

Policy brief –Local-level benefit-sharing for REDD+ – lessons from the Seima Protection Forest REDD+ Demonstration Project

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Introduction

To effectively tackle the drivers of deforestation and degradation, it has been proposed that payments should be provided to developing countries. National governments in these developing countries are expected to distribute such payments for example at the national level to cover costs of policy implementation and then to the local level (e.g. local communities, local level governments, and landowners) to support local level efforts to reduce emission from deforestation and forest degradation. At the local level, it has been argued that in state-administered forests, REDD+ funds should be utilized to cover costs for forest protection and conservation and community management activities, then remaining funds should be available for local benefit-sharing and incentives¹.

Yet, there is still limited practical experience with and knowledge as to how to share REDD benefits at the local level and what kinds and levels of benefits should be distributed. Hence, WCS has conducted a comprehensive review of existing literature on benefit sharing as well as field investigations of the Seima Protection Forest REDD+ Demonstration Project

This brief summarizes key principles and measures that our study has identified, as critical elements to be considered for local level benefit sharing in the large category of state-administered forests (e.g. Protected Forests) in Cambodia².

Key findings

The design principles identified below [MSJ] are grouped into the following five ‘Key Areas’, all of which are essential to an effective and equitable benefit-sharing system³:

- (1) Identification of key actors, institutions and stakeholder engagement processes
- (2) Selection of benefit types and amounts
- (3) Development of processes and rules for benefit distribution
- (4) Provisions for transparency and accountability
- (5) Establishment of dispute settlement procedures.

It is assumed that local benefit-sharing arrangements will need to be structured around the participation of groups of communities in the management of specific, legally defined forest blocks – for example, protected forests or community forests – since these are the natural administrative units for planning and monitoring many of the activities that ultimately generate REDD+ benefits.

¹ Although core activities have the highest priority, and can deliver crucial community benefits such as improved tenure and access to secure forest resources, we believe that even with low revenue levels some proportion of REDD revenues should be spent on direct benefits and incentives. This will demonstrate commitment to this aspect of the system and enable procedures to be tested and developed.

² The assistance of Tom Clements, Men Soriyun, Pet Phaktra and Keo Omaliss is acknowledged, although the conclusions are those of the authors alone.

³ See Milne *et al.* (2012) for further discussion and supporting references, but please note that the number and sequence of principles has been altered here for clarity.

Key Area 1: Key actors and stakeholder engagement

Site level organisational structures

Principle 1 – In each case a *site-level, multi-stakeholder benefit-sharing board* [TE2] should be created for oversight of benefit-sharing activities [TE3].

The board should draw members from existing management bodies, local authorities and community groups at the site, with observers from local civil society. The board would make decisions on elements of the system that have been devolved to this level, ensure effective reporting and promote transparency and consultation between local stakeholders [TE4] or with higher levels of administration.

Principle 2 - Ensure that the administrative structures used have the correct incentives to *ensure that benefits can be made conditional on performance* [TE5]. [MSJ6]

Without conditionality, desired behaviours are unlikely to be promoted (this is one principle).

The Commune Councils are unlikely to be ideally suited to this role since they are directly elected by the benefit recipients, [MSJ7] and because of overlap with their other mandates. [MSJ8] Hence linking REDD+ benefits to e.g. the Commune Development Fund process may give sub-optimal results [TE9]. (this is another principle)

Local community participants and organisational structures [TE10]

Principle 3 - *All participating villages should be consulted jointly* to decide how benefits should be distributed between villages.

This could be done through the structure described under Principle 1.

Principle 4 – Within a standard national framework, *village-level bodies should receive power and authority to exercise decision-making control over some elements of the design of the system* [TE11] *and to govern benefit distribution within the village*, as far as possible.

Local participation in setting rules and enforcing sanctions is known to promote both better compliance and acceptance by local people, and should minimise transaction costs in the longer term. Initial capacity limitations should be addressed through capacity building and keeping rules as simple as possible. Ensuring good governance and financial accountability may require external support [MSJ12], especially in the early years [TE13]. Flexible design elements could include choice of appropriate benefit types (from a list) and benefit levels for different actions.

Principle 5 – To reward their collective efforts the *members who participated in REDD+ activities should be the primary beneficiaries* [TE14].

This will encourage the beneficiaries to maximise emission reductions. If benefit-sharing to non-participants is considered socially necessary (e.g. to share benefits to adjacent villages in the same communes/districts with limited forest cover) it [MSJ15] should be clearly differentiated [MSJ16] and significantly smaller [TE17].

Key Area 2: Benefit types and sizes

Principle 6 – *Benefit levels should not be based on the opportunity cost of not doing activities that are already illegal* [TE18].

Directly compensating the cessation of illegal activities creates many ethical and practical problems and may undermine respect for the law. However, in proposing benefit levels during consultation, one factor should be taken into a consideration of the opportunity costs of foregone activities which are legal for communities to undertake. If this is not done, it is unlikely that consent will be given for REDD activities.

Principle 7 - Community benefits should be set at a level that people are collectively willing to accept.

In order to set benefit levels, consultation approaches should be taken, as being efficient and locally acceptable. At a minimum, benefits will need to be valued enough by local communities to influence their behaviour and to be perceived as fair given the levels of funding available. Further work may be required to assess what these levels are in particular cases.

Principle 8 - Benefits should be delivered as a combination of different types, including strengthened resource rights, alternative livelihood projects, and additional bonus incentives (see Table).

Input and ideas from villagers will be required, along with further analysis of livelihoods and local priorities, in order to make final decisions. Provisions for benefit types to be adjusted over time should also be made since social conditions in rural Cambodia are rapidly evolving. Further work is needed to determine the affordability, cultural acceptability and relative impact on behaviour of family-level incentives compared to community-level incentives.^[TE19]

Table: Examples of possible benefit types to local community members from REDD+

Category	Examples of benefits type for communities
<p>Core state forest management activities</p> <p><i>Not conditional on behaviour.</i></p>	<ul style="list-style-type: none"> - Continued and secure access to natural resources, including non-timber forest resources such as resin, that may otherwise be destroyed - Secure and formal property rights to land and forest resources - Equitable zoning and access systems for communities with rights of use - Improved forest quality - Employment in community-based patrolling and monitoring
<p>Alternative livelihood projects</p> <p><i>Needed in part to reduce drivers of deforestation at source. Some could be made conditional on behaviour</i></p>	<ul style="list-style-type: none"> - Community livelihood development, e.g. livestock raising, agricultural intensification, savings groups and/or micro-finance for enterprise development - Financial benefits and increased community empowerment and capacity - Most likely administered through a ‘community development fund’ at the village or project level. - Some benefits could be awarded at the household level.
<p>Other benefits</p> <p><i>These only affect deforestation through conditionality, and so all should be conditional.</i></p>	<ul style="list-style-type: none"> - Additional incentives payments for conservation activities or outcomes - This might be a bonus payment for exceptional performance, awarded to households or villages - Could include support for public services that are not ‘alternative livelihoods’ per se, for example roads, health clinics, schools, other infrastructure

Key Area 3: Benefit distribution rules

Recommendation^[MSJ20] **9** – *Ensure that community-level benefits deriving from the management of state forests are equitably distributed*^[TE21].

Benefits from the protection and management of forests (see Table) should be received by all forest users while avoiding the risk of elite capture. Standard best practice measures (e.g. participatory approaches, active inclusion of marginalised groups, disaggregated reporting of benefits etc) should be taken to ensure that forest benefits are equitably shared.

Recommendation 10 – *Benefits derived from local employment opportunities in project activities should be distributed as widely and fairly as possible.*

Possible mechanisms include a rotation system where all households get access to employment opportunities on a rotational basis, or **more sophisticated, locally appropriate criteria**^[MSJ22] can be set by community representative bodies.

Recommendation 11^[MSJ23] – *Full-scale benefit-sharing should not occur in any village before an agreed forest boundary has been established and mapped*

This boundary will act as a benchmark against which to assess performance on emission reduction. In rapidly changing areas, physical demarcation of the forest boundary (e.g. with poles) is also desirable before benefit-sharing begins.

Recommendation 12 – *A set of benefit-sharing criteria will need to be developed in consultation with project stakeholders and local communities*^[TE24].

In principle, it is desirable to distribute benefits in accordance with the volume of emissions reductions, but given technical limitations it may be impossible to set an accurate, credible reference emission level for each village, and in any case setting rewards solely on the basis of past deforestation behaviour may not be perceived as fair.

A balanced combination of criteria should be used. These may include⁴: village population size and forest area; village performance in emissions reductions and conservation; **village effort in project implementation**^[MSJ25]; **level of community ownership or management control over the forests**^[MSJ26]; and village poverty levels.

Priority criteria could include: (i) **number of families in the village**^[MSJ27]; and (ii) degree of *adherence to agreed forest boundaries* (as a simple-to-measure proxy for emissions reductions that links directly to decisions made by community members). If forest clearing occurs that was beyond villagers' control (e.g. by outsiders) then special provisions may need to be made.

Key Area 4: Transparency and accountability

Recommendation 13 – *Processes and decisions for benefit-sharing at each level should be transparent and open to third party scrutiny.*

The village structures and the multi-stakeholder site-level board should be accountable for their decision-making. Measures to ensure transparency include monitoring protocols (social and environmental); regular public reporting procedures and an annual review with public participation to enable adaptive management.

For example, at the village level, benefit-sharing decisions and allocations must be presented periodically for feedback at village meetings and the community-based

⁴ A fuller list of potential criteria is provided in the text of the report.

organisations responsible for benefit-sharing must be responsible for recording and reporting all financial transactions, and reporting these to the multi-stakeholder management committee, to village members and to auditors if necessary.

Key Area 5: Conflict resolution

Recommendation 14- Clear *procedures for receiving complaints and resolving disputes must be established* from the outset.

A third party facilitator should be available to all parties and awareness-raising about the complaint or dispute settlement process will be required as part of village consultations.

Conclusion?

Any good pictures of villages and forests?