

# Supporting REDD Implementation in Vietnam, Laos and Cambodia through the Design of a REDD-compliant Benefit Distribution System

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Robert Mather, Head, Country Group 1 (Cambodia, Lao PDR, Vietnam), IUCN Asia Programme, 6 Ru(mel5.53Ru(m-r4(m-l944(t)057Dn), The establishment of a Monitoring and Verification (MRV) system will be equally critical (though this subject is not the focus of this report which only focuses on the BDS).

For Vietnam, Laos and Cambodia there are huge opportunities in REDD. But can they carve out a niche for themselves vis-à-vis the competition of biomass rich “big hitters” such as Indonesia or the countries of the Congo Basin, as a provider of carbon emission credits that offer real environmental and socioeconomic benefits? And will the benefits be sufficient enough to make the system viable?

For this to happen, they must upgrade and adapt their forest management systems to show clear and direct links between the carbon performance, the economic and biodiversity benefits, and the payment to all three countries, seemingly powerful States in the region. Indonesia demonstrated a weak capacity for enforcing regulatory frameworks efficiently on the ground. For the success of REDD, the importance of ensuring that financial benefits reach the local forest stewards, i.e. the rural communities and local administration, is not overstated.

This SidaSENSA supported project was developed to build on work started by IUCN under UN REDD in Vietnam, to share experience and approaches from Vietnam with Lao PDR and Cambodia, and to initiate similar work in these two countries.

Established in 2008 and initially primarily funded by the Norwegian government, the REDD Programme (<http://www.un-redd.org/>) helps developing countries get ready to participate in a future REDD+ mechanism. Of the “REDD readiness” issues that need to be addressed, the government of Vietnam identified the design of a transparent and equitable benefit distribution system (BDS) as a priority. This was innovative because few countries have looked at how benefits should be distributed. It was also courageous because, unlike carbon monitoring and other technical challenges, it raises sensitive governance issues. ~~UN-REDD Programme (UN-REDD)~~





#### Implementation at the national level

Because REDD+ is still under negotiation, it doesn't exist legally yet. This fact is obscured by the many "REDD" projects that are underway in Vietnam and other countries targeting the voluntary carbon market. But REDD+ will probably be implemented at the national level in order to avoid the problem of within-country leakage. This implies that funds will flow to a national entity before distribution to those responsible for the emissions reductions (assuming emissions

responsibility for the ensuing redundancy payments. If the value of the standing forest increased sharply, the incentive to allocate forests to state actors might weaken.

#### Establishing a Credible Recourse Mechanism

Any BDS, however well designed, will inevitably give rise to complaints about who benefits. To ensure the credibility of the BDS, it is necessary to build in a recourse mechanism so that complaints can be independently reported and addressed. In Vietnam, citizens' complaints have to be submitted to the responsible government department. But if the same department is responsible for the BDS, then a conflict of interest arises. Some form of party oversight is required. Vietnam has little experience of civil society participation in environmental decision making and there are no models that can be used as a guide. However, a Vietnamese NGO has

The issue of Land Tenure, which forms the platform for which REDD projects are built upon, remains a largely controversial issue within the Kingdom:

The issue of economic land concessions has caused considerable controversy within the Kingdom. Recent intensification of conflict relating to these concessions has placed Cambodia at the centre of extensive criticism. Insecurity in land tenure has also been one of the major areas. Security of Community Forestry areas has also not been without its challenges where in some cases, community forests have been encroached upon by private and government actors

Cambodia faces a low level of capacity to monitor the social and ecological indicators required for the success of REDD projects:

Cambodia, being one of the most aid dependent countries in the world, is only now starting to develop the capacity of indigenous institutions to carry out the nation's development programs. A requirement of any REDD project is that there is a clear transfer of capacity from developed to developing world. For instance, Cambodia should eventually be able to conduct its own ecological and social monitoring of projects and cater the specific such projects to a Cambodian context. Cambodia is currently far from having the capacity to do such monitoring on its own and would thus be dependent on foreign entities. Many past projects have failed to adequately consider how capacity development can realistically be achieved and have preferred to employ expensive foreign consultants.

Land alienation among Indigenous communities:

Indigenous land issues have become a major concern of many of the donors and governments which have bilateral relations with Cambodia. REDD documentation specifically mentions the need to ensure the inclusiveness of indigenous participants in any REDD projects – and ensuring that there are mechanisms to guarantee they receive benefit from projects on par with non indigenous participants. A currently major concern is the slow pace indigenous communities have been receiving land title. The process has been characterised by political interference and corruption.



to ensure the utilization of already existing knowledge and capacity that exists in the country.

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introducing and setting up REDD+ programs will be higher than the subsequent costs of running the system once it is established.

#### Payment Structure

Capacity to manage the fund: The existing experiences with existing Lao funds discussed shows that complex procedures for fund management have been developed to meet the

## Timing of Payment

Timing and frequency of REDD+ fund disbursement from international sources to Lao PDR and then to ultimate beneficiaries. If REDD+ payments were only to be made ~~exposure~~ “upon delivery” of carbon emissions reductions, it would be hard or even impossible for many groups to invest their very limited resources into REDD. The delay in payment would have significant impacts on the ability of different stakeholders to implement REDD+ projects. It is, thus, preferable to establish ~~an~~ ~~one~~ ~~payment~~ at the outset of a REDD+ project to at least cover some initial costs of establishment, in combination with ~~post~~ ~~performance~~ ~~related~~ payments. This would increase the likelihood for participation by especially the poor as there is less risk involved. Nevertheless, the issue how to acquire the funds needed for upfront payments still needs to be discussed and resolved.

## 4) Impact of the Project

The draft executive summary of the Vietnamese study was endorsed by the Vietnamese government and presented at COP15 by the Vietnamese delegation, and was subsequently finalised in January 2010. The study identified a menu of different options for each key policy issue. These have subsequently been discussed in further meetings and preferred choices have been identified. It is likely that most if not all will be implemented in the coming months and years. A final version of the executive summary completed in January 2010 is available from <http://tinyurl.com/vietnam-bds-study>.

The study in Cambodia was a few months ahead of the UN REDD Readiness Roadmap planning process. In that respect the REDD BDS stakeholder workshops held by this project provided a good “icebreaker” for the UN process, helped to identify additional key stakeholders to be included in the UN sponsored workshops, and importantly focused in more depth on one specific aspect – the BDS. The project provided an opportunity to raise the profile of IUCN Cambodia, and allowed the IUCN Cambodia ~~off~~ to engage in the REDD debate, where it previously did not have a seat at the table. As a follow up, The Forest Dialogue (TFD) has requested IUCN Cambodia to assist in organising an international Dialogue on REDD in Cambodia in November 2010. The findings of this project are being used as a background paper to be presented to all participants in that workshop. The UN REDD Readiness roadmap is now being finalised, and IUCN is in a better position to contribute input to that.

The study in Laos provides ~~some~~ very clear options for addressing the different issues related to the establishment of a REDD compliant BDS. A process of discussing these options with government partners is still ongoing.