combined and then reformed in particular social and political contexts. Governmentality theory explores the various rationalities and technologies of government, and their relationship to forms of knowledge and the co-production of subjects (Dean, 2010). Rationalities comprise a collective logic around the activities of government, and thereby sort the multiple legal, regulatory and bureaucratic processes into logical associations. Whilst rationalities conceive of certain ways of governing, technologies enable this thinking to be operationalised and applied in action (Miller and Rose, 2008). Technologies represent the various tools or mechanisms for governing such as the procedures, policies, techniques of calculation, laws, or processes of analysis, that enable authorities to shape, direct and limit collective and individual agency (Miller and Rose, 2008). Subjectivities or identities also symbolise how actors respond to particular government programs, including their implicit support and at times resistance (Lemke, 2002).

In Foucault's (2008) analysis, the state functions as an important institutional formation through which different ideas and technologies can be appropriated into government. The state is not an aggregation of stable institutions, but rather operates as a site where government technologies are stabilised into institutional settings (Lemke, 2007). The state is conceptualised as a 'transactional reality' (Foucault, 2007), constituted through a dynamic ensemble of power relations and practices that at the same time produce, and are reproduced by, the institutional features of the state. Political transformation is therefore not attributed to the policies of an autonomous state, but can be traced to the series of new technologies and forms of knowledge that shape government action. In the contemporary context, the state can be seen to operate through networks of relations found within an array of public and private organisations (Miller and Rose, 2008, pp.56–57). The modern state itself exists and functions within these wider circuits of power, as part of shifting networks of public and private actors that are differentially rewarded through access to certain institutions (Jessop, 2010).

In the series of lectures presented at the College de France Foucault (2007, 2008) explored certain governmentalities of neoliberalism represented by the repositioning of markets and economic management as the focus of public policy, supported by various practices and programmatic knowledge driving these new functions of government. Neoliberalism provides a systematic and comprehensive expansion of the market to become the organising and regulative principle underlying the state and society, and as the model for human relations in general (Lemke, 2002). The key thrust of neoliberalism is to create conditions that produce competitiveness and entrepreneurial behaviour, and to promote a particular type of freedom and subjectivity expressed through individual choice. Neo-liberal government produces the economic rational subject driven to maximise self-benefit and to profit through competition. Neo-liberal subjects are therefore responsive to manipulation through incentives, and individuals can be directed towards socially desirable ends through appropriate incentive structures (Fletcher, 2010, p.123). The neoliberal state is not governed through overbearing bureaucracies that direct the population, but by shaping the possible domains and incentives through which individuals govern their lives (Lemke, 2002).

Foucault (2008, p.132) argues that neoliberalism works actively to create the space for competition to take place, and for this reason is not necessarily laissez-faire capitalism, but rather a government intervention of constant vigilance and active management. Government action is interventionist only to the extent that it sustains the conditions for market activity, its task being to universalise competition and invent market like systems for the actions of individuals, groups, and institutions (Lemke, 2002). Government becomes reliant on new types of expertise from economics, accounting and financial management and outsources responsibilities to the private sector or civil society (Bevir, 2011). This increased function of these non-state actors in mobilising the preferences of the population and carrying-out regulatory functions is representative of the changing rationalities of neoliberal government (Sending and Neumann, 2006, p.652). Non-state interests are redefined from an object of government action to an active participant in, and subject of rule.

2.2. REDD + and neo-liberal government

The application of a neoliberal governmentality frame can help reveal how REDD + markets employ a divergent collection of