



# REDD+

## Benefit Sharing

*REDD+ Benefit Sharing* aims to provide policy options and guidance for the design, development and implementation of REDD+ benefit-sharing mechanisms.

As REDD+ is based on conditional rewards for reducing carbon emissions, it requires a system to designate who gets rewarded, why, under what conditions, in what proportions and for how long. Such systems are known as benefit-sharing mechanisms, a broad term that encompasses all institutional means, structures and instruments for distributing finance and other net benefits from REDD+ programs.

Benefit sharing is important for creating the necessary incentives to change deforestation and forest degradation behaviors and thus reduce carbon emissions. However, if stakeholders do not see the system as fair, it will threaten the legitimacy of, and support for, REDD+. A well-designed benefit-sharing mechanism can also support the effectiveness of forest management and increase the efficiency of REDD+ programs.

Our work on benefit sharing builds on findings from the first phase of CIFOR's Global Comparative Study on REDD+. It examines the opportunity, transaction and implementation costs of REDD+ at national and subnational levels, as well as multilevel governance and rights.

**Global Comparative Study on REDD+**  
[ForestsClimateChange.org](http://ForestsClimateChange.org)



# REDD+ Benefit Sharing Key Points

## Benefits may be monetary or nonmonetary

Not all potential benefits from REDD+ can be quantified in financial terms and not all are derived directly.<sup>1</sup> Direct gains include monetary transfers, such as from the sale of carbon credits in the market or from donor or government funds. Indirect gains are related to how REDD+ implementation can clarify land tenure, support forest management and governance, facilitate technology transfer, and improve ecosystem services such as water provision. In all cases, any opportunity, transaction and/or implementation costs incurred must be considered when identifying who should benefit from REDD+ — it is the net gains that matter. The value attached to indirect benefits suggests that local communities do not necessarily need large amounts of money to be better off under REDD+.<sup>1</sup>

## What is effective and efficient may not be fair

It may not be possible to find a system for benefit sharing that is fully effective, efficient and equitable — there will be trade-offs.<sup>2</sup> Technically, the most effective and efficient approach, in terms of reduced emissions alone, would be to transfer funds to those with the possibility to achieve greatest emissions, such as large landowners or concession holders — but this could mean rewarding those who had profited from deforestation in the past (in some cases illegally)<sup>1</sup> or could create perverse incentives for others to do so; it also marginalizes poorer people and those who have been protecting the forest, including indigenous people.<sup>2</sup> In each context, therefore, it is necessary to define the primary objectives of REDD+ and the desired co-benefits; generally, these issues have not yet been clarified.<sup>1</sup>

## Ideas of “equity” in benefit sharing diverge

Each country has several public discourses expressing views on how to distribute REDD+ benefits fairly.<sup>1</sup> The dominant discourses in all countries lean toward the views that those with legal rights should benefit from REDD+ and that stakeholders that incur costs have the right to compensation. However, favoring those with legal rights can disadvantage the poor, many of whom have unclear or insecure formal land rights; furthermore, carbon rights generally remain undefined. Compensation for costs could encourage parties to get involved, but provides weak incentives to perform well if it is not linked to outcomes. Another view is that those who have protected forests should be rewarded; this view has little support outside Brazil and Peru. A fourth discourse is that those who implement or facilitate REDD+ projects, such as government agencies or project developers, should receive benefits; the challenge here is to find the balance so they have sufficient incentive but do not receive a windfall.

## Countries tend to prefer a familiar approach

Benefit-sharing mechanisms may be vertical (sharing across scales from national to local) or horizontal (sharing within scales), or a combination.<sup>3</sup> Fund-based approaches, forest concession agreements, land rent fees<sup>4</sup> and market-based instruments are predominantly vertical. Predominantly horizontal approaches are community-based natural resource management and joint forest management.<sup>2</sup> So far, countries have tended to build upon existing models that are most familiar to their context.<sup>2</sup> This approach can reduce costs and attract political support. However, the effectiveness, efficiency and equity of these models will rely on the accountability, transparency and financial management capacity of the state — which are rather weak in most of the countries studied.

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## Legitimacy of process is essential

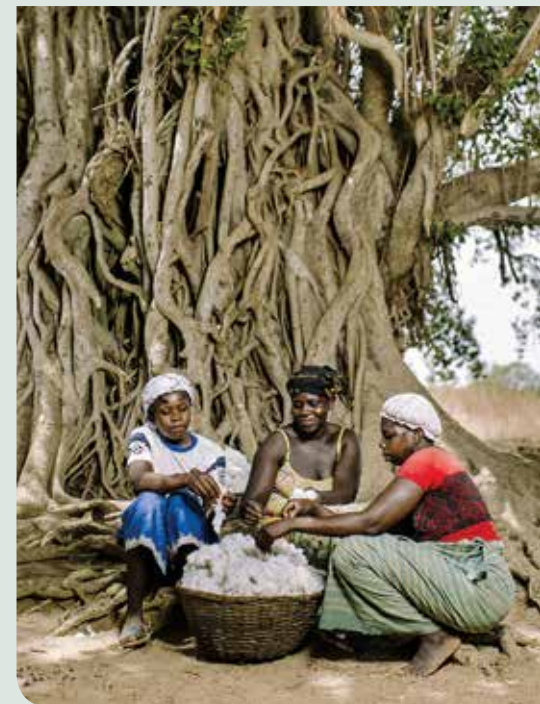
Benefit sharing involves a multitude of objectives and interest groups. For all stakeholders to support REDD+ and the final benefit-sharing mechanism, the legitimacy of the process of designing the mechanism is critical.<sup>1</sup> Of particular importance is procedural equity — all stakeholders must be involved in decisions about the mechanism.<sup>5</sup> This can guard against a small interest group exerting disproportionately strong influence and ultimately capturing benefits. However, in most countries studied, select powerful groups dominate REDD+ discussions, with limited input from vulnerable and marginalized groups.<sup>2</sup> Furthermore, in most countries, actors behind the drivers of deforestation are not being engaged, which will undermine effectiveness.

## Political-economic conditions in REDD+ countries create risks

Unclear and insecure land tenure creates injustice and could compromise equity. Conflicts between government agencies and stakeholders over the capture of potential benefits could reduce efficiency. Failure to incorporate lessons on enabling conditions, caused by poor information exchange, could lead to overlapping efforts, inadequate capacity and inflated costs. Failure to include all stakeholders will undermine the legitimacy of the process and hence acceptance of the final mechanism.<sup>2</sup> If there is corruption, collusion, elite capture, and lack of transparency and accountability, payments may have no effect.<sup>6</sup> Mitigating these risks will require improvements to coordination, law enforcement, information exchange, capacity and guidelines for financial flows. If sharing of REDD+ costs and benefits is appropriate and provides sufficient incentive to induce change, REDD+ may help achieve these improvements.<sup>2</sup>

## Countries studied

Brazil  
Cameroon  
Indonesia  
Peru  
Tanzania  
Vietnam



## References

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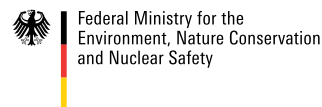
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