

# Challenges and lessons learnt in framing REDD+ benefit-sharing in the Congo Basin

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UNFCCC COP 20, Lima, Peru  
9 December 2014



# Content of the presentation

1. General context of benefit-sharing in the Congo Basin
2. Framing benefit-sharing at jurisdictional level: the case of DRC
3. Channeling benefits to communities: experience in RoC
4. Early lessons

# Context of benefit sharing in the Congo Basin

# Learning from existing benefit-sharing experiences in the Congo Basin

- A number of benefit-sharing arrangements already exist and experiences with benefit sharing mechanisms are very different across sectors
- The forest sector is the best documented, and the most regulated and advanced
- Mostly compensation mechanism for the restricted use of natural resources by local communities
- Benefits shared not reflecting actual costs, but driven by political choices, market standards and Corporate Social Responsibility
- Legal frameworks usually have provision for benefit-sharing, but implementing decrees and enforcement mechanisms are often missing

# REDD+ benefit-sharing framework

- REDD+ countries are reflecting on benefit-sharing arrangements in the context of the national REDD+ strategies and/or Emission Reduction Programs
- Limited guidelines from UNFCCC, UN-REDD, FCPF, FIP
- Benefit-sharing is not a key feature of voluntary standards either (some exceptions)
- Methodological framework of FCPF Carbon Fund provides general guidelines to pilot performance-based payments, requiring:
  - Benefit-sharing plan
  - Transparency and participation
  - Acknowledgement of regulatory framework
  - Inclusion of non-carbon benefits

# Demystifying 'carbon rights'

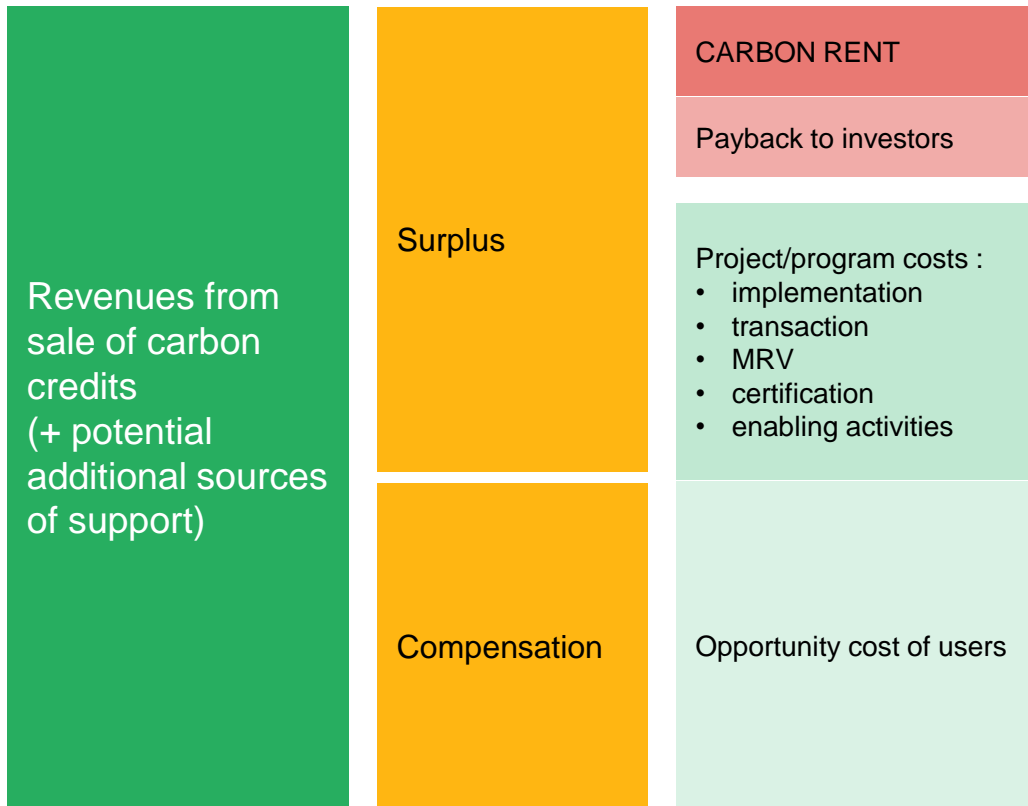
~~Who owns carbon? Who owns the forest?~~

→ Who contributes to carbon sequestration or emissions reductions?

- In the absence of legal frameworks addressing carbon rights, contractual arrangements have been developed instead.
- 2 options:
  1. The state owns carbon, just like it owns other natural resources
  2. Carbon emission reductions/carbon sequestration are seen as an environmental service in which specific stakeholders have invested

# What is there to share?

REDD+ benefits go beyond carbon credits revenues



Carbon rent increases with:

- Low overhead and opportunity costs
- High carbon emissions reduction potential
- High carbon price

Simplified scheme of REDD+ project costs (Karsenty 2012)

# State of play in the Congo Basin

- Key considerations for an equitable and efficient benefit sharing mechanism: DRC Mai Ndombe jurisdictional program
- Channeling benefits to local communities: local development funds in RoC





DRC: framing  
benefit-sharing at  
jurisdictional level

# The Mai Ndombe ER program



- 12.3M ha, including 9.8M of forests
- 29 MtCO<sub>2</sub> ER estimated, up to USD 60M from FCPF Carbon Fund
- More than 20 partners, integration of several ongoing REDD+ projects
- Stratification of objectives

# Agreed principles (ER-PIN)

- FPIC and transparency
- Performance-based payments
- Stratification of REDD+ revenues
- Taking into account of previous contractual arrangements
- Flexibility for sub-mechanisms
- Revenues allocated to direct and indirect drivers of deforestation
- Ex-ante payments

# Critical issues

- Cost/benefit analysis for each stakeholder and in each *strata* and scenario for under and over-performance
- Balance between rewarding performance and financing enabling activities (such as livelihood support)
- Taking into account existing benefit-sharing arrangements



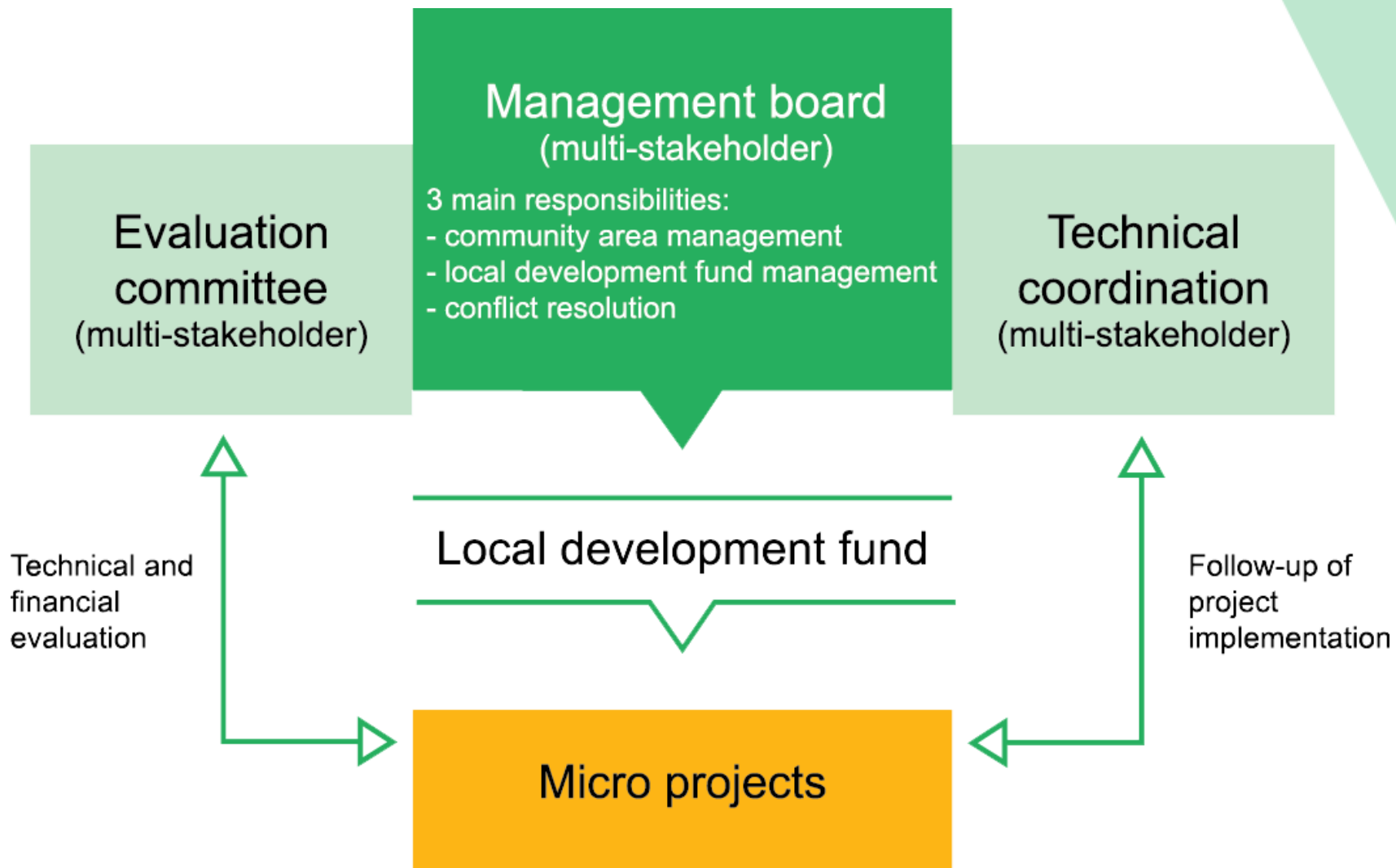
RoC: channeling benefits to  
local communities

# Local Development Funds

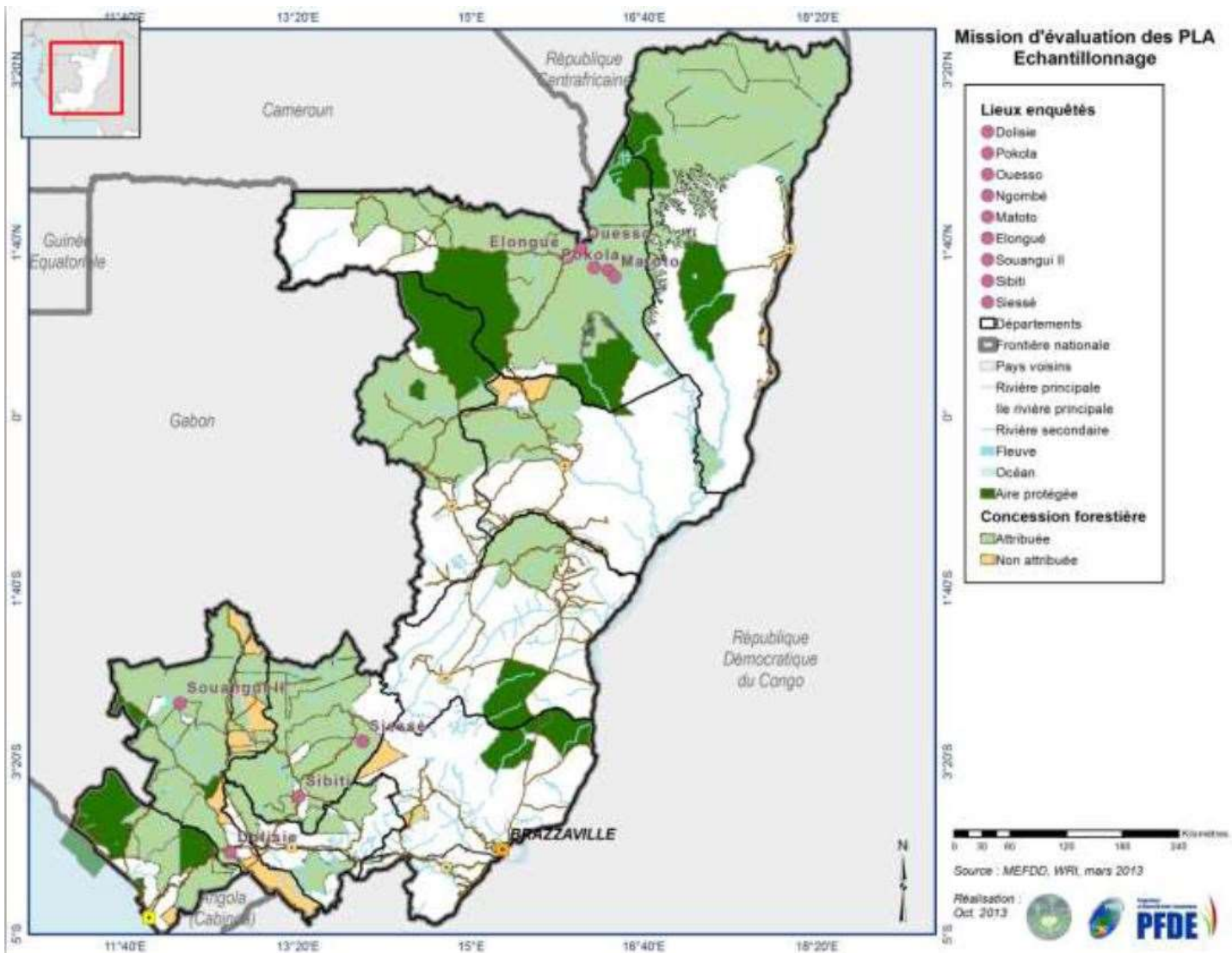
- Why local development funds:
  - The most advanced benefit-sharing experience
  - Aiming to develop REDD+ benefit sharing using a bottom-up approach, adapted to the country context, based on proved experiences
  - Similar model in Cameroun and DRC
- Forest enterprises have social obligations framed by their forest management plans, such as the set up of a local development fund
- Annual contributions (EUR 0,3 / m<sup>3</sup>) are used to fund micro projects to support community development within the concession boundaries
- Local development funds are eligible to receive other sources of funding

# Local Development Funds

- Local development funds are managed by a multi-stakeholder committee
- Significant differences between forest operations in the North and South of the RoC: only the 9 forest concessions in the North have management plans, out of which 6 have a local development fund
- North of Congo (FCFP Carbon Fund piloting area): very low population (<3 hab/km<sup>2</sup>), high forest cover (>97%), most of the area is under industrial forest concessions







# A basis for future REDD+ benefit-sharing distribution mechanisms



## Opportunities

- Local development funds offer an interesting model for benefit-sharing as it is close to the community level, links various levels of governance (concession, district, department) and has multi-stakeholder steering mechanisms (participative)
- It provides a model that is simple, adapted to the local context, recognized and understood by stakeholders

# A basis for future REDD+ benefit-sharing distribution mechanisms

## Challenges

- Several operational difficulties impact the effectiveness of the local development funds
  - high transaction costs
  - absence of rules and procedures for accounting and reporting
  - problems with community representation
- Low capacities of communities for micro project development contribute to poor and unsustainable proposals, without any follow-up and evaluation
- Communities within one concession may have very different preference and don't always feel connected. Community development plan could help to frame the micro projects and prioritize over the long term
- Local development funds are lacking a performance based component: communities receive compensation because of reduced access to resources, no conditionality

# Early lessons from the Congo Basin

# Keep things simple and manage expectations

- When scaling-up REDD+, it is essential to ground benefit sharing on a thorough assessment of costs and potential benefits for all categories of stakeholders.
- Manage transaction costs that eat up the carbon rent. There is a risk that carbon rents will be extremely small, so need to manage expectations and set priorities.
- Benefit sharing arrangements need to be clear, transparent and as simple as possible.
- Benefit sharing models need to build, to the extent possible, on existing institutions, rather than new ones. The Congo Basin's experience in setting up local development funds provides an interesting model for benefit-sharing distribution mechanism.

# Balance between equity and performance

- Jurisdictional programs offer the opportunity to demonstrate and test sustainable land-use policy and activities. A balance need to be struck between supporting enabling activities and rewarding performance
- Capacity building of stakeholders is necessary to ensure inclusive and participatory benefit sharing and promote local development
- Safeguards need to be in place to provide confidence to stakeholders, such as:
  - Ensure benefit sharing mechanisms are well described in the legal framework to provide legal certainty to project operators and beneficiaries
  - Complaint mechanism ensure stakeholders accountability and provide beneficiaries with the opportunity to be heard in case of problems
  - Any mechanism developed needs to be based on proper consultations and FPIC. It requires time to build common understanding and reach agreement

Thank you

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