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Conceptual issues

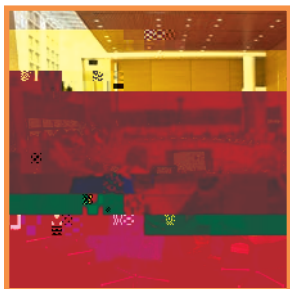
An unclear future of REDD+ has led to different perceptions on how REDD+ benefit sharing should be designed:

The broadening of REDD+ objectives, changing global economic conditions and the unclear future of a global carbon market for REDD+ has resulted in a wide range of views among different stakeholders regarding the direction REDD+ should take in moving forward. Since the inclusion of REDD+ in the climate change mitigation strategy at COP 13 in 2007, there is a relative decrease in the emphasis on climate protection through emission reductions and a relative increase in the emphasis on non-carbon benefits, especially poverty reduction.¹



Cecile Njebet

Some stakeholders believe that REDD+ will be able to leverage significant and sustainable new financial flows to developing countries mainly through payment for carbon and that fast-start REDD+ investments should focus on enabling conditions for emission reductions while safeguarding against social and environmental risks. Other stakeholders believe that there will not be sufficient or sustainable financial flows from payment for carbon and that REDD+ should be linked with development agenda to leverage other income streams; thus fast-start REDD+ investments should focus on no-regrets building blocks for green development and poverty alleviation with emission reduction as a "co-benefit". But it remains elusive as to how REDD+ can be different from other existing development assistance programs and how to leverage additional funding if it is decoupled from performance-based payment for emission reductions. REDD+ may be able to bring transformational changes to the political economy of land use practices and deliver on both development and emission reduction. However a few stakeholder groups caution against "overloading" REDD+ with too many objectives while there are insufficient resources to support an integrated approach that can bring about the requisite paradigm shifts. There is a clear need for prioritization among different objectives.



Dialogue participants during the plenary session

These divergent expectations of REDD+ have resulted in different interpretations on what constitutes effective, efficient and equitable benefit sharing for REDD+. For example, views differ on how performance-based payment can be applied for REDD+ with multiple-objectives and how to weigh the levels of delivery on different objectives when evaluating overall performance.



Co-chair Chris Buss

Uncertainty of REDD+ framework has created sequencing problem for REDD+ benefit sharing design:

Some stakeholders question whether it is the right timing to discuss REDD+ benefit sharing when many other elements about a global REDD+ mechanism itself are still unknown (e.g. whether REDD+ will be market-linked or not; how MRV will be conducted at international, national and sub-national levels). But other stakeholders argue that these uncertainties offer opportunities to shape the future of REDD+. Discussions on the key issues for REDD+ benefit sharing point to the importance of informing decisions around some critical components for the design and implementation of REDD+ in general (e.g. stakeholder engagements; performance-based MRV). Discussions on REDD+ benefit sharing also provide a window to engage some of the under-engaged stakeholders including private sector and government officials outside of forest sector by mapping the potential incentives for those stakeholders to participate in REDD+.



Jorge Quezada

Applied Issues

Identifying and working with beneficiaries when rights are unclear:

Ideally, benefits should be distributed to those with legal claims or rights (whether statutory or customary) to those benefits. But in most REDD+ countries, there is a lack of clarity regarding rights and claims. Many small-scale forest users do not possess formal rights to land and/or forest products. Moreover, it is still unclear how carbon rights will be linked to land and forest ownership in national legislations.

Using multiple benefits to incentivize stakeholders at different levels and in different phases of REDD+:

A variety of monetary and non-monetary benefits is relevant to different stakeholders and can be used to align stakeholders' different interests with the long-term goal of REDD+. It is important to understand what benefits will be appropriate for whom. But mapping suitable benefits against different stakeholders is complex given that stakeholders' interests are distinct at different levels and may also change over time. Key issues to consider include that:

- Benefits could be designed to provide incentives for collaborative actions rather than maximizing individual gains;

- Carbon benefits could be viewed as part of a whole basket of benefits that can be utilized;

- Different benefits (including rights) could be sequenced across different phases of REDD+ so they are linked with the country's progress on REDD+ and keep stakeholders engaged. In the immediate term, there may not be enough financial resources associated with REDD+ to redistribute among all stakeholders (either as monetary or non-monetary benefits);

- It is important to manage expectations and provide adequate benefits/incentives that can keep stakeholder motivated and engaged;

- Power dynamics among beneficiaries and within beneficiaries groups can inform the type of benefits shared and how benefits can be shared. For example, in situations where elite capture is prominent, it will be important to examine whether monetary benefits would reach desired stakeholders.

Understanding the costs of REDD+:

Two main types of costs need to be considered within REDD+ strategies: opportunity costs and implementation and transaction costs.¹

While the transaction and implementation costs can be more readily estimated from similar forest-related activities or when they actually occur, a number of issues need to be taken into consideration when utilizing opportunity costs in the political, social and economic contexts in REDD+ countries. For example, opportunity costs may be inadequate

Ensuring legitimacy of decision-making institutions and process:

Given the diversity of stakeholders and their views, the legitimacy of the decision-making institutions and processes is crucial for the design and

Conceptual Questions

How to communicate concepts and perspectives related to REDD+ benefit sharing among different stakeholder groups?

The same terminologies frequently used for REDD+ benefit sharing discussions can have different meanings for different stakeholders. This largely is a result of the changing scope of REDD+ and the uncertainty around its future. For example, equity for some means equal opportunities for all stakeholders; where for others it means those who perform better should benefit more, or, for private sector mainly, the residual value in a business that is available to leverage further investment. Some stakeholders (e.g. ministry of finance, private sectors) are likely to assume that benefits derived from REDD+ equate monetary gains, while others emphasize the non-monetary benefits of REDD+.

Even experts on REDD+ benefit sharing may end up talking past each other due to the different ideologies behind the same concepts. For example, when discussing benefits of REDD+, some mainly refer to non-carbon benefits while others largely think in monetary terms; or the scale at which REDD+ is being implemented confuses approach and application of terminologies –specific projects may apply different terminologies as compared to jurisdictional implementation of REDD+ strategies. It is even more difficult to deliver clear and consistent messages on benefit sharing to stakeholders who are not as involved in the discussions.

How to optimize benefit sharing based on the principles of efficiency, effectiveness and equity?

Trade-offs among the principles of efficiency, effectiveness and equity is inevitable in practice. The design of REDD+ benefit sharing seeks an optimal solution where the final outcome is likely not to include the maximization of any one principle. Stakeholders' views differ on how such an optimization can be achieved.

A temporal approach that emphasizes different principles in different phases: Some argue that, in the three different phases of REDD+, different priorities will be given among the three principles. For example, in the early phases of REDD+ readiness and implementation, efforts can be focused on activities that generate benefits in an effective and efficient way. It was suggested by some participants that once benefits begin to be generated sustainably, priority can then be given to equitable allocation where readiness and implementation can be more effective.

A commonly suggested way to reduce costs is to utilize existing mechanisms to implement REDD+ and share REDD+ benefits. But not all existing mechanisms will be readily suitable for REDD+. For example, some benefit sharing mechanisms developed under existing customary or statutory law may in fact exclude the poorest and women. In some countries, local stakeholders may not trust existing governance structures to deliver equitable share of benefits. Moreover, in some cases, where existing incentive systems already exist, the additional benefits that REDD+ can bring may be harder to define. Feasibility studies can be done to analyze how existing mechanisms can be utilized for REDD+ and identify where new mechanisms need to be designed.

How to design national programs that accommodate different local context?

A bottom-up decision making process is suggested to maintain the legitimacy of REDD+ benefit-sharing. But the question remains on how a national program can be designed to accommodate such a bottom-up process given the diversity of local context? How to balance flexibility and consistency in national policies? Some participants argue that this is a common issue in devolution of natural resource management and there are existing mechanisms to learn from in many countries.

In a bottom-up approach, national programs need to avoid leaving too much room for manipulation at sub-national level while keeping space for adjustments based on local contexts and changes over time as countries moving through different phases of REDD+. It is a delicate balance to maintain between flexibility and consistency of the system. Some suggest that national programs can provide a menu of options for sub-national decision-making bodies to choose from hence providing consistency overall while allowing flexibilities. Flexibility and consistency also have to be balanced over time. While acknowledging the importance of learning-by-doing and adaptive system, due process needs to be established for deciding whether important rules on REDD+ benefit sharing can be changed to ensure consistency.

How to actively involve private sector?

The inputs of the various private sectors in the design of REDD+ benefit sharing is important given their financial expertise and their potential roles in REDD+. The various private sector entities have different points of entry in the potential of REDD+ strategies. It will be important to explore how REDD+ can generate additional benefits for different stakeholders through existing supply chains and to identify potential synergies that can be built between businesses and REDD+.

CONCLUSIONS AND NEXT STEPS

REDD+ benefit sharing is complicated and involves a wide spectrum of stakeholder with diverse interests across different levels. It is situated in the global context of REDD+ while trying to address specific national and local contexts. The discussions at the scoping dialogue underlined some of those key issues while recognizing that there are existing studies and concurrent programs globally trying to address this complicated topic.

Building on the scoping dialogue, The Forests Dialogue will continue to build a community of practice on REDD+ Benefit Sharing and zoom in on specific country contexts through in-country field dialogues. The field dialogues will take participants to explore existing projects on Benefit Sharing and learn from specific countries' progresses on designing REDD+ Benefit Sharing mechanisms. While keeping the conceptual issues in mind, the field dialogues will be designed to understand what the specific challenges to design and implement REDD+ Benefit Sharing are at national and sub-national levels and identify ways forward.

The next field dialogue is tentatively scheduled to be convened in Vietnam in September, 2013.

