



The UN-REDD Programme is working in several countries to support the design of REDD+ compliant Benefit Distribution system. This work is most advanced in Viet Nam, where numerous studies, and national and local consultations have been conducted. A sub-technical working group under the National REDD+ Network has also met on several occasions to discuss the issues, and the Government of Viet Nam identified the design of a transparent and equitable benefit distribution system (BDS) as a priority for UN-REDD support. In Viet Nam, a total of 17 policy issues have been identified that need to be addressed in order to establish an effective REDD+ compliant BDS. There are plans and discussions to pilot a BDS in Viet Nam during Phase 2 of the UN-REDD Programme.

In Indonesia, work on BDS is being undertaken in cooperation with the Forest Carbon Partnership Facility (FCPF) and the National REDD+ Taskforce, with the UN-REDD Programme focusing especially on benefit distribution at the local level. A study of requirements for a REDD+ compliant BDS was conducted in the pilot site of Central Sulawesi. In Cambodia, initial discussions have also been held on approaches to establish an effective BDS. In both countries, lessons can be drawn from voluntary market carbon conservation projects, and REDD+ demonstrations. Lessons from all these initiatives can help kick-start work on BDS in other countries.

Principles of REDD+ Benefit Distribution System

To be effective, benefit distribution for REDD+ need to be channeled to beneficiaries through a system that embraces the following principles:

Timeliness – performance can be measured and reported some time after the interventions have been made. It is unrealistic to expect poor rural stakeholders to “carry” the costs of those interventions, so the BDS needs to offer incentives more regularly than the measurement intervals.

Adequacy – interventions will not be made or sustained if the incentives provided do not match the potential values generated through alternative uses of the forest land (the “opportunity costs”). In some cases, the BDS may need to incorporate “bundling” of benefits from several sources to make them more attractive.

Flexibility – diverse biophysical, cultural and socio-economic circumstances mean that there is no “one-size-fits-all” BDS that will satisfy stakeholders in every locality. The design of the BDS needs to incorporate local decision-making on the form that the BDS should take.

Equity – stakeholders need assurance that other groups are not receiving disproportionate benefits. Measures to promote equity are greatly facilitated by transparency and broad-based participation.

Efficiency – if costs incurred in managing a REDD+ programme are too high, the total benefits available for providing positive incentives is reduced, and the conditions of adequacy will be compromised.

Separation of Functions – the process by which benefits are allocated to stakeholders must be independent of REDD+ fund management and financial transactions; and from technical, financial and management quality assurance.

THE UN-REDD PROGRAMME

The UN-REDD Programme is the United Nations Collaborative Initiative on Reducing Emissions from Deforestation and Forest Degradation (REDD). It builds on the convening role and technical expertise of the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). The Programme supports developing countries prepare and implement national REDD+ strategies.

Lesson 1: A REDD+ BDS does not need to be built from scratch. In many countries there are pre-existing systems which can be used to develop a REDD+ BDS. This is most obvious in countries like Viet Nam, which have piloted payments for ecosystems services; but examples need not come from the forest sector. The health and education sectors have used conditional cash transfers in many countries as incentives to promote maternal and child health care or school attendance. Bangladesh, Cambodia, Indonesia and the Philippines and have such systems. Building a BDS from pre-existing models is beneficial in that many stakeholders are already familiar with the approach. Therefore, countries should review existing experiences from a variety of sectors in designing a REDD+ BDS.

Lesson 2: The nature of benefits does not need to be cash payments. There is a tendency to think about REDD+ in purely monetary terms. The UNFCCC talks about “positive incentives”, not money. REDD+ readiness is currently being supported mainly through financial contributions from bilateral donors and multilateral agencies. It is, perhaps, reasonable to assume that REDD+ implementation will also trigger financial flows from Annex I to non-Annex I countries. However, even if this is the case, it does not mean that benefit distribution needs to involve cash flows. Indeed, there are many reasons why non-cash benefits may be more appropriate, including corruption risks. Therefore, in raising awareness about REDD+ and benefits that may derive from reduced emissions, care must be taken not to imply that the benefits will necessarily be financial.

Lesson 3: BDS should be adapted to local circumstances. Because people are all different, the views and wishes of local stakeholders are not going to be uniform throughout a country. Therefore, a BDS needs to be flexible, offering the types of benefits that meet local expectations and wishes. In some localities, for cultural, social, or economic reasons, benefits in the form of cash payments may be the best option, whereas in another locality with different circumstances, benefits in the form of improved services may be preferred. In some cases, benefits need to be delivered to communal entities, whereas in other cases, delivery to individual stakeholders may be preferred. It is

important to avoid monolithic and inflexible BDS arrangements that cannot accommodate this diversity in form and structure of benefits, which requires effective consultation with empowered stakeholders.

Lesson 4: Clarifying and separating responsibilities and promoting transparency for a REDD+ BDS are essential. Although corruption can potentially pervert a country’s REDD+ programme in numerous ways, corruption risks are most likely to be associated with benefit distribution. Clear and obvious risks are fraud, in directing benefits to those who have not earned them, and elite capture, under which benefits are not shared equitably. Measures to mitigate these corruption risks include separation of functional responsibilities, and promoting of transparency. By separating functions of those who determine the appropriate level of benefits to be distributed and those responsible for distribution, the risk of elite capture is reduced. By ensuring full transparency of the monitoring data used to calculate earned benefits and information on the form and destination of benefits, the risk of fraud is reduced.

Lesson 5: It is advisable to establish and operate an effective complaint scheme (or recourse mechanism). No matter how much care is invested in designing a BDS and mitigating risks of corruption, no BDS will work perfectly, especially in the beginning. Therefore it is important to establish a system to provide stakeholders with an opportunity to register complaints in a way that is not threatening. This can raise the confidence of stakeholders in the overall system and can contribute to more democratic and effective forest governance. As for the BDS system, it is unlikely that it will be necessary to develop such a complaint mechanism from scratch. In most countries there are quite effective local dispute resolution mechanisms, which can be used to develop a more comprehensive, nationwide system. A national approach to addressing and respecting safeguards should also have a recourse mechanism, which could also cover issues related to the distribution of benefits.



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