



# **REDD+ benefit sharing: discourses on who 'should' benefit**

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# Overview

- Discourses on who should benefit
- Tradeoffs between objectives of REDD+
- Data from GCS work on national policy processes in 6 countries and 24 projects, literature and policy review and key informant interviews



# Structure of talk



- Setting the scene
  - Why benefit sharing is important
  - Benefit and cost definition
  - Emerging policies and BSMs at the national and project levels
- Discourses
  - Effectiveness/efficiency
  - Equity
  - Ensuring legitimacy of decision-making
- Challenges and choices



# Background



# Why is benefit sharing important

- BS is an important design feature of REDD+
  - Creates positive incentives
  - Needs to be seen as fair to promote support for REDD
  - Can help avoid leakage and ensure permanence
- Key questions around BS:
  - What is a 'benefit'?
  - Who are the legitimate beneficiaries?
  - What is an efficient distribution of costs?
  - What are the structures needed for financial transfers?
  - What are the processes for decision making and implementation?



# Defining benefit sharing



- Benefit sharing is the distribution of direct and indirect net gains from the implementation of REDD+
- Two types of *direct* benefits:
  - Monetary gains from international and national finance related to REDD+
  - Benefits associated with the increased availability of forest products & ecosystem services
- *Indirect* benefits eg improved governance infrastructure provision

# Benefits come with costs

- Direct financial outlays related to REDD+ (implementation and transaction costs)
- Costs arising from changes in forest land and resource use (opportunity costs)
- Cost recovery (compensation) vs the surplus (REDD rent)
- Costs to i) country ii) individual actors iii) budgetary costs to the government

# Variety of BSMs

- Direct incentives e.g. cash transfer, PFM, ICDP
- Policy and governance processes e.g. tenure clarification, law enforcement, agricultural intensification
- Most recognize that a conducive policy environment is needed to make PES schemes work
- But relative emphasis varies with context and drivers



# BS proposals and policy at the national level

	National level-proposals & activities	Proposals financial arrangements
<b>Brazil</b>	No national policy to date; state & sub-state projects define own BS arrangements ; Incl. few direct <u>PES schemes</u>	Public funding: Amazon <u>Fund</u> & Bolsa Verde;
<b>Indonesia</b>	Min. of Forestry regulations (2009 & 2012) <u>projects</u> need to obtain ministerial approval; number of projects without approval	Contested Min of Forestry (2009) regulations specifies % to gov. project developers and communities; Presidential Taskforce designing parallel funding mechanism
<b>Vietnam</b>	Draft REDD+ strategy: benefits to be shared between communities, organisations and local authorities Provincial level <u>PES trialled</u>	UNREDD+ proposes a <u>National Fund</u> <u>overseen by multi-stakeholder body</u> ; revenues according to provincial performance. Projects moving away from an expectation of a voluntary market



# Incipient BSMs at the project level

- Only 1/24 projects providing direct financial transfers to the HHs
- BSMs instead cover: alternative livelihoods, strengthening tenure, capacity building etc.
- Type of BSM will change as projects move from readiness to emission reductions

# REDD+ projects and their proposed and actual BSM in Tanzania

Project	Details of BSMs
TFCG-Kilosa & Lindi	Dividends paid to village member of the village (under village by-laws); up-front funds & individual payments based on the potential average avoided emissions per year; village assemblies decide whether to use dividends on community projects
Mpingo	Acquiring land certificates; boundary clarification; assistance in selling timber through FSC and land use and management plans. Originally the project planned to pass on profits to communities after deducting costs but this was controversial so now they are discussing a percentage arrangement
CARE	Distribution of carbon revenues will use existing village savings and loan systems. The rights to carbon will be negotiated between CARE and the community through an existing intermediary organisation





# Discourses on benefit sharing



# Discourses on 'who should benefit'?

- There are different discourses around who should benefit from REDD
- A discourse can be defined as “a shared way of apprehending the world” (Dryzek, 1997:8)
- Discourses frame the problem differently and present different choices
- There are tradeoffs involved in these choices which the implications for design of BSMs

## Effectiveness/efficiency vs equity discourses

- Effectiveness/efficiency = goal of emission reductions
- Equity = who has the right to benefit





# Efficiency & Effectiveness

REDD+ as a mechanism for paying forest users & owners to reduce emissions:

- Focus on emissions reductions
- Payments as incentive for those who change in behaviour
- Benefits should go to people providing these services





# Equity discourses

Equity discourses take a distributional perspective and ask who are the actors who have the „right“ to benefit from REDD+:

- Focus on preventing unfair distributional results
- Strengthening moral and political legitimacy of REDD+ mechanism



# Equity Discourse I:

## Benefits should go to those with legal rights

- Carbon rights in most countries not legally defined
  - Are carbon rights vested in rights to land or trees?
  - Separate carbon rights?
  - Property right to carbon distinct from right to benefit?
- Most REDD+ projects operating in legal uncertainty over carbon rights
- Carbon rights need to be established for sub-national market mechanism
- But risk of Stakeholders without formal rights may lose out





## **Equity Discourse II: Benefits should go to low emitting forest stewards**

- Many of these are low-emission situations
- No additionality
- A possible solution is a baseline definition based on future threats





# **Equity Discourse III:**

## **Benefits should go to those incurring costs**

- Compensate for implementation, transaction and opportunity costs regardless of emission reductions
- In early stages of REDD+ implementation there is a need to incentivize actors to get involved
- Inputs are easier to define than to measure emissions reductions

# Equity Discourse IV:

## Benefits should go to effective implementers



- What is the 'right' proportion?
  - to attract investors
  - but prevent windfall profits?
- Right for governments to retain some revenue for incurring implementation and transaction costs?
- UNREDD proposes government retained costs should be performance based (P)?
  - What's the exact level of costs occurring to government?



# Negotiating choices: legitimacy of the process

- Lack of clarity over what is the ‘competent agency’ with decision making powers
- Legitimacy of the decision needs the decision to be made by those with:
  - Legal mandate to make them
  - Adherence to due process
  - And to procedural rights

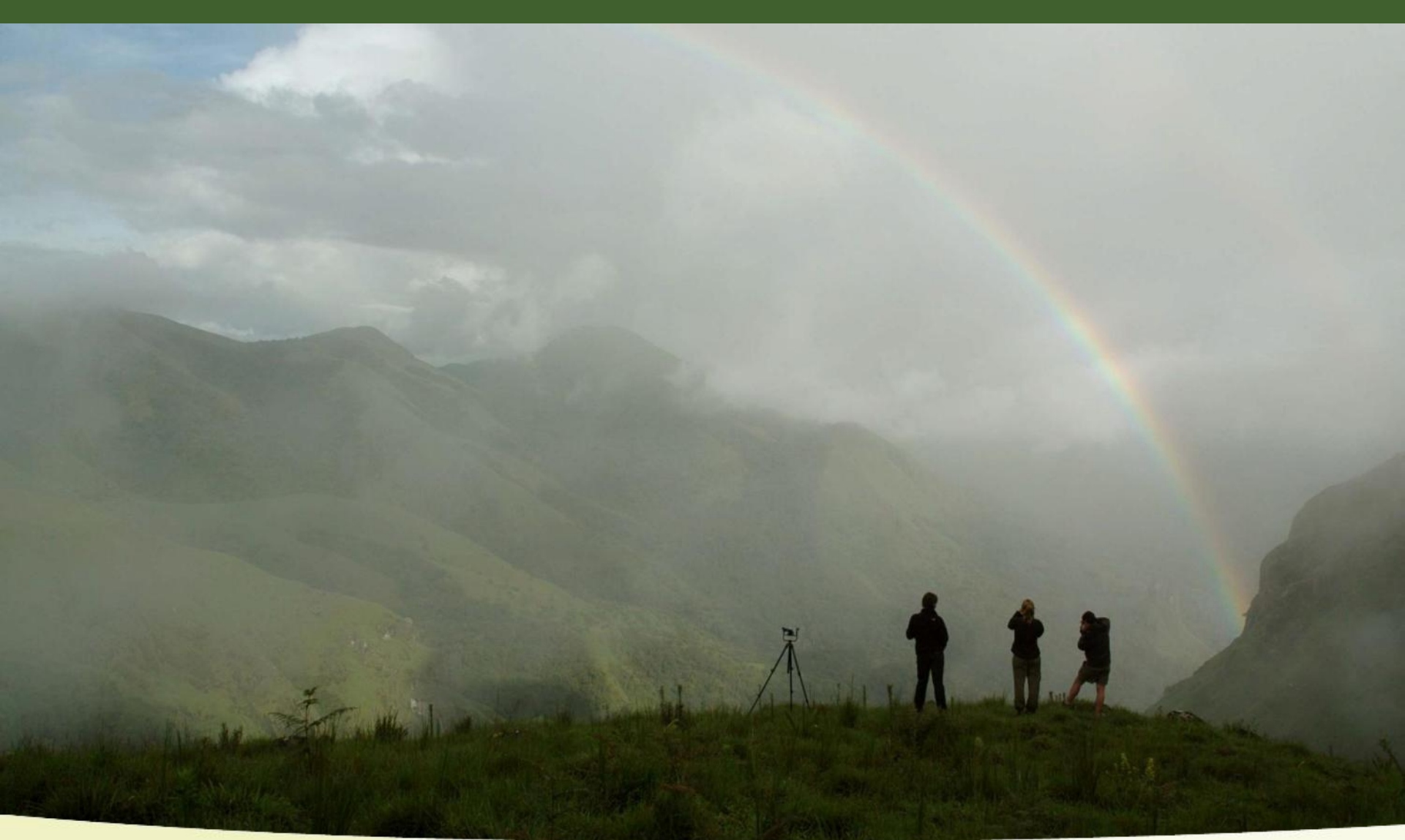




# Challenges and Choices

- Implementation of REDD+ will not only produce benefits but also costs
- Trade-offs will may arise between 3E's in different BSM designs
- Clarify objectives of national REDD+ implementation before designing BSMs
- Clarity on objectives help to define who 'should' benefit
- Requires a legitimate decision-making process and institutions





## Thinking beyond the canopy

Center for International Forestry Research



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