

Forest Carbon Partnership Facility (FCPF) Summary of FY12 Proposed Budget Activity: Benefit Sharing

June 15, 2011

Background: Benefit sharing is considered a core element of successful REDD+-strategies as it is meant to represent the compensation for foregone benefits and/or providing financial resources for wider development strategies.

COP 16 establishes in the decision 1/CP.16:

72. Also requests developing country Parties, when developing and implementing their national strategies or action plans, to address, inter alia, drivers of deforestation and forest degradation, land tenure issues, forest governance issues, gender considerations and the safeguards identified in paragraph 2 of annex I to this decision, **ensuring the full and effective participation of relevant stakeholders, inter alia, indigenous peoples and local communities;** and

Appendix 1, para 2e of the decision further states:

When undertaking the activities referred to in paragraph 70 of this decision, the following safeguards should be promoted and supported:

That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and **to enhance other social and environmental benefits;**

While the decision does not explicitly address the issue of benefit sharing, this topic cuts across all major thematic areas of REDD+, including non financial benefits such as from improved access to information and participation in decision making processes, as well as access to financial payments from REDD+.

Initial thinking on the elements of a good benefit sharing mechanism, the experiences and limitations of existing systems that have been tried mainly in the forestry context is beginning to emerge. It is also being acknowledged that the structure and functional modalities of benefit sharing arrangements will be determined by country specific contexts such as level of decentralization, strengths and weaknesses of governance structure, clarity of land use policies and land tenure in the country.

Scope of Work: Because of its cross cutting nature, benefit sharing presents multiple aspects that require systematic analysis in the context of REDD+, followed by knowledge sharing to feed lessons learned back to FCPF countries. The following core elements of work are proposed to be undertaken with a view to preparing a report that will consolidate the findings in the context of designing benefit sharing arrangements:

- (i) On mechanisms to share financial benefits, relevant experiences can be found in the field of Payment for Environmental Services (PES is one model that has been tested, there could be others). Building on other experiences, FMT will pull together these lessons learnt and prepare a peer reviewed documentation of best practices.
- (ii) Through 2 or 3 FCPF country case studies analyze the relevance of existing land tenure systems and potential options for designing a fair and equitable benefit sharing system within the legal and policy framework in a country.

- (iii) Analyze the relationship of benefit sharing and governance aspects such as accountability, transparency and participatory decision making processes. A peer reviewed document will be presented with best practices from FCPF countries and experiences elsewhere.

By bringing together the three elements of benefit sharing mentioned above, we expect the findings to invoke forward thinking based on what has worked given in a given country context and what may be the additional elements that would need to be addressed if the REDD+ benefit sharing mechanism was to use existing experiences such as from PES. The proposed work does not intend to be prescriptive nor promote a model of a benefit sharing system.

All three work threads will closely work together and use one single event to receive feedback and disseminate findings to relevant stakeholders.

This budget activity will support the following:

- (i) Analytical work with expert/s support
- (ii) FMT staff time to oversee the work conducted
- (iii) Sharing and disseminating the findings of the above work through:
 - a. Distant Global Learning Network (videoconferencing) for up to 20 FCPF countries to promote cross learning;
 - b. A global workshop to be held preferably back to back with another FCPF scheduled event
- (iv) Publication of a consolidated report that brings together the findings of all 3 elements of work proposed above.

Timeframe: The work on all elements would begin in August-September, 2011 and be completed by December 2011. A first draft report would be available in January-February 2012 for sharing with participants at the joint workshop to be held in March, 2012, in conjunction with the PC meeting. The summary reports of the workshop would be ready 4 weeks afterwards. The final publication would be available in April/ May 2012.

Budget request for FY12: \$390,686 will be required from FCPF resources to support to this activity, with additional co-financing of \$45,000 (GIZ \$ 30,000 and PROFOR \$ 15,000) already secured. The FMT is currently exploring other sources of co-financing.