

A Framework for Defining Equity



A community in Nepal dividing up the fuelwood harvest from their community forest

Source: Maksha Maharjan

THE IMPORTANCE OF EQUITY

International debates on climate change and other global environmental issues increasingly centre on equity. Nowhere is this more apparent than in the REDD+ (Reduced emissions from deforestation and forest degradation and enhancing forest carbon stocks) debate. This climate change mitigation mechanism, originally born out of the need to achieve efficient global emissions reductions, is now seen as an opportunity to promote the interests of historically marginalised indigenous and forest dependent communities. Aspects of equity now feature in all levels of the REDD+ debate.

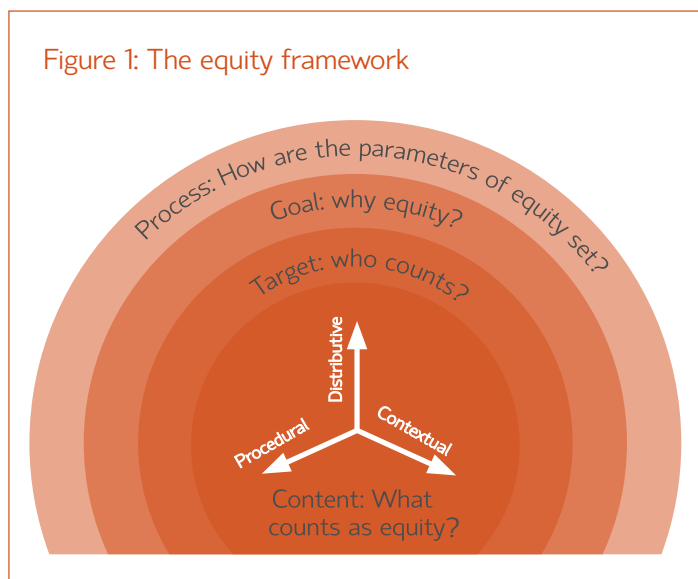
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KEY POINTS

- Equity is a subject of mounting concern in international debates over climate change and the environment, yet such discussions are often hindered by the lack of a common understanding of the concept.
- This brief outlines a framework (Fig. 1) that describes the four parameters of equity that should be considered in the planning or assessment of a policy or project: the goals relating to equity, the target and scale of equity, its content (distributive, procedural and contextual dimensions) and the process of setting these parameters.
- The equity framework can be employed to establish a context-specific definition of equity, an essential step in analysing how equity is affected by the growing number of PES initiatives to assign market value to important ecosystem services (such as water or carbon).
- The framework can also guide policy-makers and civil society in the design of new policies, legal instruments and programmes (e.g. REDD+) that advance equity and promote social justice.

Figure 1: The equity framework



The commoditisation of other ecosystem services, from watershed management to mining, timber extraction, and genetic resources, has also raised the alarm over impacts on equity. A key concern is that local equity may be undermined, or that existing inequalities may be worsened, as the local value of these ecosystem services is transformed by changes in their global value – whether caused by market forces or regional and global initiatives to pay for them.

Discussions on global environmental governance reflect the centrality of equity to just and sustainable outcomes, yet lack clarity regarding the definition and components of equity. Promoting equity is an implicit (and sometimes explicit) goal of many initiatives. However, it is often not clear which of the different facets of equity is being discussed: is it equity in the distribution of costs and benefits? Is it distribution between households within communities, between local and national stakeholders, or between generations? Or, is the concern rather about equity and fairness in decision-making processes? Without a clear definition of which aspects of equity are being pursued and how, it is difficult to evaluate the impact of policies and programmes on equity, and impossible to plan for it effectively.

This brief outlines a framework for analysing and evaluating how equity is approached in policies, legal instruments or projects and for assessing its baseline status. This can provide useful lessons for how equity goals can be pursued in future policies, laws and programmes. It is of particular relevance to REDD+, given the political necessity to ensure that REDD+ is equitable at the national and local levels.

THE EQUITY FRAMEWORK

The equity framework is comprised of three parameters (the parameter-setting process, goals, and targets of equity) that frame the stage for defining a fourth (the content of equity) along three dimensions (distributive, procedural, contextual) (Fig. 1). Various 'definitions' of equity can be assembled from these elements (how, why,

who, what). Table 1 elaborates the framework with some indicative questions to show how it can be used in the analysis, assessment and design of initiatives (policies, projects, legal instruments).

Process: How are the parameters of equity set?

The process by which the parameters of equity (goals,

Box 1. Forest certification: who sets the parameters?

There are two main global institutions for forest certification – the Forest Stewardship Council (FSC) and the Programme for Endorsement of Forest Certification (PEFC). Each supports different governance processes for setting equity parameters (as reflected in the content of standards to which forest owners are certified). Both schemes are strongly focused on the environmental impacts at the point of production but also address issues of social equity.

The membership and governing board of the NGO-driven FSC are divided into three 'chambers' – the Environmental, Social and Economic chambers – each with an equal share of the vote intended to ensure a 'balance of interests' in FSC decision-making. By assigning all members engaged in the forest product supply chain to the Economic chamber, economic interests are prevented from dominating decision-making. As has happened in British Columbia, therefore, it is possible for an FSC standard to be endorsed in complete absence of industry support. Although the private-sector driven PEFC also has a multi-stakeholder decision-making process, the national schemes it has endorsed have been initiated by, or have the support of, the national forest industry.

These differences in governance that define the parameter-setters for each scheme are likewise reflected in different 'subjects of equity' across the certification schemes. Under the PEFC, forest producers are key parameter-setters, thus making certification accessible to forest producers and reinforcing the sovereign authority of national government. PEFC supporters argue that flexible standards with modest requirements enable more equitable participation among small-scale producers. The FSC emphasises the involvement of NGOs, who in turn have highlighted the rights of indigenous peoples, local communities and workers to set the parameters of equity as well as to serve as key beneficiaries, or subjects of equity.

Source: McDermott, C.L. 2011. Safeguarding local equity as global values of ecosystem services rise: the case of envirosocial certification. Working paper prepared for the workshop on 'Safeguarding local equity as global values of ecosystem services rise', Oxford, 18–20 May, 2011.<http://redd-net.org/resource-library/Certification+and+equity>

target group and content) are set is central to the equity (fairness) of the overall initiative or policy, yet that process is rarely explicit and those affected frequently have no role in it. The parameters may vary to account for social context, norms and values in different situations. As shown in Box 1, the different governance processes in the two main global forest certification schemes can give a very different focus to standard-setting and hence have different impacts on equity. Parameter-setting processes are often exclusionary, and consist of adopting prevalent or convenient assumptions, even when the intentions are good. In the case of Bolivia, for example, a laudable policy commitment to reduce inter-personal and inter-territorial disparities is nevertheless being pursued through political decision-making processes in which central authorities decide, more or less unilaterally, to 'impose' their vision of how hydrocarbon resources should be governed (Box 2).

Goals: why equity?

Only once the equity goals of a policy, project or initiative have been established is it possible to design systems to monitor progress towards achieving those goals. These may be non-existent (i.e., equity is not considered) or they may aim to maximise equity, improve it or merely 'do no harm.' For example in the case of REDD+, most multilateral and international processes share the explicit equity goal to 'do no harm'. In the case of community forestry in Nepal, an initial 'do no harm' focus has shifted over time to an explicit 'pro-poor' goal of improving equity.

Target: who counts?

The 'target' of equity refers to whose interests count and at what spatial, temporal and social scale. Determining the target group is an important step in 'framing' how equity will be considered. For example, the distribution of financial resources, power and costs associated with the expansion of natural gas extraction in Bolivia has fuelled conflict between a range of stakeholders from national to regional scale, between and within communities, and between different actors along the international value chain (Box 2). In extractive industries, as with some REDD+ agreements, contracts are often negotiated for long periods, illustrating the need to consider how the terms will affect future as well as present generations.

Content: what counts as a matter of equity?

The content of equity refers to what counts as a matter of equity and how its dimensions are defined. These are well illustrated in the case of community forestry in Nepal (Box 3).

1. **Distributive equity** is concerned with the allocation among stakeholders of costs, risks and benefits resulting from environmental policy or resource management decisions, and therefore represents primarily (but not exclusively) the economic dimensions of equity. Equitable distribution of benefits can be justified on the basis of one of several different principles: equality, social welfare, merit and need.
2. **Procedural equity** refers to fairness in the political processes that allocate resources and resolve

Box 2. Whose equity counts? Hydrocarbon extraction in Bolivia

Extraction of hydrocarbons, particularly natural gas, is the backbone of the Bolivian economy. However, hydrocarbons are very unevenly distributed in the country with about 70% of natural gas production coming from Tarija, the smallest of Bolivia's nine departments with less than 5% of the country's total population. The current government is committed to increasing the production and export of natural gas in order to finance new social programmes to reduce inequality in the distribution of public spending and in inter-personal income distribution. In spite of this explicit goal of increasing equity at the national level, hydrocarbon extraction is the source of enormous conflict and raises many scale-related equity challenges:

Between national and regional governments. Conflict over the degree to which taxes and royalties from hydrocarbon extraction should be retained by producing regions or be redistributed to other regions has been so severe that it has threatened the integrity of the country. The income accruing to Tarija's government from royalties and taxes increased from around US\$75million in 2004 to \$283million in 2008, when Tarija accounted for 35% of the entire budget for public investment across Bolivia's nine departments. The central government's effort to redirect some of the transfers to other regions in 2008 has led to intense conflict with elected authorities in Tarija.

Within regions. Within Tarija, much of the natural gas is extracted in two provinces. One of these, Gran Chaco, has long wanted to separate from Tarija and form part of a tenth department, necessitating control of its hydrocarbon resources in order to fund its ambitions. In 2009, the central government brokered a deal with *chaqueño* elites to pay royalties directly to Gran Chaco, a first step towards regional autonomy. This decision came at a cost not only to urban Tarija elites but also to the local Guaraní indigenous population who have long aspired to indigenous autonomy, including greater control over hydrocarbon operations.

Within communities. Within Tarija, the company BG Bolivia has been negotiating the expansion of natural gas operations in an area that overlaps with the indigenous territory of the Weenhayek indigenous group. BG Bolivia agreed to fund an indigenous development plan in which it determined the communities most affected, what activities would be prioritised and funded, and (at least initially) retained control over the administration of the funds. The company's practice of secretive negotiations with individual Weenhayek leaders fuelled confrontations between leaders seeking to gain access to rents and weakened the integrity of their relatively young representative organisations as well as the quality of social relationships within Weenhayek society.

Along the value chain. Much of the gas extraction in Tarija is governed from company offices in the city of Santa Cruz, and from government offices in La Paz and Santa Cruz. High salaried positions and strategic decision-making are therefore concentrated in Santa Cruz, and even further afield in the international headquarters (in Brazil, UK, Spain and France) of the companies operating Tarija's gas fields.

Source: Humphreys Bebbington, D. 2011. Understanding the relationship between extraction, territory, inequality/inequity and conflict in the Bolivian Chaco. Working paper prepared for the workshop on 'Safeguarding local equity as global values of ecosystem services rise', Oxford, 18-20 May, 2011. <http://redd-net.org/resource-library/understanding-the-relationship-between-extraction-territory>

Box 3. Distributive, procedural and contextual equity in community forestry

Community forestry in Nepal provides good examples of the distributive, procedural and contextual aspects of equity and how they interact. When community forestry began in the 1970s, it was concerned primarily with improving forest condition, with many community forest user groups (CFUGs) enforcing harvesting restrictions in order to promote regeneration. The resulting declines in forest-based incomes were a cost that hit the poorest particularly hard. How these costs and the eventual benefits (forest products and revenues) were distributed became an increasingly important issue as community forestry took on the goal of improving livelihoods as well as forest condition. By 2009, the draft guidelines for community forestry required that community forest user groups spend 35% of their revenue on pro-poor activities – an explicit recognition of a pro-equity agenda. While many CFUGs began by distributing forest products on an equal shares basis, it soon became clear that not all members needed – or could use – the same products. Poorer families, for example, often had no access to saws or transport to utilise their share of timber. To deal with this contextual inequity some CFUGs resorted to selling timber as a community and distributing the resulting income, while others changed their management plans to produce products needed by the poor, such as fuelwood and non-timber forest products. Another example of contextual inequity is that the very poor were sometimes unable to make use of community-level benefits, such as schools, because of their inability to pay for school fees and uniforms. As a result, some CFUGs changed their distributive practices to provide scholarships and uniforms to the children of the poorest. A key to achieving better distributive equity and reducing contextual inequity was a focus by many donor projects on improving the procedural equity in CFUGs. This began with a requirement that women and the most marginalised social group, the dalit caste, be represented on CFUG committees and had to occupy at least some of the key decision-making posts. Additionally, a strong focus on good governance (including wellbeing ranking to identify the poorest, empowerment classes for women, and public audits) gradually led to decision-making that responded more directly to the needs of marginalised groups.

Source: McDermott, M.H. and Schreckenberg, K. 2009. Equity in community forestry: insights from North and South. *International Forestry Review* 11(2): 157-170.

disputes. It involves representation, recognition/inclusion, voice and participation in decision-making.

3. **Contextual equity** links together the other two dimensions by taking into account the pre-existing political, economic and social conditions under which people engage in procedures and benefit distributions – and which limit or enable their capacity to do both. It incorporates the concepts of individual capabilities (e.g. education, political recognition), access (to natural resources as well as to capital, labour, market networks, etc.) and power (to gain and maintain access to resources). These are inextricably linked, as illustrated in the case of Peru's law on access and benefit-sharing (Box 4). Differential capabilities, access and power can have a significant influence on procedural and distributive equity.

THE EQUITY FRAMEWORK COMPARED WITH OTHER APPROACHES

There are a number of subtle but significant differences that flow from examining policies, programmes and initiatives from an equity perspective as compared with other common approaches, in particular, those centred on rights, efficiency or poverty alleviation.

Rights-based approaches are prominent in global debates over how to address climate change. Yet, they can be imprecise with respect to critical issues, such as specifying who holds the rights and who bears the duty to enforce them. Critically, having rights in and of itself provides no guidance for ordering or weighting rights that conflict with each other: my freedom vs. your well-being, growth vs. sustainability, and rights of indigenous people

vs. migrants (or majorities). Rather than assuming the existence of a broad set of social and economic rights that others may not accept, the equity framework directs the user to identify or select explicit parameters that define equity (goal; target group; procedure, distribution and context) and points out the existence of opportunities to challenge inequity.

Effective marketing of ecosystem services is often thought to require trade-offs between efficiency and equity. Consideration of impacts on different target groups, as per the equity framework, helps analyse these complex trade-offs more clearly. For example, an 'efficient' Payment for Ecosystem Services (PES) scheme could have locally inequitable results, yet have the potential to aid the global poor collectively (and in the future) in a profound way by averting the worst effects of climate change. Thus, adopting criteria such as 'do no harm' that are derived from an exclusively 'local' construction of the equity problem could lead to the rejection of interventions that might combat inequity at wider scales.

Equity and poverty alleviation are related, but must be considered as distinct goals. The impacts of initiatives such as PES can sometimes cause them to move in opposite directions. For example, an intervention that benefits the moderately poor but leaves out the poorest will increase inequity even as it decreases overall poverty.

CONCLUSION

How can we design 'equitable REDD+' policies, legal instruments and programmes? Application of this framework points to the value of taking into account



Woman speaking out at a Community Forestry User Group meeting, Nepal

Source: Maksha Maharjan

the full dimensions (what) of equity – distribution of benefit/cost/risk, procedural fairness, and the context, or initial levels of inequity. It underlines the important differences arising from whether the goal (why) of a REDD+ scheme or policy is to maximise gains in social equity, or merely to 'safeguard' it. The framework also reveals how, without careful specification of the targets of equity (who), local suffering can disappear from view at one extreme of the scale, while at the other, a focus on the ultra-local misses causes and solutions. Finally, the framework directs attention to the how of equity, or the process of generating and implementing a fully specified definition. Without this scrutiny and deliberation, such a process is likely to rely upon the implicit, unarticulated and sometimes contradictory values of the powerful.

This policy brief is based on McDermott, M., Mahanty, S. and Schreckenber, K. (2011) 'Defining Equity: A framework for evaluating equity in the context of ecosystem services' available at <http://redd-net.org/resource-library/defining-equity-a-framework-for-evaluating-equity-in-the-co>.

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Box 4. Promoting contextual equity: Access and Benefit-Sharing legislation in Peru

In 2002 Peru became the first country with a large indigenous population to create a sui generis scheme (Law 27811) to protect indigenous peoples' collective knowledge associated with biological resources. A study of the introduction of this legislation shows that equitable environment-related legal negotiations and policies must be actively fostered. This implies effective mechanisms to overcome power imbalances in negotiations and the difficulties of forest-dependent people in complying with legal requirements. A first step is to ensure that groups obtain formal legal status – for many indigenous groups in Peru this has meant setting up NGOs although this institutional form does not necessarily coincide with customary decision-making structures. Nevertheless, many social groups, such as the extended families that are the key social unit within the Amazonian lowland groups, are not legally recognised entities by the State. A second step is to ensure widespread awareness of the law. Law 27811 was not just published in the official Gazette (as formally required) but was also translated into different languages and disseminated via culturally specific materials to both highland and lowland indigenous peoples in a range of formats including cartoons and radio programmes. A third step was to improve access to the law by abolishing the fee to register collective knowledge of biodiversity.

Source: Ituarte-Lima, C. and Subramanian, S.M. 2011. Equity dimensions in ABS legal agreements and REDD negotiations. Working paper prepared for the workshop on 'Safeguarding local equity as global values of ecosystem services rise', Oxford, 18-20 May, 2011.

Table 1: Elaborating the parameters and dimensions of the equity framework

- 1) Process: How are the parameters of equity set?
 - What is the process for decision-making in framing the initiative?
 - How is it established and at what scale of decision-making?
 - Who is included/excluded in the decision-making process?
 - Who defines the goals, targets and content of the initiative?
- 2) Why equity? What is the explicit/implicit goal?
 - Is the goal to maximise equity, improve equity, do no harm, or are equity impacts not under consideration?
- 3) Target: Who counts as a subject of equity?
 - At which scale(s) is equity considered: individual, household, community, value chain, regional, national, global?
 - How are the needs of current and future generations taken into account?
 - How are the needs of non-human species or ecosystems taken into account?
- 4) Content: What counts as a matter of equity?
 - 4a) Distributive equity
 - Is the distribution of benefits, costs and risks given consideration?
 - What is the intended basis for the distribution of benefits: equal shares, net social welfare, merit, needs?
 - What is the observed cost/benefit distribution and its impacts?
 - 4b) Procedural/Participatory equity
 - Which marginalised groups are recognised? voicing their interests?
 - Who is participating in decision-making and who is left out?
 - 4c) Contextual equity (incorporating Capabilities, Access, Power)
 - Do decisions reflect the interests of the marginalised?
 - Do marginalised individuals have access to the resources (e.g. land, capital) necessary to secure benefits of the initiative?
 - What new capabilities are being developed?
 - What local institutions provide 'safety nets'?
 - Are the causes of inequity identified? Addressed?

ABOUT REDD-NET

REDD-net is an international knowledge forum for southern civil society organizations through which they can access information about efforts to Reduce Emissions from Deforestation and forest Degradation, share their own experiences and help to build pro-poor REDD projects and policies. REDD-net is a partnership between Centro Agronómico Tropical de Investigación y Enseñanza (CATIE), the Overseas Development Institute, RECOFTC – The Center for People and Forests and Uganda Coalition for Sustainable Development. REDD-net is funded by Norad.



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