

# Incentive allocation for mangrove protection



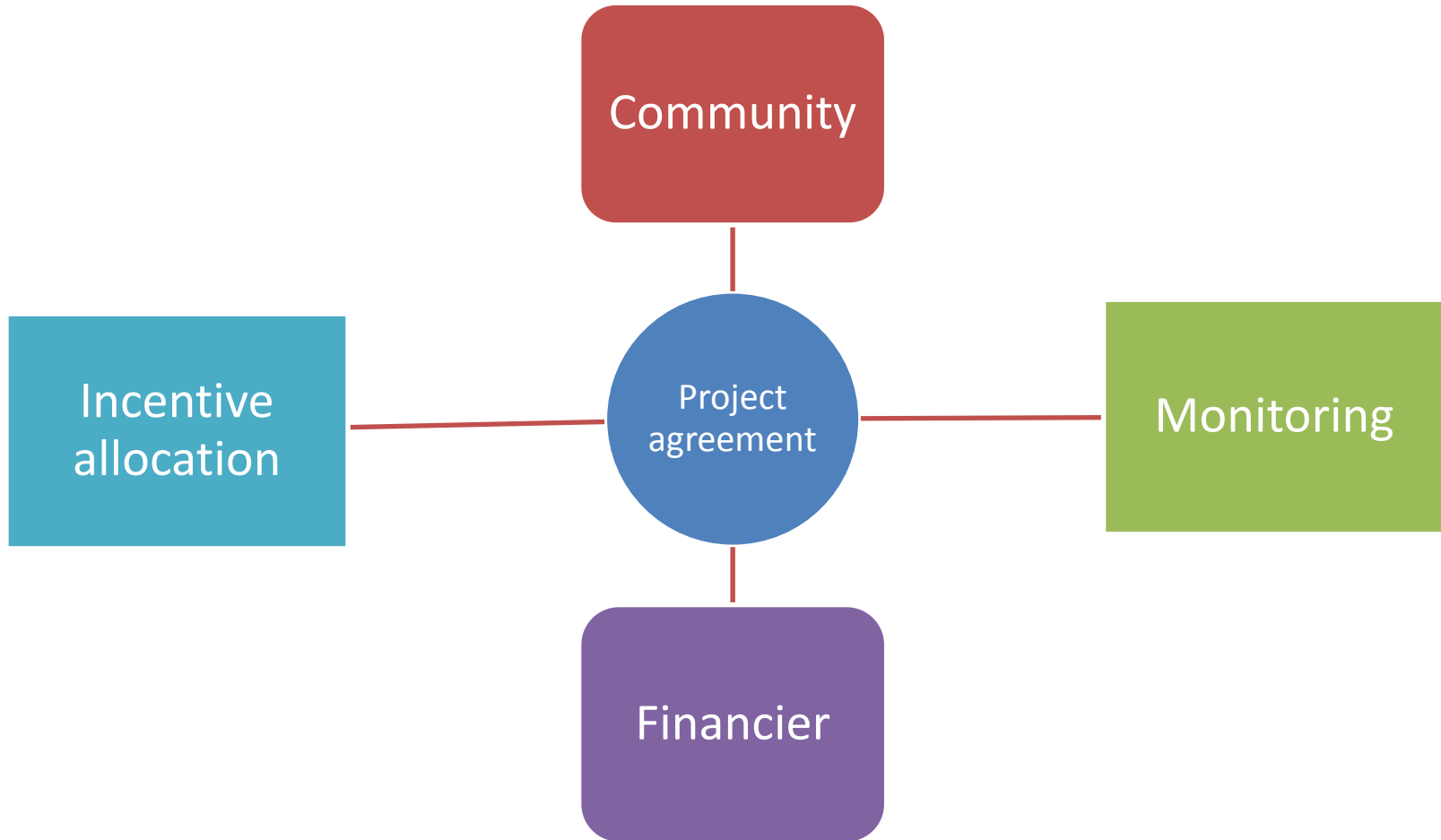
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# System structure



# Overview

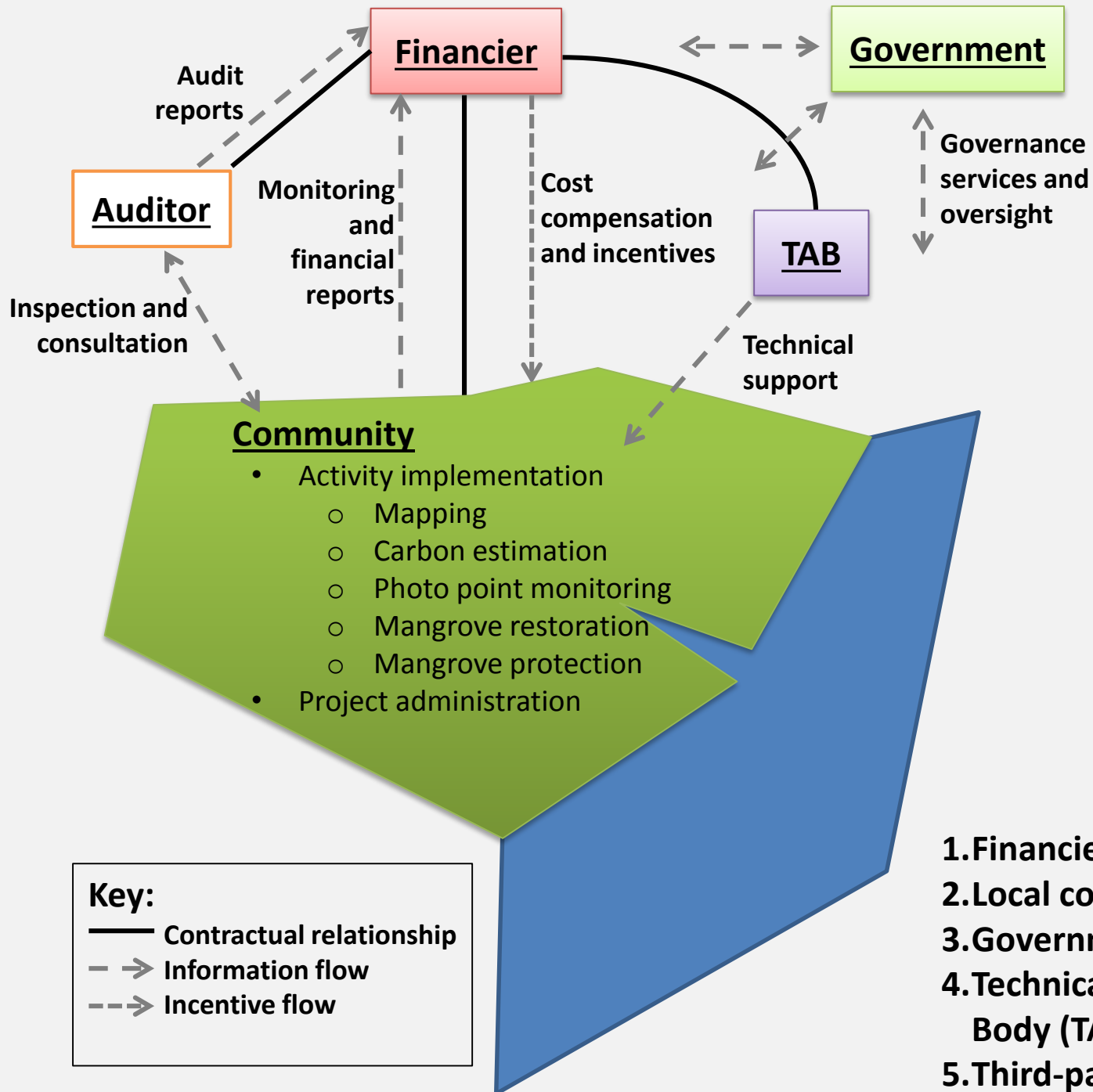
- Model system to incentivize coastal communities to restore and/or protect mangroves
  1. Roles and responsibilities
  2. Project set-up and implementation
  3. Financial management
  4. Project agreement between financier and coastal community (government, Technical Assistance Body (TAB) and third-party auditor also involved)
- Assumes mangrove area and key participating entities have been identified
- Designed for use in conjunction with monitoring guide
- Available as a publication 'Incentive allocation for mangrove protection' (<http://www.fao.org/3/a-i6525e.pdf>)

# Defining roles and responsibilities

1. Mangrove ownership and use rights
2. Project administrative and financial management
3. Activity implementation; and
4. Monitoring

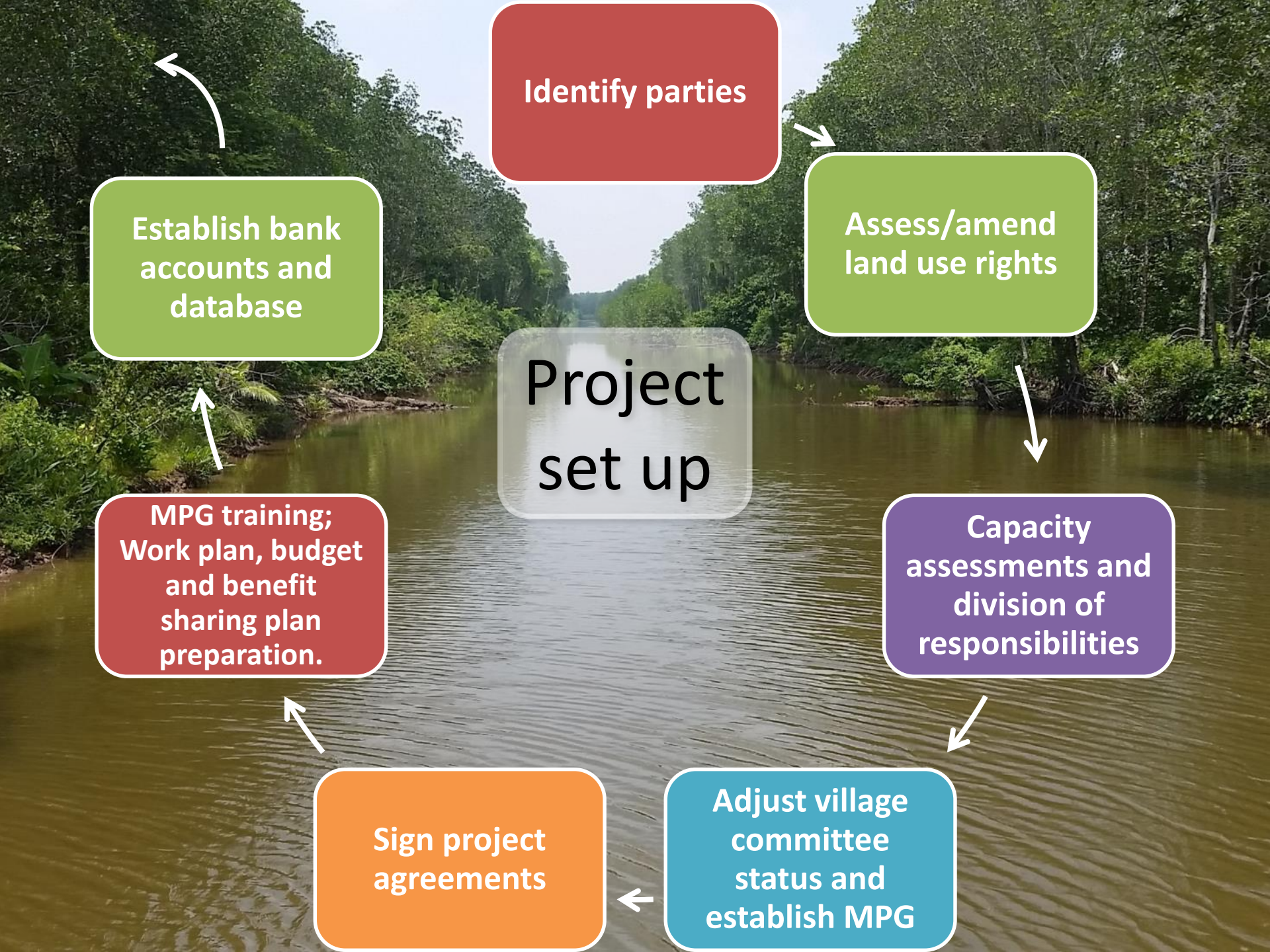
# Legal personality of villages in Pakistan, Thailand and Viet Nam

- In Pakistan, CBOs are government-registered organizations and many examples exist of agencies such as IUCN and WWF entering into agreements with CBOs to plant and protect mangroves.
- In Viet Nam, the Minh Phu Company has contracts with households, and in pilot projects forest land has been allocated to agricultural, forestry and environmental cooperatives for protection (EU REDD Facility 2016).
- In Thailand, informal mangrove conservation groups are often formed, but financier-community agreements have been rare.



# Project set-up - Key areas

- Community rights to:
  - manage land and exclude others
  - enter into agreements
- Community technical and administrative capacities
- Options for obtaining technical support
- Financier's capacity to finance project
- Ensuring no objection from the government



**Identify parties**

**Assess/amend  
land use rights**

**Project  
set up**

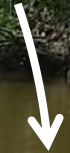
**Establish bank  
accounts and  
database**

**Capacity  
assessments and  
division of  
responsibilities**

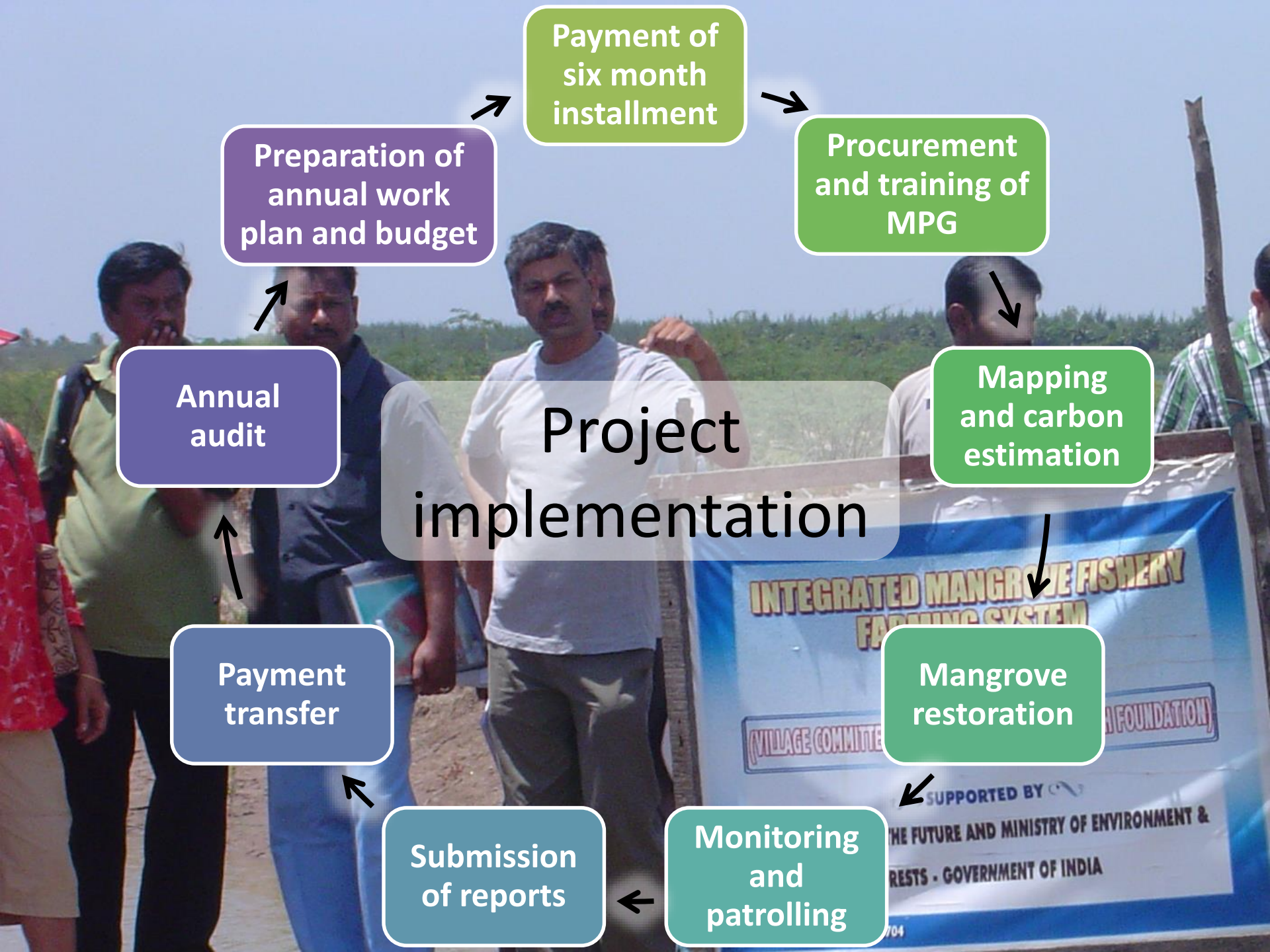
**MPG training;  
Work plan, budget  
and benefit  
sharing plan  
preparation.**

**Sign project  
agreements**

**Adjust village  
committee  
status and  
establish MPG**







Payment of six month installment

Procurement and training of MPG

Preparation of annual work plan and budget

Mapping and carbon estimation

Project implementation

Mangrove restoration

Monitoring and patrolling

Submission of reports

Payment transfer

Annual audit

INTEGRATED MANGROVE FISHERY FARMING SYSTEM  
VILLAGE COMMITTEE FOUNDATION  
SUPPORTED BY THE FUTURE AND MINISTRY OF ENVIRONMENT & FORESTS - GOVERNMENT OF INDIA

# Financial management

- Project agreement defines payment conditions, rates and use
- Two bank accounts to manage funds
  - Operations account (upfront payments)
  - Incentives account (performance based payments)
- Annual work plan and budget divided into two six month periods
- Benefit sharing plan guides use of funds and selection of contributing individuals

# Payment types

1. Payments for undertaking mangrove restoration and monitoring activities
  - *to involved individuals through operations account*
2. Performance-based incentives for overall mangrove protection
  - *to community as a whole through incentives account*
3. Performance-based incentives associated with seedling survival following restoration
  - *to involved individuals through incentives account*

# Work planning, budgeting and benefit sharing

- **Work plan** outlines activities, outputs, parties responsible and timelines
- **Budget** details equipment, labour, transport and other direct costs for the first 12 months, split into two six-month periods
- **Benefit sharing plan** outlines how individuals are selected to perform activities and how performance-based incentives are spent

# Financial reporting

A financial report is produced every six months:

- use of funds
- deviations from the work plan
- evidence of payment for all budget items
- link to monitoring reports
- progress in solving identified issues
- posted on the project online database

# Third-party auditing

1. Review monitoring reports and inspect mangroves
2. Review financial reports, project accounts and physical evidence of funds use
3. Review project management (e.g. selection of individuals, effectiveness of activities)
4. Assess environmental, economic and social impacts
5. Determine adequacy of project parties

# Project agreement

- Between community and financier with government providing no objection
- Formalizes roles and responsibilities
- Outlines rules concerning:
  - activities
  - incentive payment conditions and amounts, and
  - administration and monitoring
- Breaches, remedies and grievance procedures
- Annexes contain project description

# Project agreement annexes

1. Project description
2. Land title document (or substitute agreement)
3. Work plan and budget
4. Agreement between financier and the TAB
5. Agreement between financier and the third-party auditor
6. Benefit sharing plan