

## What can REDD+ benefit-sharing mechanisms learn from the European Rural Development Policy?

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### Key messages

#### 1. Designing incentives to achieve multiple objectives

- The Rural Development Policy (RDP) provides lessons for REDD+ in its implementation of a single financial instrument that can coherently attend to different country needs, priorities and contexts with streamlined monitoring and funding allocations.
- Differentiated payment calculations [applied at different levels] can account for contextual conditions increasing the likelihood that beneficiaries will perceive compensation as equitable, which motivates them to participate and comply with the scheme, and support the delivery of the desired outcomes.

#### 2. Multi-level governance (MLG)

- The RDP is at risk of being dominated by elite actors, especially when powers are decentralized and wider representation is not ensured. Elite capture is a common issue in forest management and requires specific attention within the context of REDD+ benefit distribution.
- Although local level decision-making can enhance outcomes, evidence from the RDP suggests that overt top-down governance still prevents local actors from fully participating despite policy priorities to the contrary, even when local governance institutions are created. As such, REDD+ safeguards for procedural equity are important, but not necessarily sufficient, to counter these effects.

#### 3. Monitoring and evaluation

- Despite a strong commitment to monitoring, as impact indicators remain elusive, the available RDP output indicators currently provide only superficial insights into policy performance and are limited in their ability to assess the quality of activities in practice. Proxy indicators are needed, particularly for measuring the long-term outcomes and co-benefits of REDD+.
- The RDP's consistent monitoring and evaluation system is a strength that could be applied to REDD+. A qualitative evaluation approach should also be considered to complement quantitative indicators, account for data gaps, and capture other intangible policy/project aspects.

### 1. Introduction: REDD+ development and lessons from Europe

Reducing Emissions from Deforestation and Forest Degradation (REDD+) was formulated as a performance-based mechanism for climate change mitigation, as well as a way to promote social benefits and 'good governance' (Angelsen et al. 2009; Pham et al. 2013). The success of REDD+ depends on the decisions made regarding its implementation. As such, it is important to identify the factors that hinder or facilitate decisions on the implementation and performance of REDD+ policies and programs. One of the key elements of the REDD+ architecture is the benefit sharing mechanism (BSM) – identified as "one of the most challenging hurdles" facing REDD+ (Costenbader 2010). The REDD+ BSM involves institutions, policies and systems for distributing direct and indirect gains from the implementation of REDD+ (Luttrell et al. 2014 ; Pham et al. 2013). Relatively few REDD+ BSMs have been established thus far, particularly at the national level, and as such, lessons should also be drawn from other types of BSMs to understand the challenges and trade-offs that might affect the 3 E's: effectiveness, efficiency and equity (see Box 1).

#### Box 1. The 3 Es.

**Effectiveness:** is the ability of an initiative to meet its goals.

**Efficiency:** is the ability to achieve a greater 'output' for a given 'input' (Mandl et al. 2008).

**Equity:** is categorized into three groups; *procedural*, *distributive*, and *contextual* (McDermott et al. 2013). *Procedural* equity refers to decision-making capabilities; *distributive* equity relates to the costs and benefits, and *contextual* equity reflects the pre-existing conditions that determine the ability to participate in the initiative or not (McDermott et al. 2013).

The European Rural Development Policy (RDP), implemented in 2001 and revised every six years<sup>1</sup>, is one such BSM. Lessons learnt during its design and implementation might improve our understanding

<sup>1</sup> RDP revisions are required at both the EU and national levels (based on RDP performance and adaptation towards changing priorities, challenges and budgets), in a continual attempt to enhance efficiency and effectiveness.

of BSMs. The key lessons from the RDP for REDD+ BSMs relate to synergies between multiple objectives, multi-level governance, and monitoring and evaluation.

The multiple policy objectives of the RDP are apparent in the way that financial payments are delivered to incentivize the voluntary actions of land owners, rural communities, and businesses. Environmental actions supported by the payments include forest management to promote climate change mitigation, as well as an array of other activities related to ecological enhancement (COM 2008a). The RDP is performance-based, to a degree, in that participants receive compensation (related to implemented measures) based on input<sup>2</sup>. The RDP also offers other indirect benefits that support local communities and stimulate sustainable economic and environmental growth, such as village renewal and development of local infrastructure and basic services (COM 2013a). In addition to this, the RDP offers benefits such as training, capacity building, and strengthening local governance. Accordingly, the RDP invests in territorial capital and regional capacity building. This could include physical, human, and natural capital, as well as modernization, restructuring and stabilization of existing territorial assets (Zasada et al. 2015). The enhancement of environmental goods and services is a key indirect benefit of the RDP, thus justifying the contribution of public funds.

The RDP has multiple social, economic and environmental objectives to improve conditions in rural areas of the European Union (EU) (COM 2008a). REDD+ also integrates multiple objectives in this manner. Although REDD+ was primarily designed as a mechanism to reduce carbon emissions, its secondary goal is to contribute to poverty alleviation (Angelson et al. 2009 ; Loft et al. 2014). Wunder (2007) questions the forcible linking of these agendas, as tradeoffs often outweigh synergies. However, synergy between the RDP's multiple objectives is integral for a program design , which aims to support sustainable development across rural areas of the EU. This broad scope is arguably necessary to obtain the support of both Member States and the general public.

In the cases of both REDD+ and the RDP, a complex interplay of actors is required to achieve the programs' multiple, integrated objectives. These interact both vertically (international–local) and horizontally (e.g. across communities, households, etc.) (Pham et al. 2013). Furthermore, a multi-level governance (MLG) approach is needed to supplement top-down measures (broad policy design), with bottom-up measures (targeted measure design), to meet local demand. Over the last decade, European policy has placed growing emphasis on wider participation and MLG (COM 2009a). EU policy promotes good governance by supporting participatory MLG systems that include state and non-state actors (Rosenau 1992; Kooiman 1993; Jordan 2001; COM 2001; 2009a). Similarly, REDD+ requires collaboration and coordination between government and non-government actors on local to international scales. Thus, reconciling the priorities and interests of different stakeholders at different levels represents a key challenge for both the RDP and REDD+.

Finally, lessons for REDD+ can also be drawn from the RDP's approach to monitoring and evaluation. These areas represent a particular challenge for any policy or project that incorporates multiple objectives, scales, and actors (Pham et al. 2013; Yang et al. 2015a).

2 Participants are also subject to random monitoring and audits to ensure that actions follow the prescribed regulations, and are subject to penalties if in breach.

However, irrespective of the inherent complexities, monitoring and evaluation is an essential component of any performance-based mechanism such as REDD+ (Loft et al. 2014). Evaluation approaches used in REDD+ and the RDP have struggled to identify measurable and verifiable performance indicators (Wertz-Kanounnikoff and McNeil 2012). To address this, between 2007 and 2013, the European Commission (EC) implemented the Common Monitoring and Evaluation Framework (CMEF), which outlined dozens of quantitative indicators to assess the RDP's progress towards its environmental and socio-economic objectives (COM 2000; 2012a). The different CMEF indicators, when applied both singularly or collectively, vary in their ability to adequately explain policy performances, due to data and information gaps, and therefore have significant limitations (Primdahl et al. 2010; Yang et al. 2014a; 2015b; Piorr and Viaggi 2015).

In summary, this article explores three areas of the RDP where key lessons can be drawn, framed in terms of their ability to address the 3 E's. The brief firstly discusses how multiple objectives are balanced in the delivery of the RDP at various scales (from the local to the international level). Secondly, the brief discusses the extent to which Member States have attempted to adopt a more inclusive MLG approach to RDP implementation. Thirdly, the brief explores the RDP's CMEF and its ability to effectively and holistically assess policy performance. The last section is a summary of these lessons and how they might apply to REDD+ mechanisms.

## 2. Lessons on RDP for REDD+: Multiple objectives

In 2000, the RDP was developed as the second pillar of the EU's Common Agricultural Policy<sup>3</sup> (CAP). The policy was adopted to address evolving challenges, such as food security and climate change in EU countries. Originally the CAP's focus was strictly agricultural, but the program received criticism due to its negative social and environmental impacts. Thus, the CAP was adapted to take a more holistic approach to 'rural development', providing greater support to rural areas and their inhabitants (Swinbank and Tanner 1996; Potter 1998; COM 1999). Between 2007 and 2013, the RDP's 'wider' objectives were outlined as four key strategic objectives, known as Axes (COM 2006b) aimed at improving: the competitiveness of agriculture and forestry through support to restructuring, development and innovation (Axis 1); the environment and the countryside by supporting land management (Axis 2); the quality of life in rural areas and encouraging diversification of economic activity (Axis 3); and the links between bottom-up rural development and local capacity building, mainly through the LEADER program (Axis 4). The objectives 1 -3 link into the overall program, and Axis 4, known as the 'leader axis', is intended to fit across all three of these objectives<sup>4</sup>. Funding for the program is streamlined through a single body: The European Agriculture Fund for Rural Development (EAFRD), in order to simplify the monitoring and financial analysis of the RDP (COM 2006b). The EC specifies that the fund is designed to "compliment national, regional and local actions, which [should also] contribute to the Community's<sup>5</sup> priorities" (COM 2012c, 1).

3 The CAP was developed in 1957 in the Treaty of Rome, to meet post world war security needs, since then CAP has undergone many reforms and the latest 2013 reforms focused on : i) viable food production; ii) sustainable management of natural resources; and lastly iii) balanced development of rural areas throughout the EU.

4 For the period 2014-2020, the axes have been redefined as priorities.

5 In this case, 'community' refers to the EU community, i.e. the united EU Member States.

Due to the trans-boundary nature of rural issues, especially for environmental challenges such as climate change and biodiversity conservation, a common rural policy for the EU is justified. Therefore, the RDP is funded by the EU<sup>6</sup>, through the EAFRD, and matched with national funds. Between 2007 and 2013, the EU contributed approximately USD 118 billion for all 27 Member States (COM 2011; 2014a). The global REDD+ fund is also a trans-boundary initiative. The reduction of carbon emissions is considered a global responsibility, and participants are encouraged to make voluntary contributions and commitments. Although REDD+ has various funding mechanisms, key support is often provided through international donors, who support REDD+ preparedness, policy implementation, and pilot initiatives in developing countries. The RDP receives international funding<sup>7</sup>, which is then distributed to beneficiaries at national and regional levels, to meet multiple objectives.

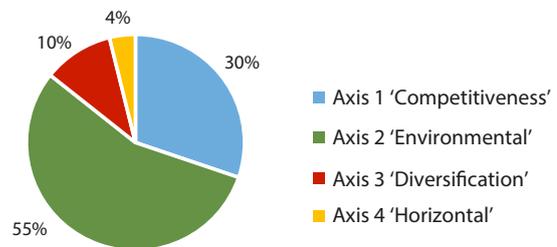
## 2.1 Balancing multiple objectives from the international to national level

In theory, the distribution of RDP funding is allocated to each Member State and region based on relative need and past funding allocations (COM 2012a; 2012b). This distribution trend largely follows a 'needs based' distributional equity principle, i.e. the country with the greatest need receives the most (McDermott et al. 2013). The proportion of allocated expenditure for Member States and/or regions is dependent on their relative priorities, identified in their national ex-ante RDP strategies. These strategies include a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis (COM 2012b). Funding allocations and distributive equity then depend on cross-country comparatives based on national RDP plans and their current socio-economic and environmental needs. For example, Poland, a country with approximately 1.4 million farmers, was defined as a high socio-economic priority. The nation received USD 203.6 million for the years 2007–2013, the largest amount received by any one EU nation, due to the low profitability of farming, and other socio-economic disadvantages (COM 2014a). In comparison, the Netherlands received USD 115 million, due to its successful agricultural and food sectors<sup>8</sup> and relatively small number of agricultural holdings (approximately 70,000) (COM 2014b).

RDP regulations state that fund distribution is based on the relative socio-economic and environmental circumstances of the EU Member States. Therefore, land classifications are carried out to identify: areas with high and low levels of economic disadvantage; convergence or non-convergence regions in the EU<sup>9</sup>; and the presence of Less Favoured Areas (LFAs). Convergence regions, with lower economic wealth, are eligible for higher RDP payments. LFAs are areas where agricultural activity is more difficult, due to natural handicaps caused by low soil productivity or climatic or topographic conditions (Ruben and Pender 2004). Zones classified

as disadvantaged, either socio-economically and/or due to natural handicaps, are eligible to receive higher payments.

The EC funding channels represent another mechanism that supports the RDP's multiple objectives. For the 2007–2013 phase of the RDP, the EC formulated the proportion of compulsory funding for each objective. The EC states that these requirements "help ensure a balanced approach to policy... to spread [the Member States'] rural development funding between all three of these thematic axes" (COM 2008b). These rules prioritize certain strategic objectives through the percentage of funding allocated to each. For instance, RDP proposals must allocate at least 10% of their budget to Axes 1 and 3, and at least 25% to Axis 2 ("improve the environment and the countryside"), indicating the relative importance of these issues (COM 2011). In practice, these proportions have been maintained, as Axis 2 received the highest total expenditure contribution (55.5%)<sup>10</sup> between 2008 and 2013 (COM 2009c), as illustrated in Figure 1.



**Figure 1. RDP 2008 – 2013 total percentage of EAFRD funding per Axis, EU-27 Member State (ENRD, 2014).**

The EU's system of determining RDP payments based on physical and socio-economic conditions could be applied to global REDD+ funds<sup>11</sup>. RDP funding is allocated to countries and regions according to predefined priorities. Spatial targeting and land classification systems, if based on reliable evidence, could support the equitable distribution of funds to locations with particular disadvantages, such as inaccessibility of markets or remoteness. These differentiations could justify, not only country level funding allocation, but also payments made to individual participants. Increased support for eligible parties could address contextual disparity, promoting greater equity for those located in difficult zones, creating further incentives for people in these areas to join the scheme.

The RDP's mandatory funding channels, and its use of spatial targeting, represent broad attempts to define priorities and/or balance multiple objectives. The approaches used that could be relevant to REDD+ depends on national REDD+ objectives, questioning who could or should benefit from REDD+ relative to those objectives. Striking a balance between effectiveness (i.e. directing benefits to those who have rights to forests and land), and equity (i.e. directing benefits to those who are low-emitting forest stewards or those incurring costs from REDD+) with limited funds may create complex eligibility and targeting criteria that are not cost-efficient (Luttrell et al. 2013; Wong 2014).

6 The EU has three key sources of income: (i) a small percentage of the gross national incomes (0.7%) of each Member State; (ii) a small percentage of the Value Added Tax (VAT) (0.3%) of each Member State; (iii) a large share of the import duties on non-EU products; and (iv) other sources such as income tax from EU staff, contributions by non-EU countries to certain EU programs, and fines on companies that breach EU rules and regulations (COM 2015).

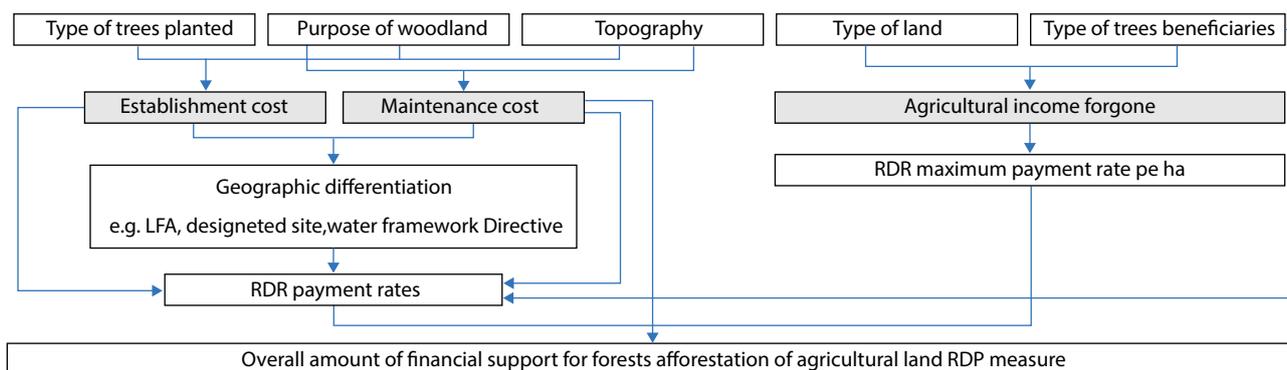
7 From the EU community.

8 2.5 times higher than the European average (COM 2014b).

9 Convergence regions have per capita gross domestic product (GDP) less than 75% of the average GDP of the EU-25 (COM, 2006a).

10 €101 billion contributed from the EAFRD EU-27

11 This funding may be more applicable to a global funding model than rather than bilateral or private financing as a means to assess priorities across countries.



**Figure 2. The logical payment differentiation for the RDP measure 'afforestation of agricultural land' by AGRIGRID (2007).**

## 2.2. Balancing multiple objectives from the national to local level

Member States and regions develop their own RDP payment mechanisms and strategies to address the EU objectives, as well as meet their own needs. For environmental RDP measures, annual payments are generally made to compensate for income loss (opportunity costs) and additional costs resulting from the land management activity undertaken. Differential payments consider the 3 E's. Efficiency is promoted by factoring activity input into payments, to reduce risks of overpaying. Effectiveness and equity are addressed by accounting for potential costs based on contextual socio-economic and land use status. The design of the payment system impacts the rate of uptake of RDP measures, depending on whether land managers are being over- or undercompensated (AGRIGRID 2007). Therefore, payments should account for variations in the cost of compliance according to location.

In 2007, the AGRIGRID project aimed to identify a consistent methodological tool for calculating RDP measure payments that could be applied across the EU (AGRIGRID 2007). Figure 2 illustrates AGRIGRID's recommended logic model for calculating financial support for the RDP's afforestation measures. The model includes 'establishment costs', which cover initial planting expenses, and reflect: the type of trees planted; purpose of the woodland; and topography. 'Maintenance costs' are ongoing annual payments that reflect the topography and type of trees planted. The 'income forgone', otherwise known as opportunity cost, is calculated based on the land type and type of beneficiaries. In addition to this, the Rural Development Regulation (RDR) is a mandatory EU Regulation that limits payment levels, by applying either a uniform payment rate or differentiating according to land area/designation (e.g. if the land is designated as a protected area or LFA) (AGRIGRID 2007).

AGRIGRID's approach to payment calculations, as outlined in Figure 2, is followed by Member States to varying degrees. Firstly RDR is part of all calculations as it is mandatory, but other components are more flexible. For example, calculations for Scotland's afforestation measures set the establishment and maintenance costs based on tree type: native planting models receive USD 4,849 per ha, productive plantations receive USD 2,983; and natural regeneration receives USD 1,566

(Scottish Government 2010)<sup>12</sup>. Income forgone is also factored into the overall amount, based on beneficiary type (farmer<sup>13</sup> or non-farmer<sup>14</sup>) and type of land (whether land is arable and/or classified as LFA) (Scottish Government 2010). Payments also abide by RDR rates, which specify that a project cannot receive more than USD 237,071 in any three-year period. Differentiations in the calculation of establishment costs in Spain, Lithuania and Poland are more comprehensive than those of Scotland, Italy and Greece. For example, the former countries' payment calculations include the cost of site preparation, seedlings, labor costs of planting, the replacement of seedlings (if required) and the protection of seedlings (ENRD 2014b).

The RDP's national to local payment calculations illustrate the advantages of a flexible distribution mechanism that accounts for variation in costs, which could be a valuable lesson for REDD+. Differentiation of RDP payments, according to the differing associated costs incurred by the beneficiaries, helps to ensure that policy expenditure is spent efficiently – accounting for the short or long-term benefits of different planting models. Equity can be addressed via payment models that also account for handicaps incurred by topographical locations and type of land (opportunity costs) and the type of beneficiaries (policy targets).

REDD+ could adopt a similar approach to calculating costs, which would adjust benefit distributions to account for the various objectives that they are designed to target. Payment approaches that range from simplistic to comprehensive can have clear tradeoffs in terms of the 3 E's. For example, a more simplistic mechanism could improve efficiency, as the calculations and information required are less complicated. Alternatively, a more comprehensive payment system may decrease efficiency but increase effectiveness and equity, as accounting for variations in the costs of compliance based on locality could encourage participation and ensure the longevity of the initiative.

<sup>12</sup> For Scotland's RDP 2007–2013.

<sup>13</sup> The EU definition of a farmer is "an individual (or group e.g. partnerships, companies, and other legal structures through which a business is conducted) whose holding is situated in the EU and who exercises an agricultural activity" (COM 2014c).

<sup>14</sup> Public bodies are not eligible to receive payments for annual maintenance and income forgone.

### 2.3. Multi-level governance lessons for the RDP

The RDP is coordinated through a system of MLG. Marks (1992) describes MLG as the authority and policy-making influence... shared across multiple levels of government – subnational, national, and supranational. A MLG system implies the devolution of autonomy to lower levels of governments, and other non-state actors, and the interaction between them (Benz and Eberlein 1999; Newig and Koontz 2014). The RDP is governed and funded by the EC, but designed and co-funded by national governments, and in some cases, further developed at a regional level. It has been argued that a multi-level approach improves ‘differentiation and specialization’ in policy design (in terms of selecting measures and payment levels) and implementation, creating adaptive policy that can meet diverse territorial needs across Member States (COM 2009a, 18). Thus, EU policy has increasingly emphasized ‘improved governance’ through a more participatory MLG approach (COM 2001a; 2009; Marsden et al. 2004).

However, the degree to which Member States have adopted a more inclusive governance approach varies from either RDP being developed at the national or regional level, but moreover the inclusivity of the overall program. For instance in 2007 to 2013, 66 out of a total of 88 RDPs were regional<sup>15</sup> (COM 2008a). Decisions to regionalize are based on a range of factors. In the case of the United Kingdom (UK), regionalizing the RDP denotes the political differences between its four countries. A country’s relative size and population also plays a role. For instance, Germany, which has a total area of 348,540 km<sup>2</sup> and a population of approximately 80.8 million in 2014, has fourteen regional RDPs (World Bank 2015; COM 2007). From the perspective of the federal states, this approach improves multi-level coordination and efficiency, as RDP regions can deal directly with EU government, avoiding the ‘federal bottle neck’ of working through the central government (Wilson et al. 1999, 199). However, implementing a federal state program, creates complexity and higher transaction costs (e.g. separate administrative procedures for the RDP of each region). In Italy, Mantino (2011) found that efficiency was reduced by a complex delivery system with a large number of participants.

Decentralization is determined not only by institutional arrangements, but more importantly, by the *“the degree to which local authorities and institutions are empowered”* (Ribot 2004, 9). Therefore, to improve governance, RDP approaches need to consider the roles of, and dynamics between, actors, institutions, networks, social capital and administrative capability (Mantino 2011). This would support efforts to balance the influence of these factors. When the LEADER program (a component of the RDP) was carried out in France, politically elite actors, such as mayors and councilors, were the primary decision-makers, and did not allow a system of wider representation. Thus, decentralization was used as a tool for power, and leveraged to gain control over local decisions. Conversely, LEADER has increasingly been used as a tool for collective local action (Pérez 2000). In Finland, an ex-post evaluation reported increases in: knowledge and interest in cross-sectoral rural development; inclusivity<sup>16</sup>; cooperation; and capacity (Vihinen 2007).

15 e.g. 2 for Belgium, 5 for France, 14 for Germany, 21 for Italy, 3 for Portugal, 17 for Spain, 4 for the United Kingdom.

16 In Finland, local action groups must consist of three-way representation in the board: one third municipal officials and holders of positions of trust, one third representatives of associations and enterprises and one third individual rural residents (Vihinen 2007).

Decentralization has been identified as an effective way of targeting environmental objectives, as decision making moves closer to the local level. This means that policy can be better informed by context (Beckmann et al. 2009; Mann and Gennaio 2010). Thus, many countries have regionalized their national RDP approaches. Scotland’s RDP is developed and implemented nationally, but in 2007-2013, regional decision-making groups were selected to develop rural priorities and deliver policy (Yang et al. 2014a). Yet, in practice, power failed to transfer from central government to the regional groups, due to strict procedural requirements and centrally controlled budgets, perceived to be a consequence of top-down accountability to the EC (Yang et al. 2014b).

The top-down hierarchy and influence of the EC on RDP implementation is distinct. If RDPs are in breach of EU rules, financial penalties, known as ‘disallowances’, can be incurred to central governments (COM 2008a). This would explain why central governments often retain overall power and influence over RDPs, as a preventive measure. Disallowances can entail the return of millions of dollars in previously allocated RDP expenditure. The risk of penalties can become a disincentive, and demotivating for implementing staff as well as participants (Héritier and Lehmkühl 2008). Similarly, Yang et al. (2014b) suggest that these burdens can shift participants’ attention from achieving effective overall outcomes, to simply realizing procedural objectives.

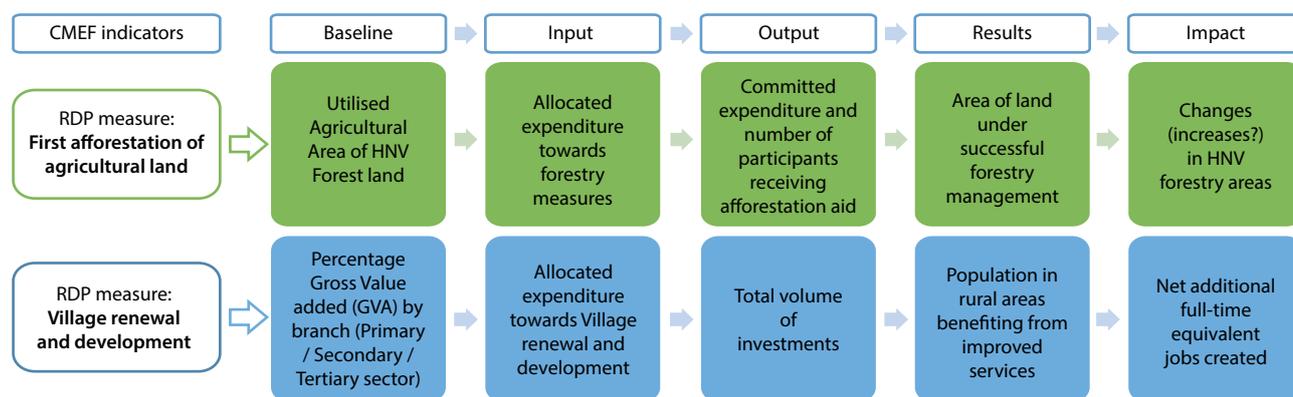
In the case of jurisdictional REDD+, which also operates within a MLG arena, top-down accountability is required to ensure the delivery of carbon emissions reductions. However, based on lessons drawn from the implementation of RDPs, REDD+ should seek to: simplify and streamline procedures; improve efficiency and transparency; and reduce bureaucratic burdens as much as possible. The RDP’s varied approaches to MLG highlight associated benefits, burdens, and tradeoffs between effectiveness and equity in decision-making. Effective decentralization depends on how well these approaches support and improve MLG. A balance is required to ensure accountability, without compromising the schemes’ emphasis on supporting effective outcomes, nor their capacity to do so.

### 2.4 Monitoring and evaluation lessons

During the implementation of the most recent RDP (2007–2013), the Common Monitoring and Evaluation Framework (CMEF) was introduced to provide guidance on the compulsory reporting of RDP performance. The CMEF places emphasis on the assessment of efficiency and effectiveness. Efficiency is emphasized in the CMEF input, output and result indicators, and effectiveness is emphasized in the baseline and impact indicators. Each of these quantitative indicator groups follow sequentially on the RDP timeline, from development, ex-ante, mid-term, and ex-post. The CMEF is framed in terms of ‘intervention logic’, which presumes the presence of chain effects linking individual measures at the program level with participation with impacts (COM 2006b).

While RDP measures are formulated into activities that meet each country’s specific priorities, the CMEF indicators remain standard. Figure 3 illustrates an example of CMEF indicators related to measures on: ‘first afforestation of agricultural land’ and ‘village renewal and development’.<sup>17</sup> The first set of CMEF indicators are the ‘baseline’, which reflect objective and context related conditions (both environmental and socio-economic), and are used as an ex-ante evaluation to plan and develop the RDP. Next

17 In Bulgaria, funds for the ‘village renewal’ measure were used to improve rural water supply and sewage systems, whereas in Ireland they were used for village enhancement and recreational facilities (Bulgarian Government 2013; Westmeath Community Development 2015).



**Figure 3. CMEF indicators related to the RDP measures on 'first afforestation of agricultural land' and 'village renewal' (socio-economic measure).**

are the 'input' indicators, also part of the RDP development plans, based on allocated expenditure per measure. Following RDP implementation, the 'output' indicators are required to reflect committed expenditure and number of beneficiaries. For forestry activities, these outputs can include the number receiving funds and number of hectares committed to afforestation, and for village renewal measures, the total volume of investments (COM 2006b). Both input and output indicate the efficiency of the RDP, according to predicted progress and initial implementation performance, in terms of uptake and expenditure. The 'results' indicators monitor progress during mid-implementation and beyond, quantifying actions taken and completed, such as the area of land under successful forestry management, which is notably easier to monitor than the amount of carbon sequestered. Across Europe, 260,579 ha of land have been afforested under the seven year period of the RDP 2007-2013, with 6,482,586 ha of damaged forests receiving support for restoration and maintenance (COM 2013b). However, these numbers, based solely on activities as opposed to impacts, provide us only with superficial insights into the performance of the RDP, and tell us little about the quality of those activities in practice. Result indicators for 'village renewal' could include the population in rural areas benefiting from improved infrastructure. In both of these cases, 'success' and 'benefiting' results relate to the completion of the project and not conditions.

Lastly, 'impact' indicators determine overall RDP effectiveness. In the UK, HNV estimations are based on a 'National Forest Inventory', comprised from multiple sources: ground surveys, aerial photography, and other sources such as satellite imagery and information provided by forestry owners and managers (Forestry Commission 2014)<sup>18</sup>. Impacts on forests are assessed in terms of changes in high nature value (HNV) forestry areas, with increases an indicator of success. The CMEF considers economic or employment changes as social impact indicators. The impact indicator for HNV forests was somewhat irrelevant for the RDP 2007-2013 period. This was largely because HNV was largely undefined and open to interpretation at the start of the program, thus, baseline information was scarce. Further progress has been made two years later, the EC defined HNV as "all natural forests/semi-natural forests... where the management (historical or present) supports a high diversity of native species and habitats and/or which support the presence of species... of conservation concern" (IEEP, 2007, 5). However, even using a clearer definition, CMEF data sources and availability vary.

Overall attempts to define and measure impacts using the CMEF have been difficult. This point is pertinent for REDD+, which is likely to face similar challenges related to data collection for forests and carbon emissions. To date, despite progress in defining HNV, CMEF forestry impact data is still not widely available (although a deadline has been set for 2016). However, as plans for the RDP post-2013 are already in development, the use of these impact indicators for an ex-ante assessment will not be possible, so current estimates are still based on measure expenditure and coverage.

International donor requirements for REDD+ monitoring and evaluation are a significant hurdle for most developing countries. The example of the RDP illustrates that even in contexts such as the EU, where resources and capacity are theoretically available, data collection and impact evaluations remain a challenge. The CMEF is no doubt crucial in providing a consistent system to compare the performance of RDPs across Member States, but the framework has some limitations. These shortcomings are related to: countries' abilities to capture data; data gaps, and data collection approaches; and assumptions regarding cause and effect. Impact indicators for key social objectives are also very limited, with broad changes in income and labor trends presented as assumed outcomes of the RDP. Furthermore, other policy issues that cannot be easily quantified are ignored, such as procedural and distributive equity, but could be addressed via assessments of governance and policy design (Yang et al. 2014a; 2014b; COM 2014b). Encouragingly the EC has already suggested that a single indicator for impact is not sufficient, and should be supplemented by a range of indicators, as well as qualitative insights into the extent of change at a given point in time (ENRD 2014b; COM 2009). These lessons highlight that for REDD+ monitoring and evaluation interdisciplinary methodologies are needed to evaluate performance to gain a clearer understanding of how the 3 E's are being addressed in practice.

## Conclusion

This review of the RDP reveals multiple lessons for the development of REDD+ program design mechanisms. Both the opportunities and limitations in the design of the RDP (related to achieving multiple objectives, MLG, and monitoring and evaluation), illustrate examples of tradeoffs between the 3 E's. There are various approaches to the design of RDPs, but all aim to address the same core objectives. Differentiated payments that reflect the socio-economic and environmental context, represent one means of balancing equity and effectiveness goals. However, obligations to ensure that money is being well-spent (in terms of efficiency) must also be addressed. To some extent, this is achieved by the CMEF.

<sup>18</sup> Not all sites are ground surveyed and representative 'random' samples of 15,000 1 hectare (100 m x 100 m) plots were used to verify (Forestry Commission 2014).

The new RDP 2014-20 calls for improved evaluation, and builds on the original framework. However, approaches to evaluation must also reflect the equity aspects of policy formulation and implementation (COM 2012b). Reconciling the priorities and interests of different stakeholders, at different levels, is another key challenge for RDP, as it is for REDD+. This is necessary to ensure the acceptance and longevity of the project. Geographically appropriate targeting strategies, in terms of ecosystem service provision and actors, are required to achieve more equitable outcomes. As REDD+ attempts to configure the optimal balance between the 3 E's in order to meet its goals, it must consider trade-offs and limitations in monitoring and evaluation, as well as upward accountability.

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This info brief is part of a series of reviews on existing literature and practices to derive relevant lessons for the design of REDD+ benefit sharing mechanisms. The reviews aim to stimulate debate on balancing effectiveness and efficiency, while ensuring equity in ongoing policy processes in the development of REDD+ as a performance-based mechanism.



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