

# Country options for REDD+ benefit-sharing

Insights from a TFD initiative



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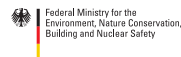
The Forests Dialogue (TFD), formed in 1999, is an outgrowth of dialogues and activities that began separately under the auspices of the World Business Council for Sustainable Development, The World Bank, the International Institute for Environment and Development, and the World Resources Institute. These initiatives converged to create TFD when these leaders agreed that there needed to be a unique, civil society driven, on-going, international multistakeholder dialogue forum to address important global forestry issues. TFD's mission and purpose is to bring key leaders together to build relationships based on trust, commitment and understanding and through them, generate substantive discussion on key issues related to achieving sustainable forest management around the world. TFD's dialogues serve as a platform to share aspirations and learning and to new seek ways to take collaborative action on the highest priority forest conservation and management issues.

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Front cover: Conservation  
International staff member  
discusses the Aguas  
Verdes program.

Facing page: Community  
chief comments on  
collaboration with Portal  
Limited (Ghana).

Back cover: *Ejido de Felipe  
Carrillo Puerto forest*

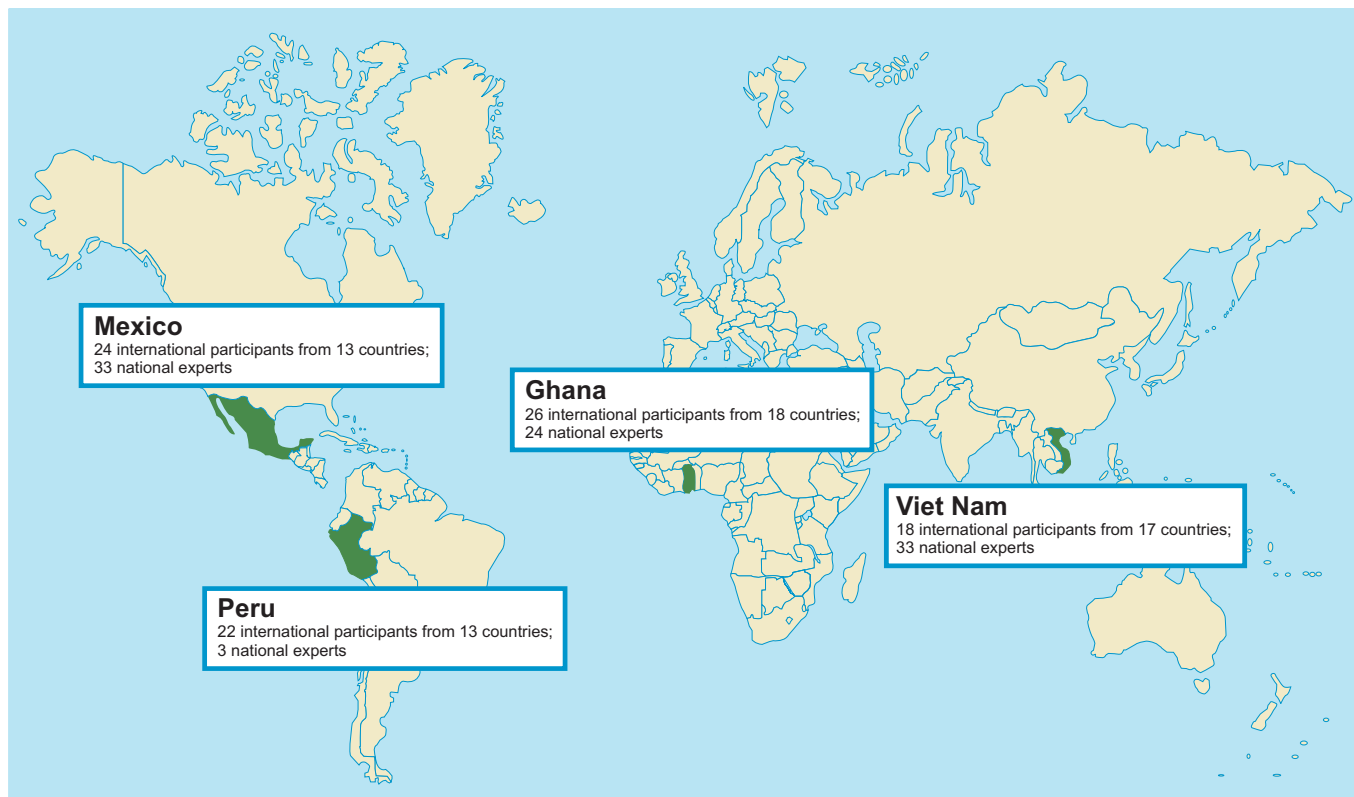


# The REDD+ benefit-sharing initiative

The series of dialogues on REDD+ benefit-sharing was organized by The Forests Dialogue in partnership with the International Union for Conservation of Nature. In 2013 and 2014, field dialogues involving about 210 key stakeholders from 25 countries were convened in four REDD+ countries (see map, page 2) for participation data at each field dialogue. The findings of these field dialogues have illuminated practical options in the design and implementation of REDD+ benefit-sharing systems.<sup>1</sup>

This handbook provides an overview of some of the key findings. A more in-depth summary, *TFD Review on REDD+ Benefit-sharing*, is available at The Forest Dialogue website.<sup>2</sup>

## Field dialogue countries, 2013-2014



## Country context

The table provides context for the four countries visited by dialogue participants.

	<b>Viet Nam</b> (45% forest cover)	<b>Ghana</b> (21% forest cover)	<b>Mexico</b> (33% forest cover)	<b>Peru</b> (53% forest cover)
<b>Deforestation and degradation drivers</b>	Agriculture; unsustainable logging; infrastructure development; fire	Agriculture; logging; livestock; fuelwood and charcoal production; mining	Conversion to agricultural, urban and industrial uses	In-migration from the Andes; agriculture; illegal mining and logging; infrastructure development
<b>“Engine” for REDD+</b>	Central government; funding from UN-REDD Programme and Forest Carbon Partnership Facility (FCPF)	Civil-society organizations; funding from FCPF and Forest Investment Program (FIP)	Central government; funding from FCPF; notable subnational engagement	Civil-society organizations; funding from FCPF, UN-REDD Programme and FIP; Indigenous REDD+ proposals
<b>REDD+ country context</b>	UN-REDD Programme phase 2; experience with incentives for good forest management; payments for forest ecosystem services scheme; beneficiaries clear	Seven REDD+ pilot programs; complex land tenure; lack of clarity on carbon rights; limited discussions on non-monetary benefits	Nested/jurisdictional approaches; experience in multiple benefits and collective rights; landscape approaches; safeguards	Nested approach; 30 projects relevant to REDD+ under preparation; social conflicts over land rights

## VIET NAM

### Bridging an existing program and REDD+

The Viet Nam government has proposed using existing national programs to share REDD+ benefits. One of the key existing programs is Payment for Forest Environmental Services (PFES), which collects funds from water users and tourist service providers to support forest conservation in and around watersheds, and builds on the forest protection contract model.

Key points in transitioning from Viet Nam's existing PFES approach to future REDD+ benefit-sharing mechanisms include the following:

- Strong awareness of the PFES scheme has set the stage for the introduction of REDD+ but has also raised expectations of REDD+.
- Limited monitoring and verification means there are only limited linkages between payments and performance under the PFES scheme, which also poses challenges for REDD+ implementation.
- Payment coefficients to differentiate payments (e.g. the R-factor) are technically appropriate but present challenges to implement on the ground.
- The existing top-down PFES approach delivers payments efficiently, but REDD+ performance-based payments would likely see increased community “ownership”.
- Community forestry can be harnessed to create a participatory approach to REDD+ if coupled with intensive capacity building.



Grung Re community member explains forest protection strategies.



## Reducing the costs of REDD+

To estimate the net benefits that will accrue to different stakeholders, it is important to understand which costs will be borne by whom. Costs are incurred at different stages of REDD+. Implementation costs are the direct costs of setting up a REDD+ system (for example providing an appropriate policy framework, land titling and access to credit) and the cost of operating the system. The opportunity cost – that is, the cost of opportunities foregone – should also be considered.

One way to reduce the cost of REDD+ is to leverage existing programs and governance structures in delivering the benefits. These are not always ideally suited to the task, however; for example, they may be unsuitable for distributing non-cash benefits.

High costs can be an inhibiting factor in sharing the benefits of REDD+. In Mexico, the federal government has agreed to bear the implementation costs of REDD+ at the results-based payment stage, while local stakeholders are to receive all the benefits.



Community members at Portal Limited

## GHANA

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### Constructing multiple benefits

Ghana has taken a “learning by doing” approach to its REDD+ activities and has seven pilot projects to inform the design and implementation of REDD+. Portal Limited is one of those pilot projects led by the private sector, and it is creating diverse income streams to ensure its sustainability. Multiple trees and crops have been planted – indigenous tree species, bamboo, high-value herbs and essential oils – to create a mosaic landscape, and a beekeeping enterprise is being developed. An area has been set aside for an ecotourism operation, which will involve the construction of tree houses, birdwatching hides and apiaries. The potential income from carbon payments is only part of a basket of benefits generated by the project.

## Benefits as incentives to engage in REDD+

Different stakeholders have different perceptions of what constitutes benefits from REDD+ and different expectations about the timeline on which they will receive those benefits. Despite such differing perceptions, all stakeholders in the field dialogues valued benefits beyond emission reductions and beyond cash payments for those emission reductions.

Some key lessons learned include the following:

- Use multi-stakeholder platforms to identify the benefits that will best incentivize specific stakeholders.
- Leverage non-cash benefits such as capacity building, increased land-use rights and improved access to markets and credit.
- Combine and link short-term (e.g. income from non-wood forest products) and long-term (e.g. carbon income) benefits.
- Identify and map multiple benefits across relevant land uses.
- Integrate REDD+ into broader national sustainable development agendas.



Olusola Famuyide poses a question in the field



Participants enter Portal Limited

## GHANA

### Private-sector innovation in sharing benefits with communities

The main lesson arising from Portal Limited's REDD+ experience is that, to succeed, private enterprises must obtain the strong involvement of local communities. Specifically, they need to move beyond telling local people what a project will be, toward approaches in which local people help create project goals and methods. Other lessons include:

- Diversified income streams (including the potential for future income from carbon credit sales) can help ensure the sustainability of the project.
- Active engagement with communities and their traditional leaders helps reduce conflicts and create benefits for all, despite ongoing challenges related to land and resource tenure.
- Activities should be designed to create benefits based on performance and to address the drivers of deforestation and forest degradation.
- The active involvement of women ensures more equitable benefit-sharing within communities.





## Engaging the private sector

There are various types of private-sector actors, ranging in form and scale from smallholders and entrepreneurs, to small and medium-sized enterprises and cooperatives, to philanthropic or corporate social responsibility investors willing to accept high financial risks if coupled with positive social outcomes.

Different types of private-sector actors have different entry points for engaging in REDD+. Public-private partnerships are one possible entry point. Another is for companies to examine their existing supply chains and determine whether and where REDD+ interventions would add value; benefit-sharing then becomes a matter of deciding how and where benefits should be distributed along the supply chain. The private sector can also use REDD+ as an option for income diversification.

Participant discussion in a tree nursery at Portal Limited



## Communicating concepts and perspectives

Many of the terms used frequently in REDD+ benefit-sharing discussions – such as “equity” and “benefits” – can have different meanings for different stakeholders, and there is considerable scope for confusion. To ensure effective communication among stakeholders, such differences in perception must be recognized and clarified, and multi-stakeholder platforms can be used for this purpose.

## PERU

Multi-stakeholder dialogue platforms for promoting understanding and coordination of multiple benefits

Peru has established multi-stakeholder platforms to bring the interests of Indigenous Peoples, local communities and regional stakeholders to the national stage, thereby helping in understanding how different groups define benefits. The platforms include Peru's Indigenous REDD+ roundtable and regional REDD+ roundtables.

Peru's multi-stakeholder platforms can provide space for the participation of all the various stakeholders in REDD+, and they can also act as a coordination mechanism for generating and sharing technical information and decision-making among the various levels.



Women of the Shampuyacu community educate participants about local fruits

## PERU

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### Conservation agreements as a REDD+ benefit-sharing mechanism in the Alto Mayo Protected Forest<sup>3</sup>

The 182 000-hectare Alto Mayo Protected Forest (BPAM) in Peru is of high value for biodiversity conservation and watershed protection. Despite its designation as a protected area, however, it has one of the highest rates of deforestation of any protected area in Peru.



Transporting timber near Moyobamba, Peru

In 2008, Conservation International (CI)-Peru began working with various actors, including local communities and government entities, with the aim of conferring an economic value on ecosystem services through a REDD+ project. CI's strategy involves developing conservation agreements with the goal of providing incentives for local communities to conserve their environments. CI has implemented 51 of these initiatives in 14 countries since 2005; it acts as a broker between communities and potential funders such as governments, bilateral agencies, private-sector companies and foundations. Under the BPAM conservation agreement, settlers have pledged not to clear forest in return for a range of benefits, such as agricultural training and technical assistance.

The funding generated by the BPAM REDD+ project has been used to establish agreements between BPAM and around 700 coffee-producing settler families living in the BPAM. Between 2008 and 2012, the project generated more than 2.5 million tonnes of greenhouse-gas emission reductions.

## Identifying beneficiaries when rights are unclear

Secure rights over land and other resources can be used as a benefit of REDD+, but establishing such rights on a national-scale requires time and strong political will. An interim measure would be to use contracts to bridge the gap between the need for immediate engagement with people whose land rights are unclear and a future circumstance in which those rights become codified in law. Contracts can also provide a legal basis for benefit-sharing arrangements among stakeholders.

### The basis for sharing benefits

At the subnational level, both performance-based and input-based approaches can be used to share the cash and non-cash benefits of REDD+. A national government can set up frameworks, employ safeguards, and provide options for sharing benefits, but the types of benefits shared and the basis on which such sharing takes place must be tailored to local circumstances. Each eligible land-use activity in REDD+ may require its own set of incentives and thus its own mechanisms for providing those incentives. Traditional and customary laws can be helpful in designing benefit-sharing mechanisms.



A tree nursery at Aguas Verdes

## MEXICO

### Designing a REDD+ benefit-sharing mechanism for local contexts<sup>4</sup>

Mexico's federal government will create a national fund to receive payments from international sources for the national-scale reduction of emissions from deforestation and degradation. It has committed to distribute these payments to state funds, based on the emission reductions reported and monitored at the state level; cost-effectiveness may also be a criterion to determine which states receive funding from the federal government. The benefits distributed by states to the local level could be either monetary or non-monetary and will be allocated based on the efforts made to: address the drivers of deforestation and degradation; reduce barriers to sustainable natural resource management; and support sustainable rural development.

Local stakeholders can develop their own investment plans for reducing deforestation and degradation. In such plans, local stakeholders can also define who the beneficiaries will be and how the benefits will be shared. Multi-stakeholder committees will be formed at the state level to select investment plans based on state REDD+ strategies, guided by the federal government. A safeguards system will be put in place at all levels to guide the development and implementation of investment plans, government policies and benefit-sharing.



An Ejido de Felipe Carrillo Puerto community member explains deforestation trends



## Designing national programs to accommodate different local contexts

Taking into account the following three elements in the design of decentralized benefit-sharing processes will help ensure the legitimacy of REDD+ and lead to solutions adapted to local situations.

- 1) Recognize the differences and linkages between project-level and national-level approaches. Valuable lessons can be learned from project-level experiences to inform national policies on REDD+ benefit-sharing. Project-level approaches cannot always be applied directly at the national level, however, and some national-level approaches may not be feasible in projects. It is important to know which approaches are applicable at which levels, including the range of benefits that can be leveraged and the issues that need to be addressed.
- 2) Design a framework at the national level to guide the participatory design and implementation of benefit-sharing at the subnational level. It is important to set clear societal goals and priorities to guide national REDD+ programs so they deliver emission reductions and also contribute to those societal goals. Guided by national frameworks, the details of REDD+ benefit-sharing can be shaped at subnational levels through participatory processes.
- 3) Ensure transparency and free access to information. National frameworks and subnational action plans for benefit-sharing should be available publicly, and feedback and grievance mechanisms should be put in place to encourage inputs from local stakeholders. Civil-society actors can help in monitoring the implementation of programs and in revising action plans over time in response to new information and changing circumstances.



A community member of *Ejido Noh Bec* explains an aspect of sustainable timber production to dialogues participants

## MEXICO

### Local control as the basis for sharing benefits

In Mexico, the legal framework establishes that, because the vegetation and soils in forests capture carbon, the property rights to that carbon lie with the legal owners of land (e.g. *ejidos*, communities, indigenous groups, individuals and firms). The Mexico government aims to promote the equitable distribution of benefits based on social agreements; one of the guiding principles for this is certainty and respect for the property rights of landholders.

Many of the potential REDD+ activities on the Yucatan Peninsula follow a rights-based, decentralized model for REDD+ benefit-sharing, with the rights-holders able to decide their own benefit-sharing mechanisms in accordance with national guidelines. Placing local control at the heart of the decision-making process for benefit-sharing can help ensure legitimacy because decisions are made by rights-holders within a relatively well-defined business model that already handles other income streams from their forests.<sup>5</sup>



## Efficiency, Effectiveness, Equity

While it is broadly accepted that REDD+ benefit-sharing should be effective, efficient and equitable (the “3 Es”), tradeoffs among these three principles are inevitable in practice. Optimal outcomes of REDD+ benefit-sharing are unlikely to maximize any one of the 3E principles. The decision-making process on how compromises among the 3Es are made is vital for ensuring the legitimacy of REDD+ benefit-sharing.



Participants learn about *Ejido de Felipe Carrillo Puerto* carbon accounting



A young forest guard in Viet Nam

## Conclusions

In all countries in which the field dialogues were conducted – Ghana, Mexico, Peru and Viet Nam – the central issues for benefit-sharing were twofold: 1) rural development; and 2) the engagement of forest-dependent Indigenous Peoples and local communities – especially women in those communities.

Designing REDD+ benefit-sharing mechanisms to take into consideration the needs of forest-dependent communities is both a moral obligation and a pre-condition for success in each of the four dialogue countries, and this is likely to also be the case in all countries interested in REDD+. The challenge and value-addition comes from designing systems that allow REDD+ performance-based payments to leverage transformative change that creates enabling conditions for diversified income streams through the sustainable, productive use of forests.

Overall, many of the key problems that have emerged in discussions of REDD+ benefit-sharing mechanisms reflect entrenched problems in broader conservation and natural resource management. Although REDD+ is not a panacea, involving forest-dependent communities in the design of benefit-sharing mechanisms with their needs firmly in mind has a strong chance of moving land use towards sustainability – thereby reducing deforestation and forest degradation while improving socioeconomic conditions.



Timber produced by *Ejido Noh Bec*, Mexico

At the current stage of REDD+ implementation, with few performance-based payments under jurisdictional approaches, discussions are often limited to either broader discussions of benefit-sharing itself or to lessons extracted from other sectors and initiatives on payments for ecosystem services, which may not be performance-based.

As observed over the two-year dialogue process, where local capacity is strong, national governments can enable local stakeholders to design their own REDD+ benefit-sharing mechanisms. Most critically, this begins with identifying the specific beneficiaries while providing general policy guidance to ensure national or subnational consistency. Where local capacity is weak, capacity building could be perceived as an interim benefit of REDD+ processes if it empowers local communities, women and Indigenous Peoples to play a greater and sustained role in decision-making through multi-stakeholder forums. Ultimately, such forums will help ensure the longer-term societal outcomes of increasing rural incomes while ensuring permanence in emissions reductions.



Participants enter *Ejido de Felipe Carrillo Puerto* forest

## Endnotes

- <sup>1</sup> REDD+ is usually defined as “reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks”.
- <sup>2</sup> [Theforestsdialogue.org](http://Theforestsdialogue.org).
- <sup>3</sup> Niesten, E., Bruner, A., Rice, R. & Zurita, P. 2008. Conservation incentive agreements: An introduction and lessons learned to date. Conservation International (draft).
- <sup>4</sup> Information provided by: Leticia Gutierrez Lorandi, The Nature Conservancy, Mexico. This vision for benefit-sharing in Mexico was developed through national dialogues conducted by The Nature Conservancy with the National Forestry Commission and the Mexican Civil Council for Sustainable Development. The vision is reflected in Mexico’s Emission Reduction Programme Idea Note submitted to the Forest Carbon Partnership Facility.
- <sup>5</sup> Elson, D. 2012. *Guide to investing in locally controlled forestry*. Growing Forest Partnerships in association with FAO, IIED, IUCN, The Forests Dialogue and the World Bank. London: IIED.

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