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CIFOR

No. 142, June 2016 DOI: 10.17528/cifor/006127 | cifor.org

Equity, REDD+ and Benefit Sharing in Social Forestry

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Key messages for the ASEAN Social Forestry Network

- REDD+ and social forestry programs have both benefits and costs. Understanding who is bearing the costs of these policies and programs, and ensuring fair compensation, will be important to achieving effective and equitable outcomes.
- Equity depends on the context and perceptions of the affected stakeholders. Including considerations of equity in the design of REDD+ and social forestry policies can positively influence the policies' outcomes and sustainability.
- REDD+ and social forestry requires an inclusive process. Purposeful multistakeholder participation throughout the decision-making process can increase the credibility and legitimacy of a program and enhance its chances of successful outcomes.

Introduction

Governments often make policy decisions based on how effectively and cost-efficiently the policy objective could be achieved. Equity effects are rarely part of the equation. While effectiveness and efficiency indicators can be more easily identified and agreed upon, equity is more challenging as it depends on the specific context in which decisions about the distribution of resources are made and on the experiences and perceptions of affected stakeholders. An assessment of equity will always be an expression of the fairness perceptions of different stakeholders and reflect, in part, the existing distributions of wealth, power and access to resources within the society or community.

In this brief, we highlight issues of equity and benefit sharing in the context of REDD+,[1] building on insights and lessons from ongoing research at the Center for International Forestry Research (CIFOR).

REDD+ is an incentive-based mechanism that provides payments for reduced carbon emissions. Results-based incentives are increasingly common in the field of natural resource management and include payment for ecosystem services (PES). By providing incentives to keep forests standing, REDD+ and PES aim to change the value of forests relative to other land uses and, in the process, affect policy and behavior change to maintain forests and practice sustainable forest management.

1 Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.

Equity is increasingly recognized as a condition for successful social forestry and REDD+ outcomes

Empirical evidence on the effectiveness of REDD+ or PES in achieving the desired environmental and social outcomes is still being collected worldwide. Recent studies suggest that equity can play a role in the effectiveness of such policy instruments and research shows that local equity considerations can shape the outcomes of PES projects. Perceptions of fairness by individuals can have positive impacts on the participation of the wider community and increase the project's efficiency, as well as the program's legitimacy in the long term. These are critical for the program's long-term sustainability. At the same time, consideration of equity in the design, planning and implementation of a REDD+ scheme will likely mean higher costs and increased complexity. How can policymakers design REDD+ to balance these demands?

We examine several areas in the process of designing and implementing REDD+ policy and benefit-sharing approaches in which the question of equity poses difficult challenges for decision making. Including equity in REDD+ will require that decision makers directly tackle at least three critical questions:

1. What are the benefits and costs of REDD+, and how are they distributed?
2. What are the different perceptions of equity across the stakeholder groups?
3. How can REDD+ be designed for inclusiveness and legitimacy?

1. There are both benefits and costs to REDD+

- REDD+ benefits can be monetary and nonmonetary. While cash payments are more flexible, nonmonetary benefits at the community level can be key for local stakeholder participation.
- Proper and regular assessments of the different costs involved in implementing REDD+ and to whom they accrue are important to ensure that stakeholders can be adequately compensated.
- The allocation and guarantee of rights can be a more sustainable incentive when opportunity costs are high.
- Allocating benefits to people with legal rights to forests or land can disadvantage those with informal or customary rights.
- Fair payments and a reliable, phased payment structure can help mitigate costs and enable broad participation.

Understanding the costs of REDD+ is important to ensure that stakeholders are properly compensated for their actions to reduce deforestation and forest degradation. As REDD+ or PES are at times implemented in places where tenure rights are unclear, there can be barriers to recognizing and compensating costs. In a CIFOR survey of 23 subnational REDD+ projects and programs,[2] tenure rights are clear in only nine and these are associated with land uses that have the highest financial opportunity costs. More predictably, the opportunity costs of the informal sectors and small-scale actors engaged in customary (though sometimes legally ambiguous) land uses, such as shifting cultivation, are often not considered and thus not compensated for. Many of the costs of REDD+ or PES are underestimated[3] and there is a risk that the price set for carbon or ecosystem services will not cover the real costs and could actually undermine the sustainability of such programs.

Nonmonetary benefits such as secure land tenure, access to training, better infrastructure and enhanced access to natural resources have been especially important. In some cases, however, there are also nonmonetary burdens associated with intended benefits. Ten case studies of land-use change and benefit sharing in West and Central Kalimantan in Indonesia[4] show that local communities have faced nonmonetary costs such as loss of land tenure security, internal community conflicts over payments, local environmental degradation and reduced access to natural resources.

A review of social forestry systems in Indonesia and Nepal[5] finds that rights allocation–based benefits provide a more sustainable incentive than payment-based incentives in maintaining community involvement in forest management. This is particularly true under conditions of inadequate financing as incentives will need to be adequately priced relative to changing transaction and opportunity costs, which can be very high, as in the case of expanding oil palm plantations in Indonesia.

High transaction and opportunity costs and the failure to compensate for them can act as a barrier to smallholders and the poor realizing benefits. Some environmental and social standards initiatives, such as Fairtrade, have put in place practices such as minimum price-setting, pre-financing and phase-released benefits. These aim to mitigate risks incurred by farmers, enable the participation of poorer stakeholders[6] and can be useful for structuring the delivery of REDD+ benefits for broad and equitable participation.

2. Whose perspectives of equity matter?

- Equity perceptions differ across socio-cultural-political contexts. Achieving equity will first require an understanding of what it means to different actors. Most REDD+ projects have not assessed this.
- Achieving equity also requires understanding gender, ethnic and other forms of differentiation – and the risk of elite capture.

Equity depends on the specific context in which decisions about the distribution of resources are made and the criteria for equity may also vary depending on the policy intervention's level of implementation (national, subnational, local).

Studies of the Vietnam Payment for Forest Environmental Services (PFES) program highlight the multiple dimensions of equity along the different levels of government and across communities.[7] For the most part, implementation of PFES is characterized by a non-inclusive top-down process. Decisions on how to use and distribute PFES revenues tend to be made primarily by elite and powerful groups, namely village heads and members of the village management board, thus likely reinforcing existing power structures.

The assessments of PFES in Vietnam suggest that sociocultural norms and trust in the local governance structure strongly influence perceptions of equity. These perceptions generally take into account the form of payments and are particularly influenced by factors such as the degree of transparency and information during the process, as well as reflecting concerns related to corruption and trust in local leadership. While equal payments are generally considered as equitable, these perceptions are not homogenous. There is wide support for the distribution of PFES revenues based on effort contributed to forest management and monitoring, and the small payments often fail to adequately cover the opportunity costs. These perspectives are important to consider for REDD+ as they can influence a program's efficiency and legitimacy over the long term.

2 Sunderlin et al. 2014.
3 For further reading, see the CIFOR blog "Who is really bearing the costs of REDD+?" http://blog.cifor.org/41483/who-is-really-bearing-the-cost-of-redd-the-answer-may-surprise-you
4 Myers et al. 2015
5 Nawir et al. 2014.
6 Tjajadi et al. 2015.
7 Pham et al. 2013.

REDD+ is evolving in many national programs with the inclusion of poverty reduction and other social objectives considered as more equitable than a solely results-based approach. One policy option is to design PES and REDD+ as a complement to, or integrated with, government social and economic development programs. While this packaging may help leverage administrative synergies and support coherent monitoring and evaluation programs, it will also require stringent geographical and targeting criteria to meet the conditionality requirements for triggering REDD+ results-based payments.

3. How to raise REDD+ legitimacy through better participation and information

- Benefit sharing involves a host of different stakeholders with different interests. The success of REDD+ rests on the legitimacy of the process in the eyes of stakeholders.
- An inclusive process can help enhance legitimacy. Such processes need time and might involve compromise.
- Coordination is needed, but often hindered by a lack of resources and institutional authority and mandate.

For REDD+ benefit sharing to be effective as an incentive to reduce deforestation and forest degradation, it must be perceived as fair by stakeholders or it will threaten the legitimacy of, and support for the program. Findings from Indonesia, Cameroon and Peru suggest that the legitimacy of benefit-sharing arrangements can be compromised by a lack of broad consultation with local actors, including customary authorities; lack of community control over access to land; and limited livelihoods options for communities.[8]

A case study of villages surrounding the Bukit Baka-Bukit Raya National Park in West Kalimantan[9] reveals a complex landscape of decentralization, customary claims and distributive justice. Villagers around the national park feel they were not meaningfully informed and did not really consent to the park's establishment in 1984, despite documentation of signatures by the village heads. As such, villagers have refused to accept any form of benefit sharing or compensation from the government for lost economic opportunities, believing that receiving such monetary benefits would legitimize the park's existence. Instead, the villagers want recognition of their customary land claims. Furthermore, the decentralization process in Indonesia has left national parks centrally controlled. Without a functioning multilevel governance structure, local customary claims are not effectively presented to higher authorities.

Several factors shape the legitimacy of benefit-sharing arrangements. In general, broad-based consultations with local actors, including customary leaders, appear to be critical, although care should be taken not to rely too much on a few representatives as there is no substitute for broad and direct consultation. In addition, community-level issues (such as access, control and common property rights) seem to affect the ability of communities to participate in the design and implementation of benefit-sharing arrangements, and indeed offer genuinely 'free' prior and informed consent. Given the importance of these factors, policies supporting equitable benefit sharing do not automatically guarantee legitimate benefit sharing in practice. Local and institutional factors still play a very important mediating role.

8 For further reading, see: www.cifor.org/knowledge-tree

9 Myers and Muhajir 2015.

Conclusions: Building REDD+ safeguards to support equitable outcomes

Safeguards can play a role in managing equity risks that affect REDD+ outcomes. A critical component of the national REDD+ architecture is a safeguards information system (SIS) that can monitor and report on safeguards relating to governance, rights, participation, consent, and environmental and social co-benefits, as well as 'permanence' and 'leakage.' An SIS is required for countries to be eligible for REDD+ results-based payments.

To ensure equity in REDD+ projects, it is important to identify and understand how to adequately monitor the risks to benefit sharing for smallholder and poor communities. There are major complexities related to what consultation means – as in the Bukit Baka-Bukit Raya National Park case study – and how free communities are to contest a proposed REDD+ project. While participation and consent are part of the social safeguards, indicators need to be grounded in local contexts to be relevant.

Countries can create opportunities for broad and meaningful multistakeholder input in the process of identifying risks and safeguard indicators, and in the monitoring and assessment of progress. Truly inclusive participation will go a long way toward enhancing the credibility and legitimacy – and sustainability – of REDD+ in a country.

Acknowledgment

The authors thank Femi Pinto and Doris Capistrano for their useful comments and review of the brief. We gratefully acknowledge funding from the Swiss Agency for Development and Cooperation and the European Commission for supporting the research contained in this brief.

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ASEAN Social Forestry Network (ASFN) is a government-initiated network that aims to strengthen social forestry in Southeast Asia through the sharing of information and knowledge. ASFN was established by the Association of Southeast Asian Nations (ASEAN) Senior Officials on Forestry (ASOF) in August 2005, linking government forestry policy makers directly with civil society organizations, research organizations, academia, private sector, and all who share a vision of promoting social forestry policy and practices in ASEAN.

The ASEAN-Swiss Partnership on Social Forestry and Climate Change (ASFCC) is a Partnership Programme of the ASEAN that aims to contribute to the ASEAN Mandate and Policy Framework through support for the ASEAN Social Forestry Network (ASFN) and the ASEAN Multi sectoral Framework on Climate Change towards Food Security (AFCC).

CGIAR RESEARCH PROGRAM ON Forests, Trees and Agroforestry

This research was carried out by CIFOR as part of the CGIAR Research Program on Forests, Trees and Agroforestry (CRP-FTA). This collaborative program aims to enhance the management and use of forests, agroforestry and tree genetic resources across the landscape from forests to farms. CIFOR leads CRP-FTA in partnership with Bioversity International, CATIE, CIRAD, the International Center for Tropical Agriculture and the World Agroforestry Centre.

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