



# InfoBrief

NOVEMBER 2012

## Key Messages

- If effectively implemented, equitable benefit sharing can help ensure REDD+ reduces emissions, realizes substantial benefits for forest communities and does not make vulnerable people worse off.
- REDD+ financial incentives and other benefits will need to be shared among many actors at multiple levels, but substantial benefits should go to forest communities.
- Establishing effective and equitable benefit sharing is challenging; therefore, mechanisms should be designed, implemented and monitored in accordance with social and environmental safeguards.
- Lessons learned from REDD+ projects and other community based natural resource management initiatives should help inform benefit sharing mechanisms, so that they are equitable, realistic and effective.

# Equitable Benefit Sharing: Emerging lessons from REDD+ in Tanzania

*This briefing<sup>1</sup> aims to document emerging benefit sharing examples from REDD+ pilot projects; enhance Tanzanian stakeholders' understanding of equitable benefit sharing; and identify practical options for REDD+ in Tanzania.*

## UNDERSTANDING EQUITABLE BENEFIT SHARING & REDD+

### What is equitable REDD+ benefit sharing?

REDD+ is based on the transfer of financial incentives, and if well designed, implemented and enforced can generate extra benefits, such as enhanced governance, more secure (tenure) rights, improved environmental services, and income from REDD+ related activities. While there is no agreed definition, REDD+ benefit sharing usually refers to how financial incentives should be distributed within countries. It can also refer to sharing of other economic, social and environmental benefits at various levels (e.g. international, national, local and even household). There are many understandings of 'equity' and 'justice' in benefit distribution, some of which include:<sup>2</sup> equality (same shares to all), equity (shares based on contribution), and needs-based (shares based on satisfying everyone's basic needs).

Equitable benefit sharing is imperative if REDD+ is to result in sustainable emissions reductions, realize substantial benefits for forest communities, and avoid making vulnerable people worse off. As Tanzania develops national systems for REDD+, it can use emerging international guidance and local lessons learned to help develop and implement benefit sharing mechanisms that are equitable and meaningful at national and local levels.

**Why share REDD+ benefits?** Benefit sharing helps ensure REDD+ respects people's rights and is equitable, compensates costs, creates incentives for effective emissions reductions, and is legitimate and sustainable.



### What is REDD+?

REDD+ is a forest carbon initiative aimed at addressing climate change. It stands for, Reducing Emissions from Deforestation and Forest Degradation, including conservation, sustainable management of forests, and enhancement of forest carbon stocks (+).

### What are some potential challenges for equitable benefit sharing and REDD+?

- Uncertainty and lack of clarity in REDD+ benefits and costs
- Weak governance in forest and related sectors, including lack of awareness, clarity and enforcement of tenure laws
- Substantial financial, technical, and human resources are required to implement benefit sharing, and strong political will is needed
- Lack of fully operational mechanisms to build upon (Participatory Forest Management (PFM) provides a starting point, but its benefit sharing mechanisms are not fully operational, particularly with regard to joint forest management)
- Need to integrate REDD+ with its broader context, including addressing livelihood needs (e.g., agriculture) and competing land uses (e.g., biofuels and mining)

<sup>1</sup> This briefing, which is targeted at policy makers, practitioners and REDD+ implementers, is based on a more complete report available at [www.tnrf.org/benefitsharing](http://www.tnrf.org/benefitsharing). Another version of this brief will be targeted at community members and a more general public.

<sup>2</sup> Adapted from Mohammed, Essam Yassin. 2011. *Pro-poor benefit distribution in REDD+: Who gets what and why does it matter?* IIED. <http://pubs.iied.org/16508IIED.html> (citing Törnblom and Vermunt 2007)

## DETERMINING WHO SHOULD BENEFIT AND HOW

**What lessons can we build on?** There are emerging experiences from REDD+ pilot projects, as well as existing (positive and negative) lessons from community based natural resource management (CBNRM) and payment for environmental services schemes.

## THE BENEFITS & COSTS TO BE SHARED

**Benefits:** REDD+ can generate financial incentives, as well as co-benefits like enhanced governance, increased rights and tenure security and improved environmental services.

**Costs:** Benefit sharing mechanisms should consider the following costs and risks:<sup>3</sup>

- *Opportunity costs:* Value of benefits forgone in preventing activities to increase carbon stocks, e.g. restricting access to agriculture land or forest resources used for livelihoods or sale.
- *Implementation costs:* Direct costs of implementing measures to address deforestation and degradation, e.g. land use planning, land tenure reform, governance reform, and improved forest management.
- *Transaction costs:* Costs in conducting REDD+ operations, e.g. programme design, negotiations, and monitoring (carbon, safeguards).

**What will net benefits be in reality, and for whom?**

Estimated carbon credit payments often range between \$5 and \$10 /tCO<sub>2</sub>e, though can be much lower and may be volatile. Co-benefits can be highly valuable, though are more difficult to calculate. Benefits and co-benefits can also be mutually reinforcing. For example, governance improvements from implementing REDD+ can in turn enhance REDD+ effectiveness and carbon revenues. But real REDD+ benefits and costs and their relation to one another are uncertain. Benefits are likely to change over time and across contexts, and vary in how they accrue (or fail to accrue) to forest communities, women, and others.

The draft National REDD+ Strategy (June 2012) does not itself establish a benefit sharing mechanism, but seeks to guide development of “fair and transparent REDD+ financial mechanism and incentive schemes”, and states that a National REDD+ Trust Fund will “consolidate and distribute funds”. It also recognizes “equity in co-benefit sharing” as an objective of REDD+ governance.

**Who should REDD+ benefit?** There are many REDD+ actors, but forest dependent communities should be the primary beneficiaries. Eligibility criteria should ensure REDD+ fully compensates - and wherever possible further benefits - those who bear the costs, particularly local communities. Financial incentives will be limited, and criteria may need to balance inclusiveness and performance. Eligibility criteria for pilot benefit sharing arrangements include performance, tenure, contribution and equality.

**Should benefit sharing be set in law?** Unclear or poorly enforced laws make people vulnerable to losing out on benefits. But laws that are too prescriptive can limit local actors’ ability to adapt mechanisms to their circumstances. Therefore, benefit sharing can be strengthened if supported by law, but allow flexibility for locally defined processes. The question of whether new, REDD+ specific laws are needed in Tanzania remains open.

**How can benefits be distributed between levels in Tanzania?** While a National Trust Fund will be established<sup>4</sup>, a mechanism for distributing REDD+ revenues across levels in Tanzania has not yet been developed. Table 1 outlines some potential options,<sup>5</sup> each requiring careful design and good governance. In each case, individual communities can choose to aggregate their carbon to minimize transaction costs. Several REDD+ pilot projects are providing examples of how such aggregation could be governed.



▶ A woman signs for her share of payments made during a trial payment in Mkanga village in Lindi - photo courtesy of TFCG



▶ Community members gather - including men, women, youths and children - for decision-making as part of the trial payment process in Lindi - photo courtesy of TFCG

3 Adapted from Pagiola and Bosquet (2009). Estimating the Costs of REDD at the Country Level. World Bank Forest Carbon Partnership Facility Version 2.2 – 22 September

4 See draft Tanzania National REDD+ Strategy (June 2012) [www.reddtz.org/other\\_docs/2ND\\_DRAFT\\_NATIONAL\\_REDD\\_STRATEGY.pdf](http://www.reddtz.org/other_docs/2ND_DRAFT_NATIONAL_REDD_STRATEGY.pdf)

5 Drawing on Peskett, Leo. 2011. *Benefit sharing in REDD+: Exploring the implications for poor and vulnerable people*. World Bank/REDD-net. <http://redd-net.org/resource-library/Benefit+sharing+in+REDD%2B%3A+Exploring+the+implications+for+poor...and+discussions+with+REDD+ pilot+projects>

**Table 1: Transferring between international, national and local levels in Tanzania**

Option	Possible strengths	Possible challenges
<b>National approach (a):</b> International carbon payments collected centrally and distributed directly to eligible local actors (or their aggregation bodies)	May avoid governance problems, payment delays, and transaction costs in existing decentralized system	Fund transaction costs will have to be minimized for greatest benefits reach local actors; Regulation of organizations accessing fund will need to balance flexibility and standardization
<b>National approach (b):</b> International carbon payments collected centrally and distributed through existing regional and local government system (as in PFM)	May minimize implementation costs by following established channels; Best leverage technical support of District Government	REDD+ payments may face governance and payments distributions problems (as with PFM), which can undermine REDD+ effectiveness; Transaction costs may be highest
<b>Project approach:</b> individual projects/actors (or their aggregation bodies) directly access international carbon investors	Some contributing communities may most directly and substantially benefit, including by avoiding transaction costs of a centralized system	Multiple, uncoordinated project could introduce challenges to ensuring robust national carbon MRV and consistent safeguards implementation and monitoring
<b>Nested approach:</b> Hybrid approach including elements of national and project (/sub-national) approaches.	Can allow substantial financial benefits for communities and incentives for deforestation while incorporating robust national carbon MRV and safeguards application	May involve relatively complex governance arrangements and relatively high transaction costs

**How should benefits be shared within communities?** The Tanzania pilot benefit sharing mechanisms vary in how benefits are governed and shared within communities. Below are some emerging experiences on making payments to communities, households and/or individuals.

**Table 2: Distributing benefits to the community, households, or individuals**

(Source: Adapted from Mohammed 2011, based on discussions with pilot project staff)

Distribution to:	Possible advantages	Possible limitations
<b>Community</b> as a whole, e.g., for use in community development projects	<ul style="list-style-type: none"> <li>• May enhance overall impact of small payments</li> <li>• Projects can benefit most vulnerable</li> <li>• Governance (/social capital) benefits where communities collectively govern funds</li> </ul>	<ul style="list-style-type: none"> <li>• Less individual choice/ autonomy in use of funds</li> <li>• May lose out on some multiplier effects</li> <li>• Communal projects may introduce management costs and governance challenges</li> <li>• Most (or most vulnerable) community members may not benefit from selected projects</li> </ul>
<b>Households</b> (HH), e.g., to one household member for use by household	As compared to community funds: <ul style="list-style-type: none"> <li>• More autonomy and flexibility</li> <li>• Can more directly target eligible people</li> <li>• Can be more direct link/ incentive between conservation contributions and benefits<sup>6</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Payments may be small divided at HH level</li> <li>• Risk of 'capture' by single HH member, and changes in HH composition, can make it difficult to reach most vulnerable</li> <li>• Governing the distribution of funds may be challenging</li> </ul>
<b>Individuals</b> , e.g., as an individual payment to each village resident (e.g., women, men, children)	<ul style="list-style-type: none"> <li>• Avoids elite capture in community or HHs</li> <li>• Greatest individual control /flexibility</li> <li>• Most directly target eligible people</li> <li>• Direct conservation – benefits link, with possible additional incentives for participation and improved governance</li> </ul>	<ul style="list-style-type: none"> <li>• Payments may be smallest divided at individual level</li> <li>• May be challenges governing distribution of funds</li> </ul>

**Sharing benefits beyond project boundaries?** It will sometimes be important to share benefits with actors not *directly* involved in REDD+ projects, such as villages outside the project area that will bear some of its costs (e.g., forest access restrictions) and/or impact its effectiveness (e.g., leakage control).

**Integrating safeguards?** Benefit sharing mechanisms should be designed, implemented and monitored in accordance with REDD+ environmental and social safeguards, such as: full and effective participation; good governance, including transparency and accountability; gender equality; respect for human rights; land, forest and carbon tenure security; capacity; dispute resolution; monitoring; and sustainability.

**Next steps towards establishing equitable benefit sharing?** Next steps may include: continued learning and consultation, clarifying options and policy needs, identifying resources, and integrating and harmonizing benefit sharing with broader REDD+ and forest governance initiatives.

6 Mahanty, S., Burslem, K. and Lee, E. 2007. A fair share? Experiences in Benefit Sharing from Community-Managed Resources in Asia. RECOFTC. [http://www.recoftc.org/site/uploads/content/pdf/A\\_Fair\\_Share\\_85.pdf](http://www.recoftc.org/site/uploads/content/pdf/A_Fair_Share_85.pdf)

## LEARNING FROM PRACTICE: PILOT BENEFIT SHARING MECHANISMS

Many of the lessons and messages in this brief were informed the implementing REDD+ pilot projects themselves. Table 3 provides an overview of the different benefit sharing mechanisms being implemented on the ground in Tanzania along with the key learning points that are emerging from each.

Table 3: Overview of pilot projects' benefit sharing mechanisms		
REDD Project Facilitator	Developing benefit sharing mechanism	Emerging learning points
<b>AWF</b> Advancing REDD in Kondoa Irangi Hills Forests	Benefit sharing being established for JFM; Key role to be played by JFM Association comprised of Village Natural Resource Committee (VNRC) members from each participating village; AWF facilitating negotiations on JFM benefit sharing agreements, based on proposed 80% carbon related benefits to communities	Lack of clear/fair JFM benefit sharing is challenge to establishing REDD+, but REDD+ can be a new opportunity for establishing JFM agreements
<b>CARE Tanzania</b> Piloting REDD in Zanzibar through Community Forest Management (HIMA)	Benefits to be distributed through JUMIJAZA (community forestry network), facilitated by umbrella CBOs and CARE;  For testing, funds are to be distributed to participating villages based on social and environmental criteria;  Funds to go to community conservation committee bank account and are used for community projects selected by village residents.	Forming inter-village CBO to aggregate carbon;  Determining village shares based on pro-poor criteria;  Governing REDD+ revenues for community development
<b>JGI</b> Building REDD Readiness in Masito Ugalla Ecosystem ...	Monetary REDD+ benefits will be channeled through CBO comprised of five members from each of seven participating villages;  Benefits distribution decisions to be made at CBO meetings with village leaders as observers;  Trial payments to be based on performance related criteria, and used for community development projects approved by Village Assembly, with District Government and CBO oversight.	Forming CBO for inter-village governance of shared forest;  Using village level survey to design benefit sharing;  Integrating technical support and oversight from District Government
<b>MCDI</b> Combining REDD, PFM and FSC Certification in Southeastern TZ	Carbon revenues to be split by the beneficiary community and NGO (as service provider) to meet transaction costs of expanding PFM facilitation and FSC to village. Mechanism for distribution and use of financial benefits is being developed. Likely to be based on approach already established for timber revenues under PFM/FCS facilitated by MCDI (payments to VNRC for forest management costs and community development projects) working through village governments.	REDD+ can be means to expand PFM (and FSC); PFM benefit sharing can be basis for REDD+ arrangement; Opportunity costs vary by site; Challenges in clarifying NGO service provision role; Importance of early analysis of deforestation drivers
<b>TFCG and MJUMITA</b> Making REDD Work for Communities and Forest Conservation in TZ	Village payments will be based on performance and equity. For testing, payments are based on area of forest reserved, minus estimated leakage. Dividends paid in cash to each woman, man and child in village (with payment to children generally collected by mother). Village Assembly decides how much (if any) each person will contribute to community fund. Villages develop by-laws to set specific terms of benefit sharing, with MJUMITA guidelines available for consideration.	Individual cash payments can have low transaction costs and be governance incentive;  By-laws can be effective local governance tool;  Integrating REDD+ with village land use planning;  REDD+ can facilitate CBFM.
<b>TaTEDO</b> Community-Based REDD Mechanisms for Sustainable Forest Management in Semi-Arid Areas	Payment to forest owners based on performance on implementation of resource management plan, Ngitili size, and carbon baseline data. Financial incentives (payments) will flow from Ngitili Association, to Ngitili Group, to Ngitili owner. Ngitilis owned by individuals or institutions (e.g., schools) instead of village governments may not result in payments for all village residents. Other co-benefits are available to broader village (energy efficient stoves, conservation agriculture training, beekeeping, etc.)	REDD based on customary approach to forest regeneration; Aggregation of carbon from small, individual forests;  Combining financial incentives and co-benefits to create incentives for all community members; Integrating REDD and pastoralism
<b>WCS</b> REDD Readiness in Southwest TZ	Benefit sharing mechanism being developed, though project will not directly engage in carbon markets. Key component is ensuring communities benefit from ecosystem services, alternative fuel sources (e.g. woodlot planting), alternative livelihood schemes (based on intact ecosystem service provision) and other co-benefits to provide incentive for refraining from use of protected areas resources. Some community members also participating in carbon measuring/ monitoring inside PAs	Exploring co-benefit sharing between PAs and adjacent communities; Co-benefits can be important even in absence of carbon payments;  Communities in 'leakage belt' may need to share in benefits and can be far reaching
<b>WCST</b> REDD in the Pugu and Kazimzumbwi Forests	Key focus of benefit sharing is establishing JFM agreements between adjacent villages and central government, as well as engaging and compensating village residents for their contributions to forest management and patrols.	Establishing benefit sharing under JFM, in context of on-going land dispute between government and villages