

# **Who will bear the cost of REDD+?**

## **Evidence from the incidence of implementation and opportunity costs in subnational REDD+ initiatives**

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**Asia Pacific Forestry Week**

**February 24<sup>th</sup> 2016, Clark, Philippines**

***Session on: REDD+: What do we know and what comes next? Relevant insights from CIFOR Global comparative study (GCS) REDD+ research for the tropical forests of the Asia-Pacific region***



# **Introduction: fears that failure to cost will bring failure to compensate**

Concerns that costs will be imposed on disadvantaged stakeholders who will not be compensated

1. small holders and informal forest users will bear opportunity costs;
2. REDD+ country institutions will bear implementation costs;
3. but because they are minor players without formal rights, their costs will not be recognized or compensated.



# Location of subnational initiatives included in the CIFOR GCS study



## BRAZIL

- 1. Acre
- 2. Bolsa Floresta
- 3. Cotriguaçu
- 4. Jari/Amapá
- 5. SFX
- 6. Transamazon

## PERU

- 7. Madre de Dios
- 8. Ucayali

## CAMEROON

- 9. Mt. Cameroon
- 10. SE Cameroon

## TANZANIA

- 11. Kigoma
- 12. Zanzibar
- 13. Kilosa
- 14. Lindi
- 15. Mpingo
- 16. Shinyanga

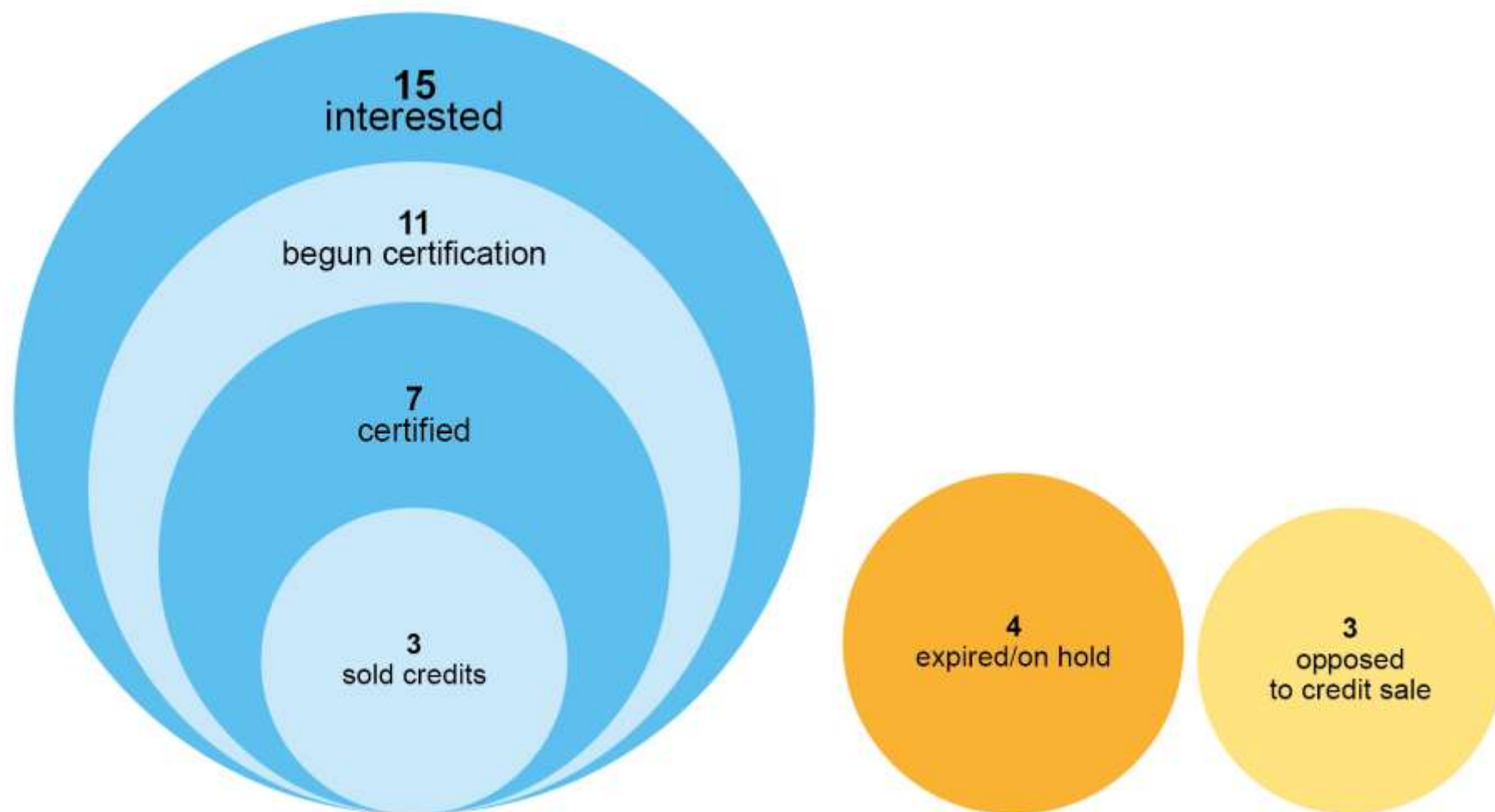
## INDONESIA

- 17. KFCP
- 18. Katingan
- 19. KCCP
- 20. Rimba Raya
- 21. TNC within BFCP
- 22. Ulu Masen

## VIETNAM

- 23. Cat Tien

# Degree of entry into carbon market



# Concerns around opportunity costs

- The distribution of opportunity costs helps identify the groups most likely to suffer net costs from REDD+ and thus most likely to resist implementation
- Concerns about using standard estimates of opportunity costs to design REDD+ include:
  - distribution of opportunity costs reflects the current distribution of income, leading to conclusion that “the poor need to be compensated less”
  - challenge of overlapping rights and multiple users (with different opportunity costs)
  - do not account for ambiguous land tenure
  - do not capture subsistence and other non-market use



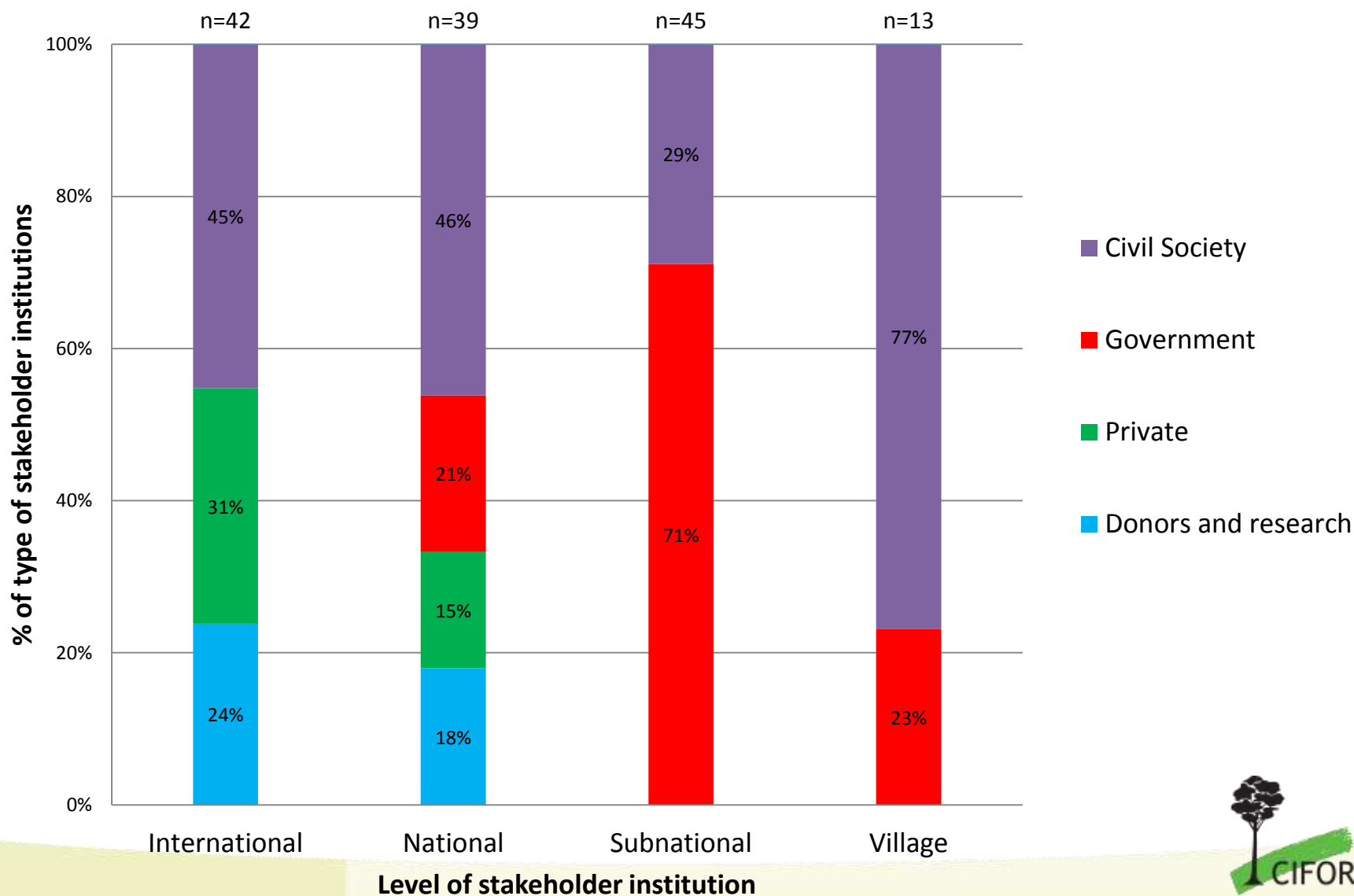
# Concerns around implementation costs

- Implementation costs were ignored or oversimplified in initial discussions about REDD+
- But increasingly recognized as significant
- 'Implementation costs' = start-up and running costs of administration, actions to reduce deforestation or forest degradation, MRV, institutional arrangements, FPIC and direct payments
- Concerns include
  - hidden costs of REDD+ for government
  - NGOs either siphoning funds for non-carbon objectives or subsidizing REDD+ to ensure successful launch

Both leading to sustainability/commitment problems



# The percentage composition per type for each level



# Types of institutions implementing REDD+

- Large number of institutions involved in implementation
- Most from civil society (60/139) and government (43/139)
- Only 19/139 from the private (for-profit) sector

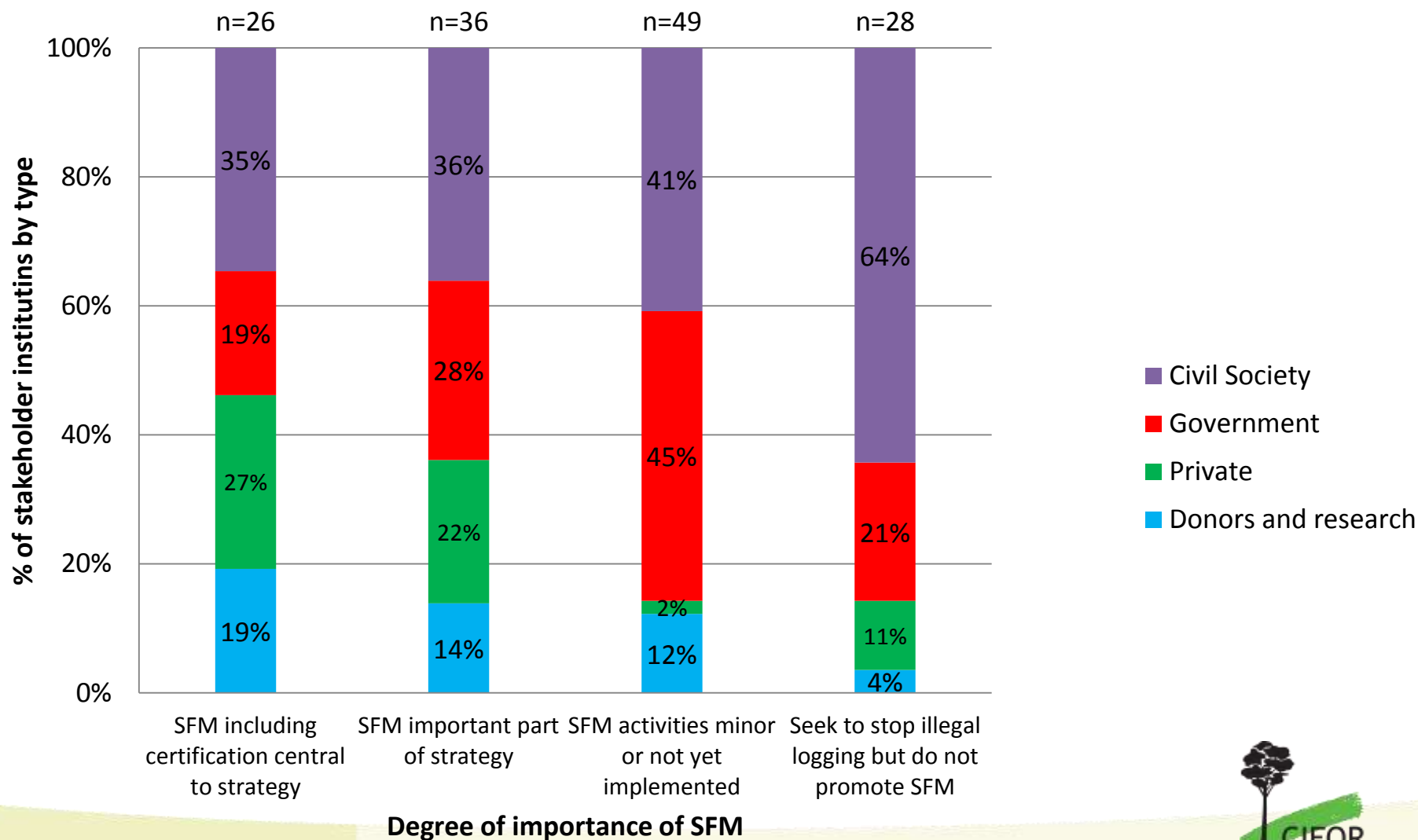
But,

- In initiatives that have sold credits, 37% are private sector and no government institutions are involved
- In the 4 expired initiatives, 33% were government

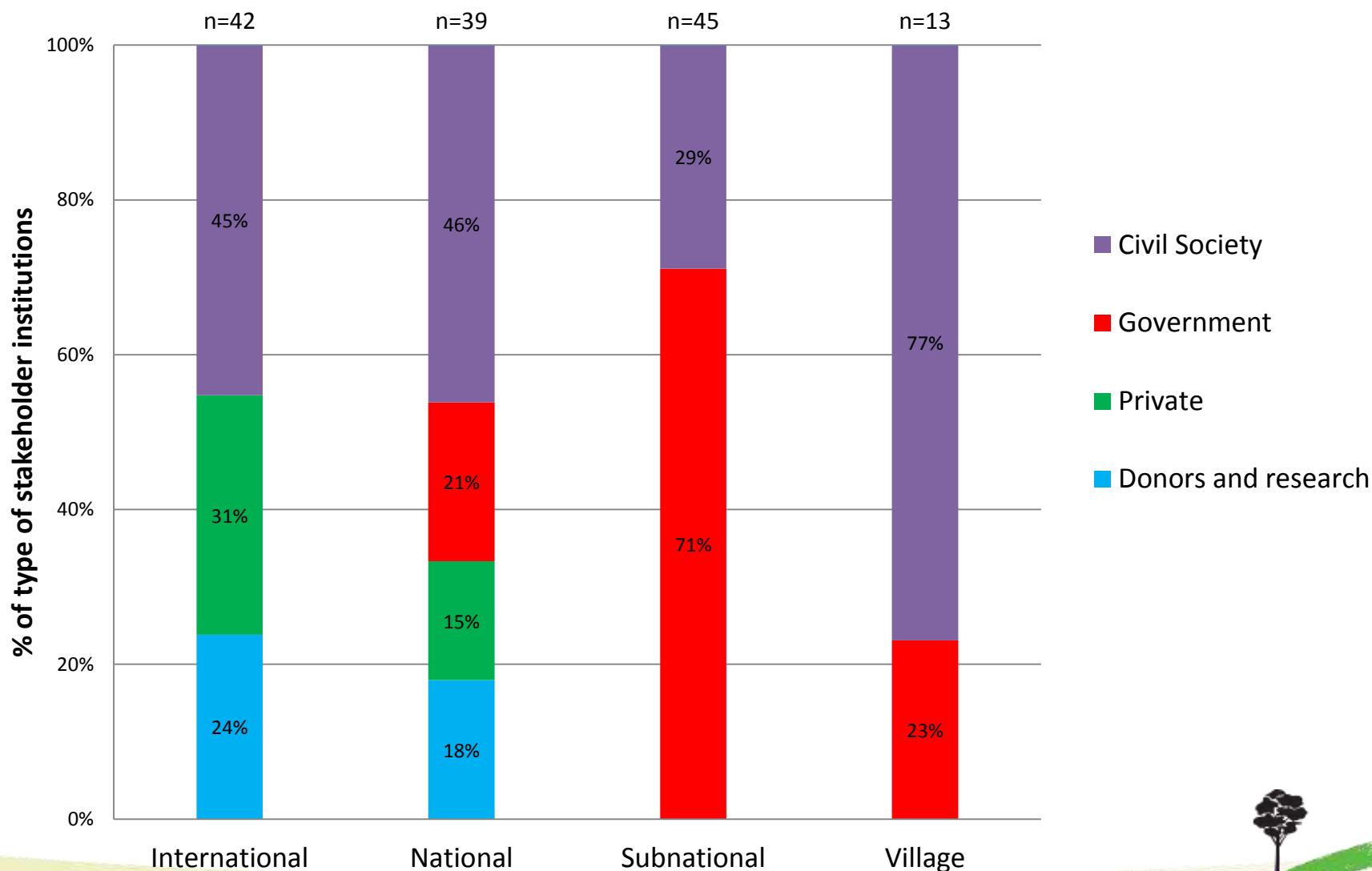




# The percentage of each type of SFM practiced by different stakeholder institution types



# The percentage composition per type for each level



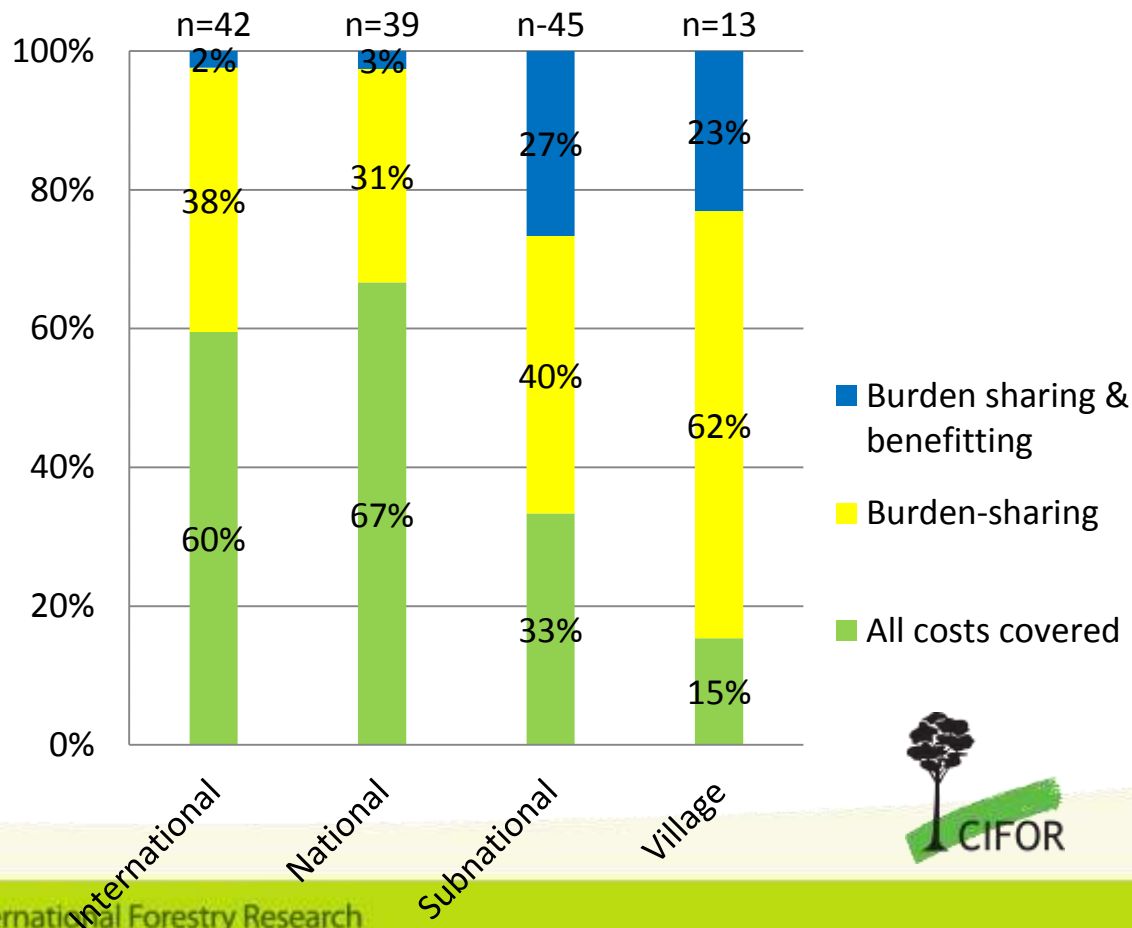
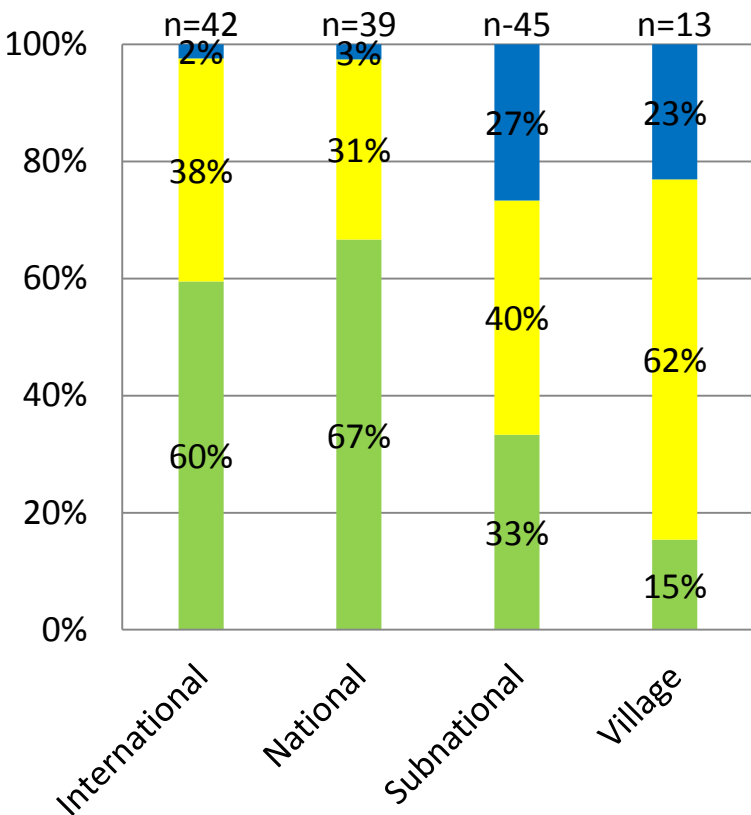
# Challenging the notions of REDD+ as

- i) a centralizing force**
- ii) a polycentric arrangement**

- Subnational institutions are highly involved in implementation - particularly in Brazil
- Only 4 initiatives in Brazil and Tanzania have no national institutions significantly involved
- Polycentricism - does this increase or reduce transaction costs?
- Hollow core – many SNIs have no 'significant' village level institutions
- SNIs that are selling credits or are certified have no village institutions and a lower % of subnational institutions



# The percentage of each type and level of stakeholder institution that is burden-sharing versus those that are covering their costs



# High level of subsidization: many are prepared to share the cost burden

Many institutions are subsidizing REDD+ particularly:

- More than half of government institutions (56%)
  - 84% of subnational government institutions incurring more costs than benefits from involvement in REDD+

Motivation for covering costs in the early stages

- To build readiness?
- To generate non carbon benefits?
- To meet climate mitigation commitments?

But is this support 'crowding in' or 'crowding out' non-state investment?

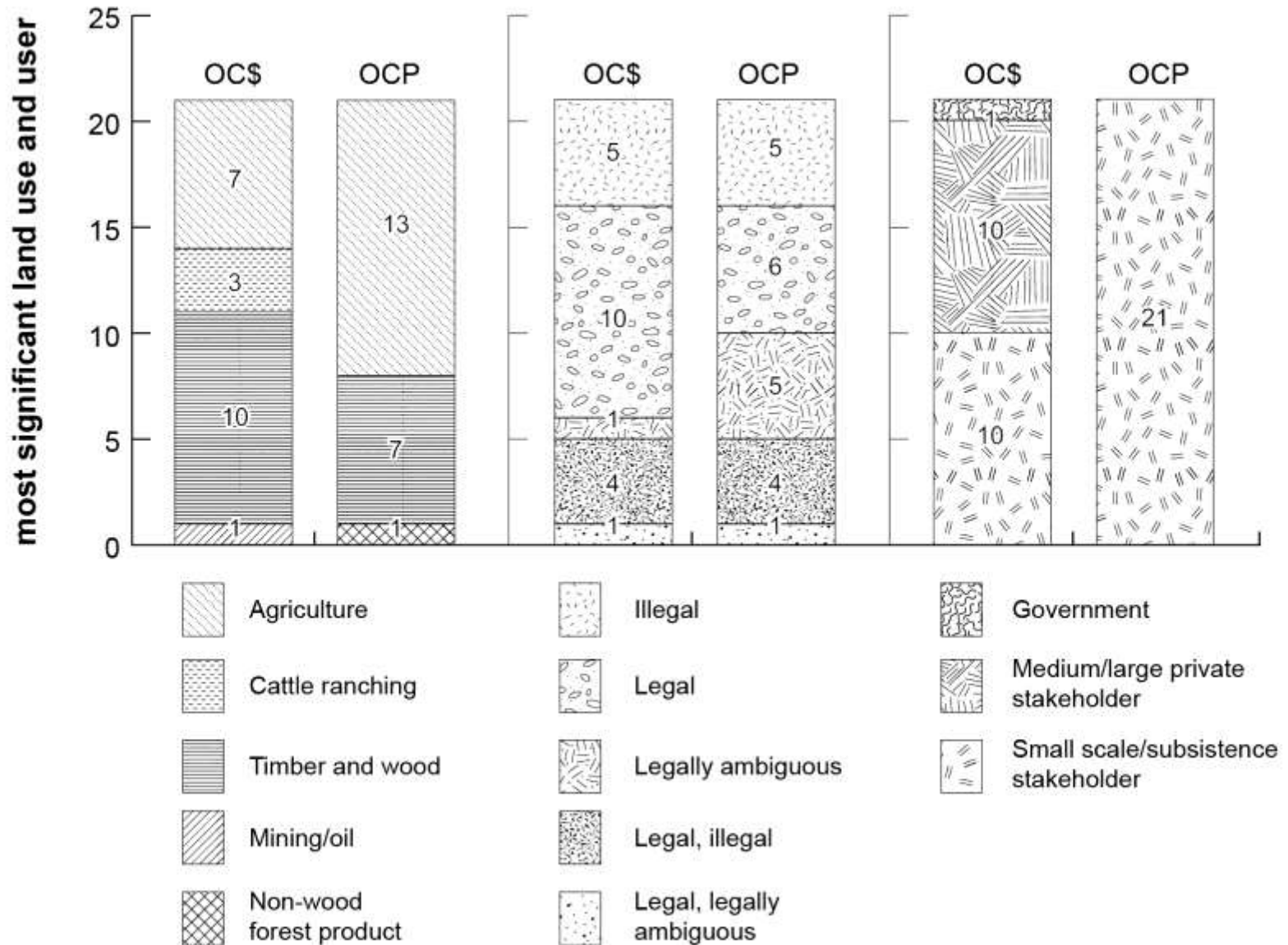


# Only some lenses on opportunity costs bring costs to smallholders into focus

- Elicited opinions on which stakeholder groups will bear the greatest opportunity cost of REDD+
  - Greatest = highest financial cost, or
  - Greatest = largest number of people affected
- When define 'greatest' in terms of financial value, respondents cite large scale land users
- When define 'greatest' in terms of number of people, respondents cite small scale users
- Reminder that REDD+ must be designed to provide incentives as well as compensation



## Definition of greatest opportunity cost



# Denying benefits to those without legal rights will disproportionately affect certain groups

- High level of uncertainty over legality of land uses
- Land uses affecting greatest number of people tend to be illegal
- Higher value land uses tend to be clearly legal
- BUT high value land uses are exclusively legal (with no ambiguity) in fewer than half of the initiatives
- Problematic for benefit sharing system based entirely on land use





# Conclusions: implications for the design of REDD+

- Concerns around costs do play out in GCS sites
- Need to understand the motivations and incentives facing these actors - not always about covering costs or generating a profit
- Need to consider multiple perspectives on incidence of costs and recognize inherent biases
- GCS data illustrate the challenges of characterizing target groups for benefit-distribution systems
- Make distribution of costs and ways of calculating transparent in order to design 'fair' benefit sharing systems
- Has value for programs and processes *beyond* REDD+.



# ***Thank you!***

<http://www.cifor.org/redd-benefit-sharing/>

The CIFOR REDD+ Benefit Sharing project is supported by:



With co-financing from:



Australian Government  
Department of Foreign Affairs and Trade



## • Key publications:

- Assembe-Mvondo et al. 2015. *Comparative Assessment of Forest and Wildlife Revenue Redistribution in Cameroon*. CIFOR working paper 190.
- Loft, L. et al. 2015. Taking stock of carbon rights in REDD+ candidate countries: Concept meets reality. *Forests* 6:1031-1060.
- Börner et al. 2015. Mixing Carrots and Sticks to Conserve Forests in the Brazilian Amazon: A Spatial Probabilistic Modeling Approach. *PLoS ONE* 10(2): e0116846. doi:10.1371/journal.pone.0116846
- Luttrell et al. 2015. *Lessons from voluntary partnership agreements for REDD+ benefit sharing*. CIFOR Occasional Paper no 134.
- Luttrell et al. 2014 Who should benefit from REDD+? Rationales and realities. *Ecology and Society* 18(4): 52.
- Pham et al. 2014. Local preferences and strategies for effective, efficient and equitable PES benefit distribution options in Vietnam: Lessons for REDD+. *Human Ecology* DOI: 10.1007/s10745-014-9703-3
- Pham et al. 2013. *Approaches to benefit sharing: A preliminary comparative analysis of 13 REDD+ countries* CIFOR working paper.
- Assembe, S. et al. 2013. Assessment of the effectiveness, efficiency and equity of benefit sharing schemes under large-scale agriculture: Lessons from land fees in Cameroon, *European Journal of Development Research*

## • Series of information briefs:

- Arwida S. et al. 2015. *Lessons from anti-corruption measures in Indonesia*, CIFOR InfoBrief 120.
- Nawir A. et al. 2015. *Lessons from community forestry in Nepal and Indonesia*, CIFOR InfoBrief 112.
- Gebara MF. et al. 2014. *Lessons from local environmental funds for REDD+ benefit sharing with indigenous people in Brazil*. CIFOR InfoBrief 98.
- Kowler LF. et al. 2014. *The legitimacy of multilevel governance structures for benefit sharing: REDD+ and other low emissions options in Peru*. CIFOR InfoBrief 101.
- Loft L. et al. 2014. *Lessons from payments for ecosystem services for REDD+ benefit-sharing mechanisms*. CIFOR InfoBrief 68.
- Myers et al. (2014) *Who holds power in land use decisions? Implications for REDD+ in Indonesia*. CIFOR InfoBrief 100.
- Wong G. (2014). *The experience of conditional cash transfers: Lessons for REDD+ benefit sharing*. CIFOR InfoBrief 97.

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The CIFOR REDD+ Benefit Sharing project is funded by:



With co-financing from:



**Australian Government**  
**AusAID**

