

# IMPLEMENTATION FRAMEWORK: DESIGNING A BENEFIT DISTRIBUTION SYSTEM

## UN-REDD ASIA-PACIFIC WORK ON DESIGNING BENEFIT DISTRIBUTION SYSTEMS (BDS)

Taking advantage of lengthy experience with non-REDD+ benefit distribution systems in Viet Nam, the UN-REDD Programme has assisted the Government of Viet Nam to identify issues that need to be addressed in the design of a benefit distribution system that embraces the principles required under REDD+. A team of national and international experts undertook fieldwork, a literature review, and stakeholder consultations in order to identify constraints that need to be addressed in order to create a REDD+ compliant benefit distribution system.

A total of 17 policy issues were identified, and in many cases solutions to current constraints proposed. Work continues to refine and clarify solutions to many of these issues. The Viet Nam study has led to similar work being carried out in Cambodia and Laos, and the issues will also be analyzed in other UN-REDD Programme countries to adapt solutions to local conditions.

### PRINCIPLES OF A REDD+BDS

REDD+ monetizes the carbon stored in forests, and creates incentives for conservation. To be effective, benefits need to be channelled to forest-dependent communities through a system that embraces the following principles:

- **Equity:** refers to fairness in the REDD+ system, both in terms of costs and benefits. A frequent phenomenon in past forest governance has been the tendency for poor (rural and indigenous peoples) stakeholders to receive disproportionately low benefits and to carry high costs.
- **Transparency:** refers to the capacity for all stakeholders to see and to comprehend the mechanisms by which benefits are transferred. Transparency is a fundamental safeguard against the risk of corruption.
- **Additionality:** captures the idea that stakeholders should be rewarded only for actions that they would not otherwise have taken. Application of the principle of additionality ensures the efficiency of the system, in that the total cost of the system is not inflated.
- **Performance-relatedness:** is required to ensure that action to reduce emissions actually occurs. This represents a departure from traditional development aid, under which payments were made ahead of action.

### THE UN-REDD PROGRAMME

The UN-REDD Programme is the United Nations Collaborative initiative on Reducing Emissions from Deforestation and Forest Degradation (REDD), which builds on the convening power and 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 assists developing countries to prepare and implement their national REDD+ strategies and mechanisms to improve forest governance.





## LESSONS LEARNED : DESIGNING REDD+ BENEFIT DISTRIBUTION SYSTEMS IN ASIA-PACIFIC

### ■ Lesson 1: REDD+ revenues need to be managed in a way that conforms to the principles of transparency, good governance and equity

This could involve management by parallel systems to the government budget, for example through a REDD+ Fund with participatory governance. Similarly, all major stakeholder groups, including the ultimate beneficiaries need to be engaged in the governance of a REDD+ revenues.

### ■ Lesson 2: Regular independent, external audits of the National REDD+ revenues (and any revenues managed at sub-national levels) are essential

Again, the principle of transparency, as a safeguard against corruption, requires such an approach.

### ■ Lesson 3: Mechanisms such as conditional cash transfers (CCTs) need to be used to ensure performance-linkage

In order to ensure continued stakeholder support and engagement, evidence of future payment rewarding performance needs to be apparent. CCTs have achieved such a result in other sectors such as education and health, and should be adapted for use on REDD+.

### ■ Lesson 4: The benefit distribution system needs to be integrated with monitoring and planning processes

In order to ensure additionality, the entire REDD+ system including arrangements for monitoring and planning of interventions needs to be integrated.

### ■ Lesson 5: Benefit Distribution for national REDD+ systems are likely to be more complex than those for project-based approaches, due to the greater number of stakeholders involved at the national level

A project-based approach can involve direct contracts between purchasers and local beneficiaries. Under a National REDD+ system credits will accrue nationally, so benefit distribution is more complex. This could involve sub-national implementation within a national framework, which is currently an area of policy analysis in several countries.

### ■ Lesson 6: Benefit structuring should be delegated to local governance structures

In Viet Nam, as in most countries, there are differences in cultures and social norms across the country. Therefore, decisions on issues such as cash versus non-cash benefits, and communities versus households as the ultimate beneficiaries, should be delegated to local, participatory governance structures, but these should be subject to checks and balances to prevent abuses or non-equitable decisions.

### ■ Lesson 7: Performance on co-benefits can be incorporated into benefit structuring

The use of weightings (termed “R-coefficients”) can allow co-benefits, such as biodiversity conservation, or poverty alleviation, to be integrated into REDD+ systems. For example, overall payments for performance in reducing emissions may be weighted positively for areas with high biodiversity or high levels of poverty.



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