



Lessons from the Forest Sector to design Benefit Sharing Mechanisms for REDD+

PC9

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Panelists

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What is a Benefit Sharing Mechanism (BSM)?

- Benefit sharing is usually used in the context of REDD+ to refer to how financial incentives transferred from international **funds** or carbon **markets** are shared between actors within recipient countries.
- Benefit sharing for REDD can be defined as agreements between stakeholders about the distribution of monetary benefits.
 - **BSM can be designed at different scales:
National X Sub-national x Projects**

What is a Benefit Sharing Mechanism (BSM)?

- REDD payments compensate **opportunity costs** of land use changes, **transaction costs**, **implementation costs** and pay a “**REDD-rent**”
- Benefit sharing systems should provide effective incentives for actions and build support and legitimacy for REDD mechanisms.
- Phase I: Countries should design (in a participatory way) rules for benefit sharing at different scales
- Phase II: test the system in some pilot transactions

There are two main reasons to share benefits.

- The first is to create effective incentives by rewarding individuals, communities, organizations and businesses for actions that change land-uses and reduce emissions. This means providing benefits somewhat **above** of the costs of their sacrifices to change BAU.

There are two main reasons to share benefits.

- The second reason is to build wider national (and international) legitimacy and support behind the REDD-plus mechanism. This can only be achieved if people directly affected by REDD+ actions and the wider public are treated fairly and equitably.

Lessons from the Forest Sector to inform the design of Benefit Sharing Mechanisms for REDD

- This panel will discuss lessons learnt from SFM, PFM/CFM, CFL and PES to inform the design of a BS Mechanism for REDD+
- With this I will invite representatives of TNC, Liberia and Mexico to present their experience in the theme, focusing on:

Potential contributions for REDD+ on:

- Capacity building at community level.
- Participatory decision making process at community, subnational and at country levels,
- Assuring functionality of diverse instruments that favor good governance.
- Improve targeting and effectiveness as well as governance and transparency.
- Signing long term agreements with land holders/owners.
- Implementing results based payment approaches.
- Setting a compliance monitoring system.
- Ensuring equitability and fairness. Avoid elite capture or other types of local conflicts