



**UN-REDD**  
PROGRAMME



## Cambodia REDD+ National Programme

(#40, PreahNorodom Blvd, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia, 3<sup>rd</sup> Floor)

### CONCEPT PAPER

|                                              |                                       |
|----------------------------------------------|---------------------------------------|
| <b>Title of activity</b>                     | Costs and benefits of REDD+           |
| <b>Outcome/output from Results Framework</b> | Output 2.2: Evaluation of co-benefits |
| <b>Anticipated timing</b>                    | June-December 2014                    |
| <b>Duration</b>                              | 6 months                              |

#### Objective of activity (one sentence):

To present the values of forests under different management regimes, along with estimates of the costs of implementing REDD+ activities versus other land use options.

#### Justification (100 words or less):

An enhanced understanding of the costs and benefits at the national level from different activities relevant for REDD+ can help prioritize activities and also be a valuable input for discussions on benefit sharing. Following a National Planning Meeting in Phnom Penh (on 01 April 2014) funded by the UN-REDD Programme it was decided that a proposal for further economics work should be developed in order to support REDD+ planning in Cambodia. The following work is proposed in order to meet the objectives identified at the meeting.

#### Approach (400 words or less):

In order to meet the needs identified at the National Planning Meeting the following three activities are proposed.

Firstly, to produce an analysis of the costs and benefits of REDD+ implementation in Cambodia. This would include:

- Building on measures already in place in Cambodia a first step is to identify activities relevant for the objectives of REDD+. This will involve liaison with the Forestry Administration, General Department of Administration for Nature Conservation and Protection (GDANCP) and Fisheries Administration.
- Identifying, classifying and estimating the costs and benefits of REDD+ implementation in Cambodia using the best (objective) data available from the literature;
- Develop a simple tool (spreadsheet model) for quantifying the costs per hectare (opportunity, implementation and transaction) and benefits (carbon payments and other tangible economic contributions) of implementing various REDD+ activities in Cambodia;
- Engage with stakeholder representatives at a workshop and follow-up discussions to test the assumptions (including figures) used in the spreadsheet model and refine these;
- Explore the impacts of carbon price on the net value of REDD+ activities.
- Identify additional non-monetary benefits.

- Concisely report the findings (max 30 pages) from the above analysis of costs and benefits of REDD+ activities, including a simple spatial analysis.
- A national consultation meeting in Phnom Penh to presents and discuss the findings from the conducted work will be organized and communication material will be produced (coordinating with existing work on REDD+ communication material, and linking to the third activity, below).

Secondly, to develop a GIS spatial analysis tool of relevance for REDD+ planning in Cambodia. This will be closely linked to the emerging NFMS, and will involve:

- Focussing on 2-3 provinces (khaet) which have been identified as possible candidate areas, develop an interactive GIS spatial mapping tool with costs and benefits layers to identify areas of greatest net gain for implementing REDD+ activities.
- Calibrate with some collection of local data in the relevant khaet.
- Present the tool in-country with a user training session.
- More detail is contained in the annex.

Thirdly, support will be provided to the RTS to raise awareness among staff of FA, GDANCP and FiA , key decision makers in line agencies and all members of the TF and CG about the relative values of forests under different management regimes and estimates of the costs of implementing REDD+ activities versus other land use options.

#### Key Outputs:

The outputs of the activity will be:

- Spreadsheet model of costs and benefits, and an accompanying report presenting the costs and benefits of REDD+ activities in Cambodia, including initial spatial analysis (where possible).
- GIS mapping decision-support tool for REDD+ planning (developed specifically for Cambodia)
- Increased awareness among staff of FA, GDANCP and FiA , key decision makers in line agencies and all members of the TF and CG about the relative values of forests under different management regimes and estimates of the costs of implementing REDD+ activities versus other land use options.

#### Background Documents, including ToR for any personnel to be recruited:

To be developed

#### Budget (add lines if necessary):

| Item                                                         | Amount                  |
|--------------------------------------------------------------|-------------------------|
| Analysis of the costs and benefits of REDD+ implementation   | \$0*                    |
| Workshop/follow-up and travel associated with first activity | \$4,000                 |
| GIS spatial analysis tool                                    | \$90,000                |
| Awareness raising materials (including translations)         | \$1,000 <sup>[t1]</sup> |
| <b>TOTAL</b>                                                 | <b>\$95,000</b>         |

\* Note: most of this item (excluding travel costs and translation) can be provided under UNEP-WCMC's UN-REDD budget for supporting economic valuation in Cambodia this year. However, the workshop element and engagement of a national consultant for the workshop and data collection within country would be an additional expense – see next line. An alternative option is for UNEP-WCMC to cover all of these costs but reduce the coverage of the first report to exclude any mapping of the costs and benefits.

Prepared By

Ralph Blaney

**Economist at UNEP-WCMC**

Approved by

**UN-REDD National Programme Director**

### **Annex 1. GIS mapping tool outline.**

A general aim in most countries is to improve overall economic prosperity and social well-being. For such improvements to be lasting they need to be ecologically sustainable, since well-functioning ecosystems underpin many basic processes upon which we rely, to various extents, for our survival. Therefore, most countries want to protect their forests, but they wish to do so in a way that provides financial returns, creates jobs, and brings social benefits. A case for the value of REDD+ still has to be made despite its potential to deliver on all of these objectives. REDD+ has a clear role in the evolution towards a Green Economy, and, as such, implementing countries will aim to maximize the financial gains to the economy whilst also securing additional bio-physically-derived socio-economic benefits (i.e. forest ecosystem services that underpin the livelihoods and well-being of both the local and national population). In order to facilitate this process a useful REDD+ decision-support tool would be one which helps prioritize which land areas might be included in REDD+ based on the resulting overall financial gain (and wider socio-economic gain).

The processes involved in performing the analysis would necessitate the following:

In collaboration with an in-country partner (Ministry) -

- Develop scenarios describing the context for REDD+ actions, making use of the country reference scenario for emissions
- Identify viable areas for different REDD+ actions (initially broadly by khaet)
- Produce a spatial cost layer (using data on opportunity costs as well as implementation and transaction costs) associated with each potential REDD+ action

Note that this work can build on the results of the spreadsheet analysis; however, a national consultant would be required to undertake some local cost data collection.

- Using carbon maps and carbon price scenarios, calculate a net carbon value layer
- Account for overhead costs (non location-specific implementation and transaction costs)
- Undertake spatial economic maximization, identifying the most 'profitable' REDD+ land areas, where carbon value exceeds costs; allow the modification of assumptions about costs and carbon prices to repeat the analysis

An important aspect of the work should be the training of in-country partner staff in the use of the GIS tool.