Sven Wunder, CIFOR

Equitable REDD+ benefit sharing? Lessons from Brazil and Peru

CIFOR

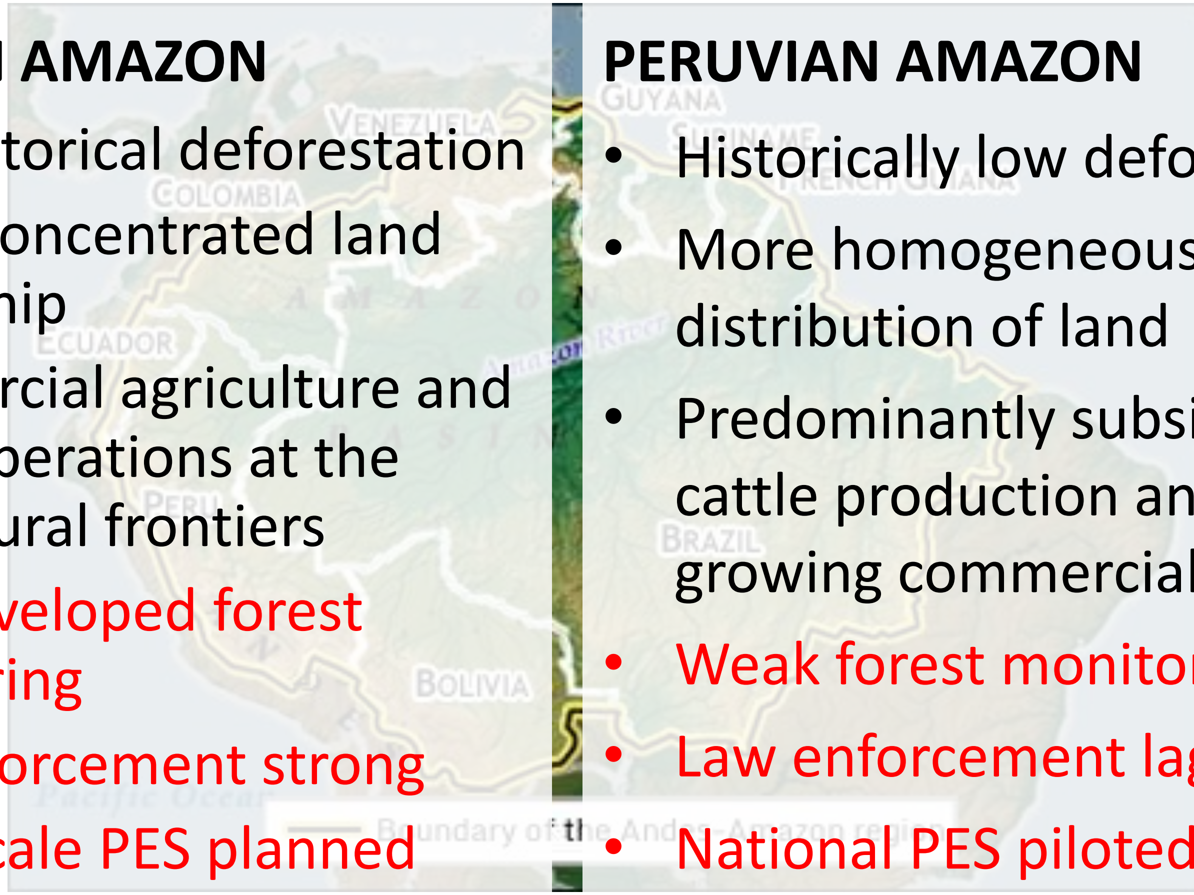
Costs and benefits of REDD+ national policies & measures (PAMs)

=> How does PAM design affect REDD+ cost-effectiveness and welfare/ equity goals?

1. REDD+ is not a high-rent ‘free lunch’: large compliance costs may reduce net $
2. (Net) benefit sharing is just as much about cost sharing
3. Likely design tradeoffs, but also synergies between PAM effectiveness and equity

Country cases

Preconditions



BRAZILIAN AMAZON

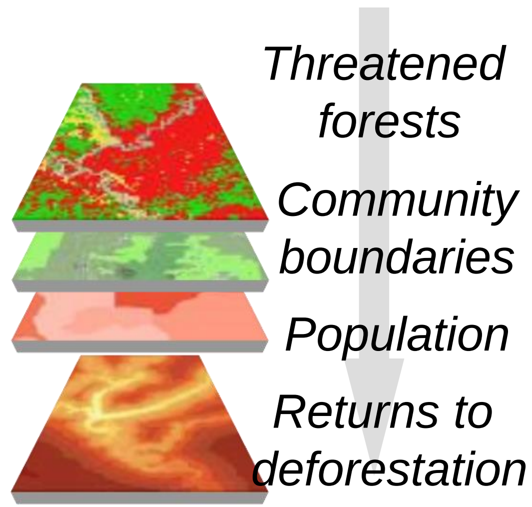
- High historical deforestation
- Highly concentrated land ownership
- Commercial agriculture and cattle operations at the agricultural frontiers
- Well developed forest monitoring
- Law enforcement strong
- Large-scale PES planned

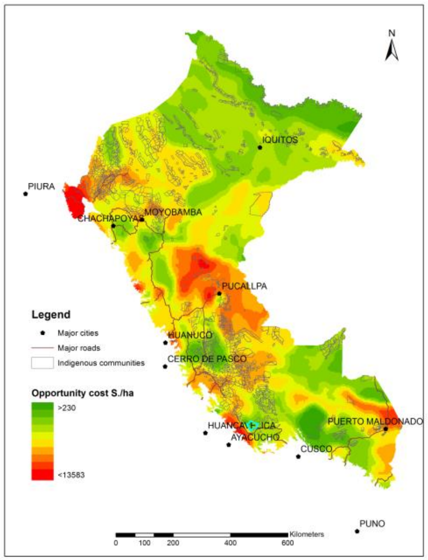
PERUVIAN AMAZON

- Historically low deforestation
- More homogeneous distribution of land
- Predominantly subsistence cattle production and small but growing commercial sector
- Weak forest monitoring
- Law enforcement lagging
- National PES piloted

Data & modeling

- District-based opportunity cost analysis
- Grid-based spatial simulation of:
  - Avoided deforestation
  - Land user incomes
  - Command-and-control implementation costs

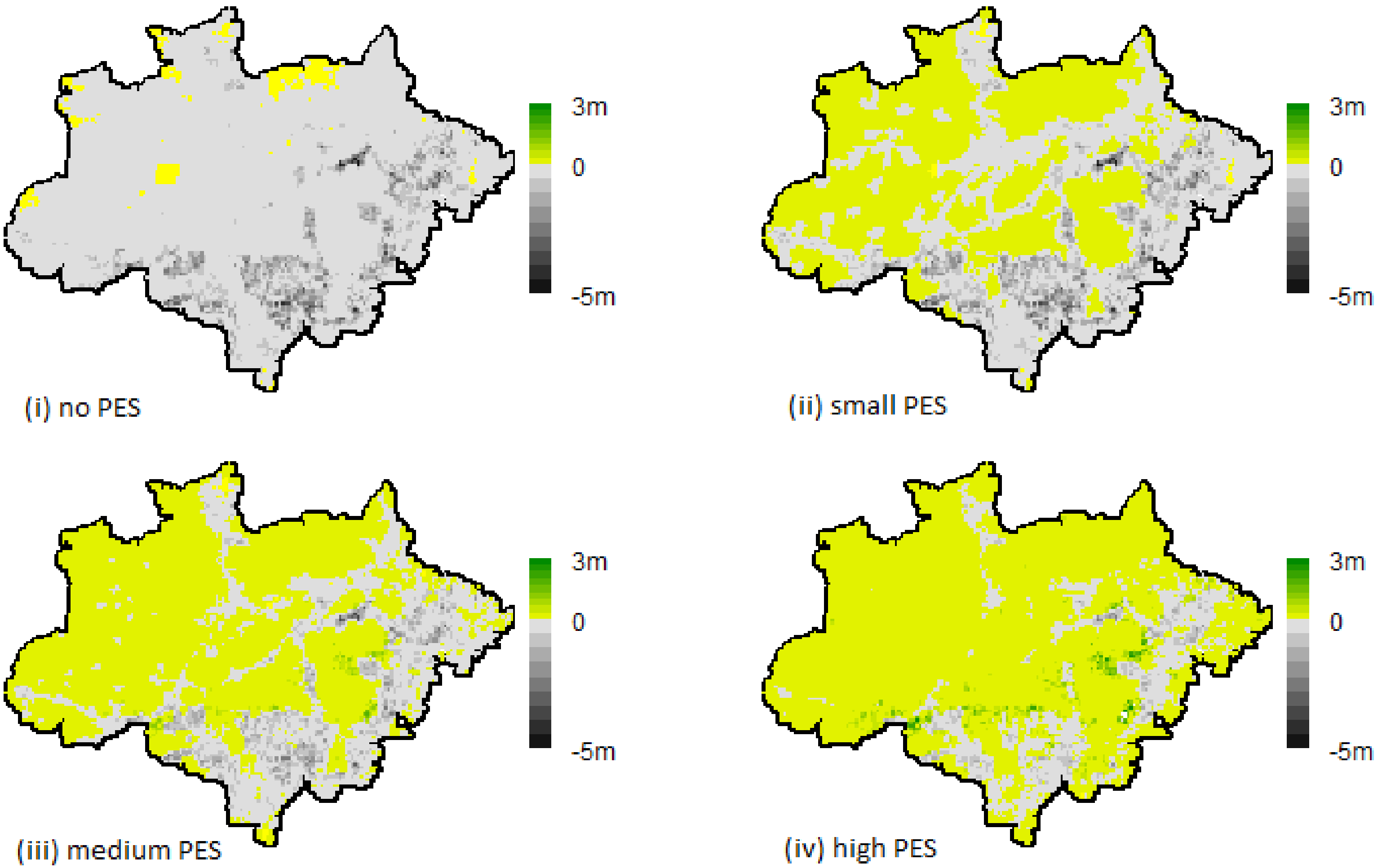




Policy course: Brazil

- Brazil has "pre-REDD" effectively reduced deforestation to ~80% of pre-2004 levels; recent uptick, "ruralist" reaction
- Mainly by command-and-control (C&C) policies (="sticks") -- budget-wise cheap, yet costly to land users (Börner et al., 2014)
- Effective C&C may now require complementary incentives to remain politically viable (Nepstad et al., 2014)

Welfare effects of policy mixes: Brazil



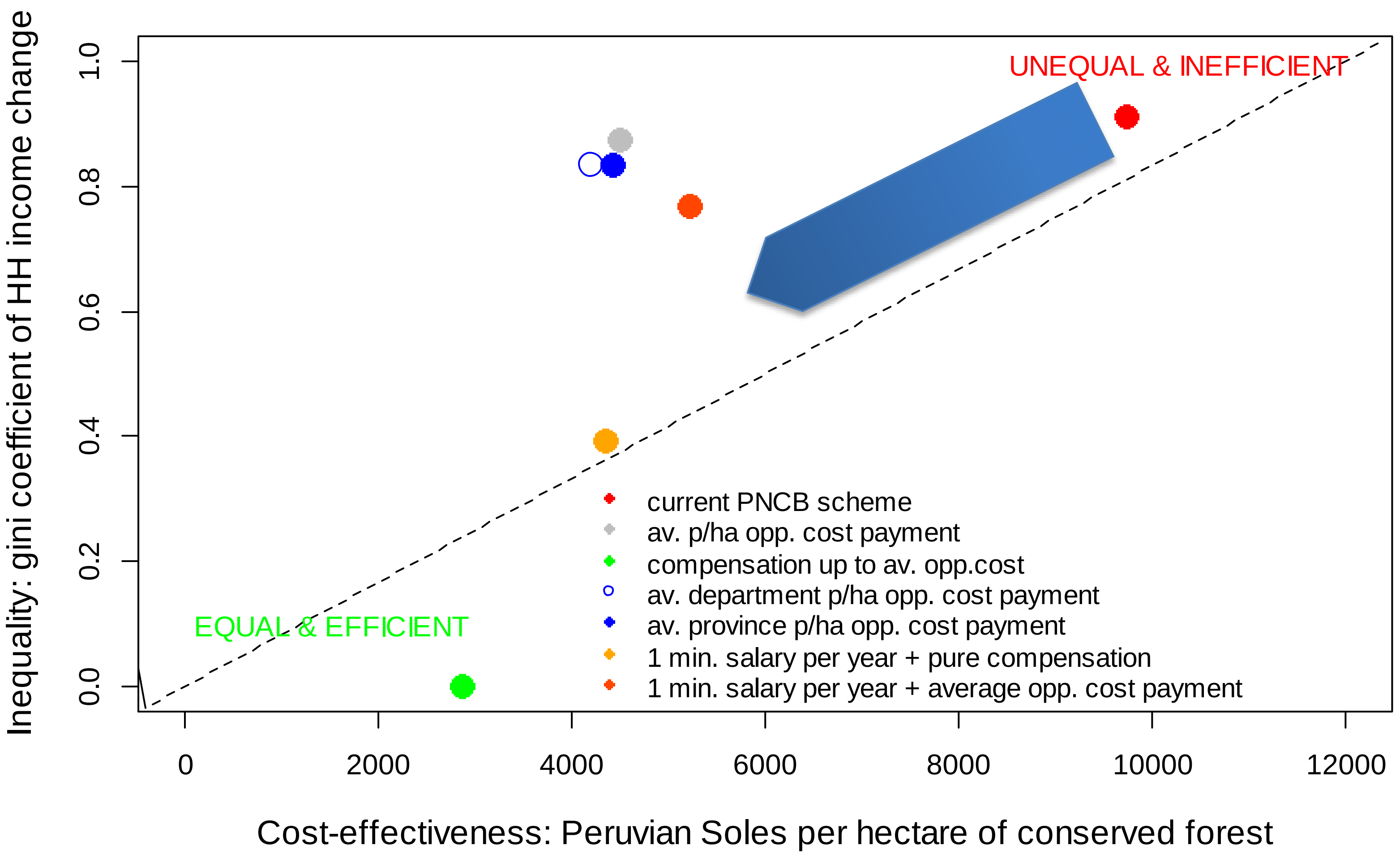
PES design tradeoffs

Cost-effectiveness

- Targeting small vs. large landowners
- Targeting high-threat areas
- Vary payments with opportunity costs

Equality

PES design tradeoffs: Peru's PNCB



Political economy of adopting large-scale PES programmes

- Cases: Peru, Ecuador, Acre (fed state Brazil)
- Mostly top-down adoption (Peru, Ecuador)
- Welfare motives vital in political decisions
- Environment less influential for design

$\Rightarrow$ Benefit sharing key motive – maybe more than is healthy from a REDD+ effectiveness perspective!

(Rosa et al., 2015)

Key findings

- Mixing (cost-effective) sticks with (equitable) carrots makes REDD+ fairer in compensating costs, but also overall more expensive
- Designing PES well requires knowing the spatial patterns of deforestation and opportunity costs
- Simple and feasible adjustments to Peru's PNCB can boost cost-effectiveness and equity effects
- 'Benefit sharing' is already key driver for national PES programmes – arguably more so than the environment!