# Equitable Benefit Sharing:

## Exploring Experiences and Lessons for REDD+ in Tanzania


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**With TNRF, AWF, CARE Tanzania, JGI, MCDI, MJUMITA, TFCG, TaTEDO, WCS, and WCST**



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# ACRONYMS

| | |
|---|---|
| AWF | African Wildlife Foundation |
| BDS | Benefit distribution system |
| CBD | Convention on Biological Diversity |
| CBFM | Community Based Forest Management |
| CBNRM | Community Based Natural Resources Management |
| CBO | Community-based Organization |
| COFM | Community Forest Management (Zanzibar) |
| CSO | Civil Society Organization |
| DFNR | Department of Forestry and Non-Renewable Natural Resources (Zanzibar) |
| FBD | MNRT Forestry and Beekeeping Division |
| FPIC | Free, prior and informed consent |
| FSC | Forestry Stewardship Council |
| HIMA | Hifadhi ya Misitu ya Asili (CARE facilitated REDD+ project, Zanzibar) |
| ICDPs | Integrated Conservation and Development Projects |
| IIED | International Institute for Environment and Development |
| JFM | Joint Forest Management |
| JGI | Jane Goodall Institute |
| JUHIBEKO | Jumuiya ya Hifadhi ya mazingira tarafa za Bereko na Kolo<br>(JFM Association of villages working with AWF facilitated project) |
| JUMIJAZA | Zanzibar community forestry network |
| JUWAMMA | Jumuiya ya Watunza Msitu wa Masito<br>(Inter-village CBO of villages working with JGI facilitated project) |
| MCDI | Mpingo Conservation and Development Initiative |
| MJUMITA | Community Forest Conservation Network of Tanzania |
| MNRT | Ministry of Natural Resources and Tourism |
| MRV | (Carbon) monitoring, report and verification |
| NCCSC | National Climate Change Steering Committee |
| NCCTC | National Climate Change Technical committee |
| NCMC | National Carbon Monitoring Centre |
| NGO | Non-governmental Organization |
| NRTF | National REDD+ Task Force |
| PES | Payment for Environmental Services |
| PFM | Participatory Forest Management |
| REDD+ | Reducing Emissions from Deforestation and Forest Degradation, including conservation, sustainable management of forests, and enhancement of forest carbon stocks |
| REDD+ SES | REDD+ Social and Environmental Standards |
| SCC | Shehia Conservation Committee (Zanzibar) |
| TaTEDO | Tanzania Traditional Energy Development and Environment Organization |
| TFCG | Tanzania Forest Conservation Group |
| TNRF | Tanzania Natural Resource Forum |
| TWGs | Technical Working Groups |
| VA | Village Assembly |
| VC | Village Council |
| VEC | Village Environmental Committee |
| VNRC | Village Natural Resource Committee |
| VPO | Vice President’s Office |
| WCS | Wildlife Conservation Society |
| WCST | Wildlife Conservation Society of Tanzania |
| WMAs | Wildlife Management Areas |

# EXECUTIVE SUMMARY

## Understanding the importance and challenges of equitable benefit sharing in REDD+

REDD+* is based on incentives from the transfer of financial benefits, and can, if well designed, implemented and enforced, generate additional benefits such as enhanced governance, more secure (tenure) rights, improved environmental services, and income from REDD+ related activities. REDD+ also poses substantial potential costs, including restricted access to land and resources, and the costs of improving policy and governance frameworks.

**Equitable benefit sharing is imperative if REDD+ is to result in sustainable emissions reductions, realize substantial benefits for forest communities, and avoid making vulnerable people worse off**. Benefit sharing is, in other words, an ethical obligation that helps make REDD+ effective, equitable, sustainable, and accepted.

Establishing equitable benefit sharing is likely to be challenging in practice, including because of: lack of clarity and difficulty estimating what actual REDD+ benefits and costs will be, weak governance, weak or poorly enforced land tenure rights, and high resource needs for effective implementation and monitoring.

Despite these challenges, many countries, including Tanzania, are forging ahead in getting 'REDD+ ready', including through implementation of several REDD+ pilot projects. Emerging lessons from these pilot projects, as well as longer standing experience in community based natural resources management (CBNRM) and payment for environmental services (PES) schemes, should be considered in the design of REDD+ benefit sharing.

## Report goals and scope

The Tanzania Natural Resource Forum (TNRF), together with the African Wildlife Foundation (AWF), CARE Tanzania, Jane Goodall Institute (JGI), Mpingo Conservation and Development Initiative (MCDI), Tanzania Community Forest Network (MJUMITA), Tanzania Forest Conservation Group (TFCG), Tanzania Traditional Energy Development Organization (TaTEDO), Wildlife Conservation Society (WCS), and Wildlife Conservation Society of Tanzania (WCST), have prepared this report with the goals to: facilitate documentation of emerging examples and lessons on benefit sharing from REDD+ pilot projects; enhance Tanzanian stakeholders' understanding of equitable REDD+ benefit sharing; and identify practical benefit sharing options for the consideration of REDD+ implementers in Tanzania.

This report builds upon individual interviews conducted between April and May 2012 with staff of the NGOs facilitating the REDD+ pilot projects, a 15 May 2012 roundtable discussion among pilot project staff, and existing publications on REDD+ and CBNRM. The lead author did not hold discussions directly with members of communities implementing REDD+ in Tanzania, though the experiences and preferences of some community members were relayed by project staff.

As benefit sharing is an increasingly recognized, but largely unresolved issue in REDD+, and as the benefit sharing mechanisms being tested under the pilot projects are in relatively early stages of development, this report focuses on **raising key questions and options, rather than identifying clearly established lessons learned**.

* Reducing Emissions from Deforestation and Forest Degradation, including conservation, sustainable management of forests, and enhancement of forest carbon stocks

## Considerations and options for equitable REDD+ benefit sharing in Tanzania

Benefit sharing will need to operate between various actors and multiple levels in Tanzania, while still ensuring that participating community members receive fair and substantial benefits for their contributions and incurred costs. Criteria for sharing in these benefits may include performance as well as, e.g., tenure, costs incurred, and equality. There may need to be a balance between inclusiveness and performance based criteria.

Benefit sharing arrangements should be set in law, as unclear or poorly enforced laws make people vulnerable to losing out. However, it is not clear that new, REDD+ specific law is required. In all cases, benefit sharing laws should allow local actors to appropriately adapt mechanisms to their circumstances.

In Tanzania, a national carbon payments distribution mechanism has not yet been created, though a National REDD+ Trust Fund will be established (see draft National REDD+ Strategy, June 2012). For international/ national to local distribution of REDD+ benefits, options include[1]: payments being centrally collected and distributed directly to eligible local actors (or aggregation bodies); payments being centrally collected and distributed through existing regional and local government systems; local actors/ projects directly accessing investors or funds; and a nested/ hybrid approach. Each approach has advantages and limitations, though a nested approach may offer the greatest benefits for eligible local communities while still ensuring integrated national reporting.

Forest communities and other local carbon owners can aggregate their carbon to reduce transaction costs. CBNRM and REDD+ pilots provide examples of institutional and governance arrangements for such aggregation, including forming inter-village CBOs and partnering with external service providers from NGOs or the private sector. Key considerations include the accountability, representativeness, and perceived legitimacy of aggregation bodies to the communities they are meant to serve.

There are also many options for governing and distributing benefits within communities. Pilot approaches include a mix of: community, household, and/or individual payments; monetary and non-monetary benefits; institutional arrangements, including new and existing organizations; and rules. There are advantages and limitations to each approach, but a key factor in all cases should be communities' preferences. Benefits may also be shared among villages or other actors outside REDD+ projects boundaries, such as when other villages will bear some costs and/or will impact project effectiveness.

Participatory Forest Management (PFM) will be a key anchor for REDD+ in Tanzania, and likewise, REDD+ can help expand PFM. However, key challenges in PFM will have to be addressed, particularly regarding Joint Forest Management agreements. PFM may also not be the only option for implementing REDD+ in Tanzania.

REDD+ benefit sharing should be designed, implemented and monitored in accordance with the developing national safeguards system. Drawing on international safeguards, relevant considerations include: participation; free, prior and informed consent; representation; transparency; accountability; gender equality; respect for human rights; land, forest and carbon tenure; dispute resolution; monitoring; capacity; and sustainability.

Benefit sharing should take account of REDD+'s broader governance context and political economy. Mechanisms should also be integrated with other livelihood strategies (e.g. agriculture, pastoralism) and harmonized with other natural resource strategies (e.g. PFM and WMAs). This will require policy changes – and the political will and resources to ensure their implementation and enforcement – within and outside of the forestry sector.

Next steps towards establishing equitable REDD+ benefit sharing in Tanzania may include: continued learning and consultation, clarifying options and policy needs, identifying resources, and integrating and harmonizing benefit sharing with broader REDD+ and forest governance initiatives.

# INTRODUCTION

This report uses the term REDD-*plus* (vs. REDD) as the more inclusive term. However, it is generally applicable to both REDD (Reducing Emissions from Deforestation and Forest Degradation) and the 'plus' (including conservation, sustainable management of forests, and enhancement of forest carbon stocks).

Benefit sharing is critical for effective and equitable REDD+ mechanisms. The scheme has potential benefits for Tanzania, including its local forest communities. It is these benefits that are meant to provide the incentive for contributing to global climate change mitigation. However, this requires that the benefits are substantial - at least exceeding costs - and reach the local people who will bear the costs for conserving forests. There are legitimate concerns that this will not happen in practice, including because many forest communities do not have clear or reliable information about REDD+ and its implications; do not have their rights recognized or respected; and are politically, economically, or socially marginalized. **Equitable benefit sharing arrangements are imperative to making sure that REDD+ results in sustainable emissions reductions, realizes substantial benefits for forest communities, and does not make vulnerable people worse off.**

In Tanzania, experience is beginning to emerge from benefit sharing mechanisms under ongoing REDD+ pilot projects (see Table 1),[2] though most are in early stages. The aim of this report is thus to capture developing experiences, with the understanding that learning will continue.

There are also important lessons to be drawn from other natural resources contexts. This includes Participatory Forest Management (PFM) (Community Based Forest Management (CBFM)/ Joint Forest Management (JFM)) and Wildlife Management Areas (WMAs) in Tanzania, as well as Community Based Natural Resources Management (CBNRM) and market-based conservation schemes like Payment for Environmental Services (PES). Nonetheless, there is still relatively low awareness and few examples of effective strategies for establishing and sustaining equitable REDD+ benefit sharing.

The Tanzania Natural Resource Forum (TNRF), together with African Wildlife Foundation (AWF), CARE Tanzania, Jane Goodall Institute (JGI), Mpingo Conservation and Development Initiative (MCDI), Tanzania Community Forest Network (MJUMITA), Tanzania Forest Conservation Group (TFCG), Tanzania Traditional Energy Development Organization (TaTEDO), Wildlife Conservation Society (WCS), and Wildlife Conservation Society of Tanzania (WCST), have prepared this report with the following goals to:

- facilitate documentation of emerging examples and lessons on benefit sharing from REDD+ pilot projects;
- enhance Tanzanian stakeholders' understanding of equitable REDD+ benefit sharing; and
- identify practical benefit sharing options for the consideration of REDD+ implementers in Tanzania.

This report builds upon individual interviews conducted between April and May 2012 with staff of the NGOs facilitating the REDD+ pilot projects, as well as a roundtable discussion among pilot projects' staff held on 15 May 2012. The report is also informed by lessons and experiences shared in pilot projects' previous publication (TNRF et al 2011), as well as other REDD+ and CBNRM literature (cf. Bond et al 2011; CIFOR 2012; Mahanty et al 2007; Mohammed 2011; Naughton-Treves et al 2012; Peskett 2011a,b; RECOFTC. 2007; Sikor 2010). The lead author did not hold discussions directly with members of communities implementing REDD+ in Tanzania, though the experiences and preferences of some community members were relayed by project staff. As benefit sharing is an increasingly recognized, but largely unresolved issue in REDD+, the report focuses on **raising key questions and options, rather than clearly established lessons learned**. It concludes with summary messages meant to serve as a starting point for further exploration.

# TABLE 1: OVERVIEW OF NATIONAL REDD+ PILOT PROJECTS & BENEFIT SHARING MECHANISMS

| Facilitating organization/ Project name | Project summary[3] | Benefit sharing mechanism under development | Emerging learning points |
|---|---|---|---|
| African Wildlife Foundation (AWF)<br><br>Advancing REDD in the Kondoa Irangi Hills Forests | **Purpose:** Preparing local communities to participate in REDD as incentive for long-term conservation<br>**Where:** Covers 21 villages and 71,632 ha of mixed land uses including 19,924 ha of forest<br>**Actions:**: assessing carbon and other benefits; enhancing REDD understanding; improving land and forest management; developing benefit sharing mechanisms; supporting livelihoods alternatives<br>**Costs and Timeline**: 4 years, USD 2.56 million (www.awf.org) | ▪ Benefit sharing being established under JFM<br>▪ Key role to be played by JFM Association comprised of Village Natural Resource Committee (VNRC) members from each implementing village<br>▪ AWF facilitating negotiations on JFM benefit sharing agreements, based on proposed 80% carbon-related benefits to communities | ▪ JFM presents major challenge for establishing REDD+ due to lack of clear/fair benefit sharing agreements<br>▪ But, REDD+ can be a new opportunity for establishing fair JFM agreements |
| CARE Tanzania<br><br>Hifadhi ya Misitu ya Asili (HIMA) / Piloting REDD in Zanzibar through Community Forest Management | **Purpose:** Ensuring REDD+ benefits contribute to reducing poverty and enhancing gender equality<br>**Where:** Covers 60,000 ha forest and 16,000 rural households across 29 sites<br>**Actions:** Promotes Community Forest Management (COFM) through: Addressing drivers; Improving governance, including equitable benefit sharing; Ensuring poor benefit and are not further disadvantaged; Controlling leakage, e.g. domestic woodlots and income generating alternatives; Mainstreaming gender<br>**Costs and Timeline**: 4 years, USD 5.5 million (www.careclimatechange.org/files/carbon/HIMA_2011.pdf) | ▪ Benefits to be distributed through JUMIJAZA (Zanzibar community forestry network), facilitated by umbrella CBOs and CARE/HIMA in collaboration with Department of Forestry and Non Renewable Natural Resources (DFNR) on Zanzibar<br>▪ For testing, shares of funds are to be distributed to all participating villages based on (pro-poor and gender equality) social and environmental criteria<br>▪ Funds to go to village level Shehia Conservation Committee (SCC) bank accounts and are used for community development projects selected and approved by village residents | ▪ Forming CBO to aggregate carbon sales and redistribute benefits among villages<br>▪ Determining villages' share of benefits based on environmental and social criteria, including gender equality, poverty levels and forest criteria<br>▪ Using REDD+ revenues to support community development projects selected by villages |
| Jane Goodall Institute (JGI)<br><br>Building REDD Readiness in the Masito Ugalla Ecosystem Pilot Area in Support of Tanzania's National REDD | **Purpose:** Building awareness and enhancing capacity and governance for local communities and government to administer and benefit from REDD in high biodiversity forests<br>**Where:** Covers 90,989 ha of forest under varied ownership between 15 villages<br>**Actions:** Facilitating establishment of: inter-village CBOs to manage forests, replicable and scalable remote sensing method, community and CBO capacity to monitor carbon stocks, and community mechanism for equitably sharing carbon revenues; Expected outputs include 90,989 ha conserved forest, sequestering 55,000 MTeCO2 | ▪ Money from carbon credits and other ecosystem services go to inter-village CBO (five members from each of seven participating villages)<br>▪ Test payments to each village based on performance related criteria. Payments used for community projects approved by Village Assembly (VA)<br>▪ District government plays facilitation and oversight roles<br>▪ Benefit sharing mechanism design in- | ▪ CBO as mechanism for inter-village governance and coordination of benefit sharing from REDD+ in shared forest<br>▪ Lessons on using village level survey to assess community members' preferences for benefit sharing options |

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| Strategy | **Costs and Timeline**: 3 years, USD $2.8 million (www.janegoodall.org/) | formed by village survey | |
| Mpingo Conservation and Development Initiative (MCDI)<br><br>Combining REDD, PFM and FSC Certification in South-Eastern Tanzania | **Purpose:** Using financial flows from REDD to expand PFM and Forestry Stewardship Council (FSC) certification. Additionality Principle means communities cannot earn money from timber *and* carbon, but communities will likely benefit more financially from timber than from carbon<br>**Where:** Southern Tanzania, with expected 50,000 ha of conserved forest<br>**Actions:** MCDI aims to use REDD revenue to overcome start-up costs for PFM and FSC certification (combining REDD, PFM and FSC)<br>Expected outcomes sequestering 50,000 MtCO2e, and providing economic benefits to approximately 18,000 people<br>Costs and Timeline: 4 year, USD $1.9 million (www.mpingoconservation.org/redd_project.html) | ▪ Carbon revenues to be split by the beneficiary community and the NGO (as service provider) to meet transaction costs of expanding PFM facilitation and FSC to the village<br>▪ Mechanism for distribution and use of financial benefits is being developed. Likely to be based on approach already established for timber revenues under PFM/FCS facilitated by MCDI (payments to VNRC for forest management costs and community development projects) working through village governments | ▪ REDD+ can be means to expand PFM (and FSC)<br>▪ PFM benefit sharing arrangements can be basis for REDD+ arrangements<br>▪ Opportunity costs vary by site (low in this case as forest reserves are in low use areas)<br>▪ Challenges in clarifying NGO service provision role in benefit sharing mechanism<br>▪ Importance of early analysis of deforestation drivers |
| Tanzania Forest Conservation Group (TFCG) and Community Forest Conservation Network of Tanzania (MJUMITA)<br><br>Making REDD Work for Communities and Forest Conservation in Tanzania | **Purpose:** Pro-poor approach to REDD, generating equitable financial incentives for communities sustainably managing or conserving Tanzanian forests;<br>Performance-based. Communities directly access REDD finance. Credits validated by VCS and CCB<br>**Where:** Covers 215,000 ha of forest and 51,000 beneficiaries across two biodiversity hotspots and 36 villages<br>**Actions:** Assisting communities to market emission reductions generated through interventions that aim to address the main deforestation drivers including PFM, improved agriculture, improved forest governance and land use planning; National and international advocacy on REDD policy<br>**Costs and Timeline**: 5 year, USD 5.9 million (www.tfcg.org/makingReddWork.html) | ▪ Payments per village will ultimately be based on performance. For testing, payments are based on area of forest reserved, minus estimated leakage<br>▪ Dividends paid in cash to each registered resident of the village – including women, men and children (with payment to children collected by mother)<br>▪ Village Assembly decides how much (if any) each person will contribute to community fund<br>▪ Villages develop by-laws to set specific terms of benefit sharing, with MJUMITA guidelines available for consideration | ▪ Individual cash payments can have low transaction costs, and (combined with voluntary community fund) can be incentive for improving governance<br>▪ By-laws as mechanism for villages to determine and enforce benefit sharing agreements<br>▪ Integrating REDD+ with village land use planning<br>▪ Using REDD+ as incentive for CBFM |
| Tanzania Traditional Energy Development | **Purpose:** Integrating REDD with indigenous agro-pastoralist system called Ngitili (traditional method of natural forest regeneration). Promoting sustainable forest management and reducing GHG emissions through carbon market incentives | ▪ Funds allocated to stakeholders based on contributions to forest management and protection - e.g., village government and local militias involved in monitoring, pa- | ▪ REDD based on customary approach to forest regeneration<br>▪ Aggregation of carbon |

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| and Environment Organization (TaTEDO)<br><br>Community-Based REDD Mechanisms for Sustainable Forest Management in Semi-Arid Areas | **Where:** 11 villages of semi -arid region in northern/central Tanzania – working with 250 forests (10-50ha each) that are owned by households, villages or institutions such as schools<br>**Actions**: Aggregation of forest/ Ngitili owners to facilitate REDD implementation and access to carbon markets; build local community capacity on MRV and carbon market access; develop participatory benefit sharing mechanism; and address drivers, including energy efficient technologies and improved land use practices. Expected outcomes include 2,500 ha conserved forest, 108,285 MTeCO2, with 6,000 local beneficiaries<br>**Costs and Timeline**: 4 year, USD 2.1 million (www.tatedo.org/cms/images/stories/brochure/reddbrochure.pdf) | trols and conflict resolution<br>▪ Payment to forest owners based on performance on implementation of resource management plan, the Ngitili size and carbon baseline data<br>▪ Financial incentives (payments) will flow from Ngitili Association, to Ngitili Group, to Ngitili owner<br>▪ For Ngitilis owned by households or institutions (rather than village) not all village residents may benefit directly from carbon payments. However, other co-benefits are available to broader village (e.g., energy efficient stoves, conservation agriculture training, beekeeping, etc.) | from small, individual forest to reduce transaction costs<br>▪ Combining benefit sharing among individual land holders with additional co-benefits for broader community to create incentives for all community members<br>▪ Integrating REDD and pastoralism |
| Wildlife Conservation Society (WCS)<br><br>REDD Readiness in Southwest Tanzania | **Purpose:** Develop capacity and knowledge to participate in REDD, while establishing sustainable alternatives<br>**Where:** In and around protected areas (PAs) in four forests in Southern Highlands (52,680 hectares)<br>**Actions:** Baseline study, Provide methods for estimating degradation, deforestation, carbon sequestration, emissions, leakage; Provide carbon data; Demonstrate appropriate tools for implementing and monitoring REDD; Estimate expected emission reductions levels; Provide economic incentives (and address drivers), reaching at least 50,000 people, including benefit sharing, environmental education, and alternative forest resource provision<br>**Costs and Timeline:** 4 year, USD 1.2 million (http://programs.wcs.org/shcpredd) | ▪ Focus on co-benefits as project will not directly engage in carbon markets<br>▪ Key component is ensuring communities benefit from ecosystem services, alternative fuel sources (e.g. woodlot planting), alternative livelihood schemes (based on intact ecosystem service provision) and other co-benefits to provide incentive for refraining from use of protected areas resources<br>▪ Some community members also participating in carbon measuring/ monitoring inside PAs | ▪ Exploring co-benefit sharing between PAs and adjacent communities<br>▪ Co-benefits can be important even in absence of carbon payments<br>▪ Communities in 'leakage belt' may need to share in benefits and can be far reaching (beyond immediately PA adjacent communities) |
| Wildlife Conservation Society of Tanzania (WCST)<br><br>Piloting REDD in the Pugu and Kazimzumbwi Forests | Purpose: Facilitating REDD in central-government owned forest reserves<br>Where: Pugu and Kazimzumbwi forest reserves (7,272 ha), with important ecosystem services but high deforestation/ degradation rates (cover < 20%) located close to urban centre<br>Actions: Improving forest management through complementing central government's management and engaging adjacent communities<br>Costs and Timeline: 4 year, USD $3.9 million (www.wcstarusha.org/) | ▪ Key focus of benefit sharing is establishing JFM agreements between adjacent villages and central government, as well as engaging and rewarding village residents for their contributions to forest management and patrol | ▪ Project faces challenges of establishing fair and equitable benefit sharing under JFM, and in context of contested land (ongoing land dispute between government and surrounding villages) |

## BACKGROUND QUESTIONS AND CONCEPTS

**Summary points:**

- Equitable benefit sharing is imperative for ensuring that REDD+ results in sustainable emissions reductions, realizes substantial benefits for forest communities, and does not make vulnerable people worse off.
- While 'equitable benefit sharing' lacks clear definition or consensus, there is emerging international guidance; and the developing REDD+ system in Tanzania provides an opportunity to explore lessons and operationalize the concept. Local conceptions of equity and justice should also be considered.
- Benefit sharing is an ethical obligation that helps to compensate costs and make REDD+ more effective, equitable, sustainable, and accepted.
- Challenges in establishing equitable arrangements include the uncertainty of REDD+ benefits and costs, weak governance, and resource needs for effective implementation and monitoring.
- There are emerging lessons from pilot projects and country readiness activities, as well as longer standing experiences in CBNRM and PES, though the differences between REDD+ and other schemes need to be better understood.

## What is benefit sharing?

The draft National REDD+ Strategy (June 2012) recognizes the importance of equitable benefit sharing, but does not define it. Similarly, the terms of benefit sharing are not strictly defined in participatory forest management (PFM) (particularly joint forest management (JFM)) or wildlife management areas (WMAs) in Tanzania.

While 'benefit sharing' is a widely used term, it lacks a clear or consistent definition (Peskett 2011a). Generally it refers to arrangements where various benefits are distributed among stakeholders at all levels. The term was introduced in the natural resource context most prominently in the Convention on Biological Diversity (CBD), the third objective being the fair and equitable sharing of benefits from the use of genetic resources.

REDD+ literature uses various terms to categorize benefits. For this report, the term 'financial incentives' is used to mean monetary incentives/carbon payments for emissions reductions and 'co-benefits' mean additional (monetary or non-monetary) benefits from REDD+ development and implementation.

REDD+ benefit sharing usually refers to how financial incentives would be shared within countries. However, it can also refer to other economic, social and environmental benefits at the international, national, and local levels. It is useful to put REDD+ benefit sharing in broad terms, as the costs/risks and benefits are likely to vary widely. However, this variation also makes it challenging to understand, in practice, what the real benefits and costs are (See Peskett 2011a for detailed discussion). For example, if benefits are too broadly interpreted, some people who are said to be 'benefitting' may, in reality, not be any better off or possibly even be worse off. This report considers REDD+ benefits and costs broadly, though the primary focus is on financial incentives at the national and local levels in Tanzania.

## What makes benefit sharing fair or equitable?

While establishing 'fair and equitable' arrangements is often the explicit or implicit intention of benefit sharing, there is no consensus regarding what this means. However, there is some emerging guidance. For example, the (2010) CBD Nagoya Protocol on Access and Benefit Sharing provides important international guidance; the REDD+ Social and Environmental Standards (REDD+ SES) define 'equity' and 'equitable' as "just, impartial and fair to all parties including marginalized and vulnerable groups" (REDD+SES 2009:7); and the Indian Law Centre is developing guidance on REDD+ implementation in the context of indigenous peoples' rights, including with respect to benefit sharing (Crippa and Gordon 2012).

Definitive guidance is lacking in part because there are many conceptualizations of what equitable and just terms are. Often 'equitable' implies one or several principles, including (adapted from Mohammed 2011, citing Törnblom and Vermunt 2007; Wagstaff 1994; Maiese 2003):

- equality – everyone receives the same benefits/ amount
- equity - benefits based on contributions made
- needs-based - distributions based on satisfying everyone's basic needs
- rights-based – distribution systems grounded in respecting (and promoting, protecting) rights
- pro-poor – considers impacts of arrangements on the well-being of poor or otherwise vulnerable people

But these are only a few among the many concepts of justice and equity that exist across countries, communities and cultures.

Questions about what justice and equity mean – and to whom – are at the heart of some fundamental concerns about market based schemes like REDD+ (cf. Martin et al forthcoming). For example, there are questions about whose concepts of equity and justice lies at some of the conceptual foundations of schemes like REDD+ – e.g., that wealthier groups can pay others to offset their responsibilities for emissions reductions (cf. Gardiner 2011), and about whether genuinely consensual contracts can be made between the forest communities and wealthier investors and groups involved in arrangements like REDD+ (cf. Schroeder 2008, Vermeylen and Walker 2011, Martin and Rutagarama 2012). In all cases, supporting equitable REDD+ benefit sharing requires asking challenging questions about what kind of equity and justice, and for whom, is required. In practice, benefit sharing systems are likely to involve numerous principles (see Mohammed 2011; Peskett 2011a). This report uses the term 'equity' in a broad sense though aims to keep these distinctions in mind.

As elsewhere, there is no clear consensus on what 'equity' means in benefit sharing in Tanzania, though some practical interpretations are emerging in REDD+ pilot projects. For example, CARE Tanzania puts particular weight on gender diversity, recognizing the need to extend benefits to a broad range of people who might be left behind, e.g. widows, women heads of households, and poorest , and to reduce elite capture. A clear message from across the projects is that substantial REDD+ benefits must accrue to community members who contribute to and bear the costs of reduced deforestation. However, Tanzanian stakeholders may need to define clearer terms for the equitable benefit sharing they want to see in practice.

So how do we know if benefit sharing arrangements in Tanzania are equitable? Unfortunately, there is no simple or straightforward answer. International guidance is important, but internal criteria will also be essential – Are REDD+ arrangements based on nationally and locally meaningful concepts of equity and justice? Do participating community members find the arrangements fair? (Mohammed 2011) The developing national REDD+ system, including safeguards, can be an opportunity to clarify and operationalize criteria for equitable benefit sharing in Tanzania.

## Why is benefit sharing in REDD+ important?

While its specific importance will vary by context, REDD+ literature highlights the following reasons, among others, for equitable benefit sharing (cf. Mohammed 2011; Peskett 2011a; Bond et al 2010; IIED 2009):

- Avoid and compensate costs and other risks for local people, including to ensure that vulnerable people are not made worse off and that rights are respected
- Fulfil obligations to realize positive net benefits for forest communities and others contributing to REDD+
- Reduce risks for REDD+ investors and funders, e.g., non-permanence and leakage

In Tanzania, the large majority of citizens rely directly on their local natural resources for survival – from agricultural/pasture land to wood fuel and water to environmental services. Equitable sharing of REDD+ benefits is essential for ensuring that people's livelihoods are enhanced, or at least not made worse off, by forest use restrictions. REDD+ can also be a new resource to help local communities take full advantage of opportunities to benefit from forest conservation and management, including through PFM.

- Enhance REDD+ effectiveness in reducing emissions by establishing clear incentives
- Enhance forest conservation and related environmental services
- Build legitimacy and support for REDD+ locally, nationally, and internationally
- Enhance sustainability, including by building support for REDD+ and enhancing people's capacity to reduce deforestation while meeting their livelihood needs and sustainable development aspirations
- Build trust and encourage active participation, where substantial benefits are realized in practice[4]
- Promote justice by reducing elite capture as the benefit sharing mechanism is predetermined

## What are the challenges likely to be?[5]

There are already high expectations and challenges for REDD+, in terms of carbon, income and other benefits. But making REDD+ genuinely work for local forest communities in a way that is empowering, sustainable and equitable, will be another highly challenging task. Some civil society organizations raise serious concerns about REDD+ in part because they believe it will not be feasible to ensure equitable implementation and support local people's rights and interests (see, e.g., work of Global Forest Coalition). Even strong supporters of REDD+ need to be aware of its many challenges if genuine equity in benefit sharing is to be realized. Some of these potential challenges include the following:

- **Uncertainty and lack of clarity in REDD+ benefits and costs:** The actual costs and benefits of REDD+ are uncertain and difficult to calculate, particularly for the most vulnerable. Even when fully developed, REDD+ markets may not entirely cover REDD+'s real costs on top of an additional incentive for all contributors (Costenbader 2011). The basic concepts of benefits and costs in REDD+ also need clarification. For example, benefits calculations often do not integrate costs. However, schemes that do not fully compensate costs, or that *only* compensate costs, are in actuality not providing a net positive 'benefit'.
- **Lack of clarity and consensus regarding what *equitable* benefit sharing is:** As discussed above, there are many concepts of equity and justice, and although some international guidance is emerging there is no clear consensus on what 'equitable' REDD+ entails.
- **Governance:** Ensuring quality governance is a challenging but critical part of ensuring that benefit sharing mechanisms are effective and equitable in practice. This includes governance of REDD+ mechanisms themselves, as well as the governance of forest, land, and related sectors. The need to improve governance of forests and related sectors for effective and equitable REDD+, and the costs and complexities of doing so, are often overlooked in discussions on the potential net benefits of REDD+ (cf. Gregersen et al 2010).
- **New and unclear performance criteria:** REDD+ payments will likely ultimately be based on standardized, internationally defined criteria for performance. This presents a major challenge because REDD+ is developing ahead of clear guidance or consensus on what these criteria will ultimately be. Further, implementing local forestry projects under such standardized measures and performance standards presents a relatively new way of working for communities and their partners; it may take time to understand the national and local implications of this.
- **Scheduling:** REDD+ involves substantial upfront costs and ongoing investments, which will be prohibitive for many forest communities in the absence of pre-performance investments and regular, ongoing payments.
- **Lack of fully operational natural resources benefit sharing mechanisms to build upon:** REDD+ benefit sharing should build on and complement existing forest governance institutions, but these are often weak or are poorly operationalized. In Tanzania, while PFM and WMAs provide lessons and a starting point, their benefit sharing mechanism are not fully operational. In particular, JFM agreements remain unsigned due in part to disagreement and lack of clarity in the terms of fair benefit sharing.

- **Enforcement of and ambiguity over land tenure rights:** While Tanzanian land law can provide a relatively strong framework for community land tenure, awareness, clarity and enforcement of these laws are often weak. For example, village lands still classified as 'general lands' can leave villages vulnerable to loss of land and related benefits. Rectifying this and clarifying village boundaries is expensive for communities. For example, a basic survey for a village land-use plan can cost approximately $8,000 - $10,000 (excluding general overhead). Even where village boundaries have been mapped, there can be contradictions both between different government-produced maps (e.g. between the village boundary maps and village land use plans), and between legally recognised boundaries and communities' own understanding on the ground.
- **Getting beyond policy:** Benefit sharing will require institutional support, financial and human resources, capacities and political will to be effectively implemented in practice.
- **Integrating REDD+ in its broader context:** Benefit sharing effectiveness and equity will be impacted by REDD+'s broader political and socio-economic context, including competing land pressures (e.g. biofuels, commercial agriculture) and livelihood needs. REDD+ is also one (new) piece of a larger and complex governance puzzle involving forest, agriculture, land, and markets governance. For these and other reasons, a key.
- **Getting beyond the readiness phase:** Tanzania's readiness activities, including the national pilot projects, are important in laying the groundwork for REDD+. However, there are likely to be challenges in moving from this donor supported stage to a self-sustaining national system.

The Tanzania REDD+ pilots are grant funded projects, which has allowed them to largely avoid the obstacle of REDD+ start-up costs. Project funds are being used for establishing PFM; measuring carbon baselines and establishing monitoring systems; facilitating and enhancing institutional and governance arrangements for REDD+; and assisting community members in addressing deforestation drivers and meeting REDD+ opportunity costs. In the absence of such project funding, the start-up costs and technical requirements of REDD+ are likely to be a major obstacle for many forest communities.

*Can the project benefits (and efforts to reduce deforestation drivers) under the donor supported pilot projects - e.g., establishing alternative and sustainable fuel sources, improving agricultural yields, enhancing governance effectiveness - be supported solely by carbon credits sales?*

## Where can we find benefit sharing examples?

REDD+ is in developmental stages, but there are benefit sharing examples emerging, including within the Tanzania REDD+ pilot projects and some national governments. There are also more general lessons from emerging REDD+ experience that should be taken into account in designing benefit sharing. For example, Angelsen et al (2012) analyze design and early implementation experiences from across REDD+ projects.[6] Their conclusions include that, particularly given the substantial challenges and current uncertainty, the advancement of REDD+ should involve adopting 'no regret' policy options, e.g., forest governance enhancements that would be desirable regardless of what ultimately comes (or fails to come) from REDD+.

The Government of Viet Nam, with UN-REDD, is developing a national REDD+ benefit distribution system (BDS). The BDS report lays out a framework and policy options for how the system could operate in line with four key principles: equity, transparency, additionality, and performance-relatedness. This BDS development process could serve as an example for the development of systems elsewhere, including Tanzania. (UN-REDD Programme Viet Nam, 2009)

There are also important lessons to be drawn from other benefit sharing mechanisms, such as PFM and WMAs in Tanzania. REDD+ should also be informed by international experience with CBNRM, Payments for Environmental Services (PES) and other market-based conservation schemes, and Integrated Conservation and Development Projects (ICDPs). This includes their relative successes, as well as the often weak or failed efforts to realize substantial and sustainable community benefits from such schemes. For example, Bond et al (2010) highlight that decades of CBNRM in miombo regions of eastern and southern Africa provide an institutional basis and lessons for REDD+ benefit sharing in the region. Blom et al (2010) review ICDP lessons to help REDD+ to succeed and avoid past mistakes. They highlight the importance of, inter alia, national policies supporting project activities; locally based conservation to address local threats and leverage local solutions; recognition of conservation and development tradeoffs; an understanding of community differences, complexity and livelihood needs; adaptability and flexibility in project design; community involvement in all project phases; collaboration between projects and partners, including where additional skills/ knowledge are needed; enforcement; and provision of clear and sustainable community benefits. However, REDD+ may also have unique, or at least uniquely important, features that need to be considered, such as the importance of additionality, leakage and permanence. REDD+ payments will also be performance-based, with internationally defined criteria for what sufficient performance is and how it should be measured.

# THE BENEFITS AND COSTS TO BE SHARED

**Summary points:**

- REDD+ will be based on incentives from financial benefits, and can, if well designed and implemented, generate additional benefits such as enhanced governance, increased and secure (tenure) rights, improved environmental services, and income from REDD+ related activities.
- REDD+ also has substantial potential costs, including lost access to/ use of land and resources and the costs of improving policy and governance frameworks.
- While many benefits are *anticipated* from REDD+, the actual benefits and costs that will be forthcoming are uncertain, difficult to estimate, and will vary by context and time. Key to ensuring equity in benefit sharing is understanding who actually accrues the real costs and benefits, especially vulnerable people within and across communities.

## What are the benefits of REDD+?

REDD+ has the potential to generate a variety of benefits. Direct financial incentives (e.g., carbon credits payments) are the primary mechanism for achieving emissions reductions, and REDD+ proponents hope that these payments will flow to local forest communities and others directly contributing to REDD+. There are also a number of (monetary and non-monetary) 'co-benefits' that can also arise from REDD+. While perhaps not sufficient in themselves, co-benefits are important and should be considered in benefit sharing mechanisms.

Discussions on REDD+ use various terms to categorize benefits, including financial vs. non-financial, monetary vs. non-monetary, and benefits vs. co-benefits. These terms can be confusing, including because some benefits referred to as 'non-monetary' in fact have monetary implications (e.g., beekeeping training, which can generate income). For this report, we use 'financial incentives' to mean direct monetary incentives, like carbon credit payments. We use 'co-benefits' to mean additional (monetary or non-monetary) benefits that arise in the development and implementation of REDD+, e.g. beekeeping training[7]. These terms are used in Tanzania's draft National REDD+ Strategy, though not clearly defined therein.

Table 2 presents some anticipated benefits of REDD+. It is important to note that **none of these benefits are guaranteed**. The benefits that actually materialize will depend on many factors, including how international and national REDD+ schemes are ultimately designed and implemented.

| Table 2: Potential REDD+ Benefits<br>Source: Adapted from Peskett (2011a:7) and additional sources as cited | |
|---|---|
| **Benefit type** | **Example benefits** |
| **National level** | |
| Economic and Social | ▪ Contribution to GDP<br>▪ Multiplier effects, such as spending of REDD+ revenues in local markets<br>▪ Governance and institutional strengthening, e.g., improved tenure security, PFM expansion, monitoring systems in place, enhanced accountability of national institutions<br>▪ Financial savings from improved environmental services, like flood control<br>▪ Improved physical infrastructure |
| Environmental | ▪ Maintain and enhance national forest coverage<br>▪ Maintain and improve national forest ecosystems and associated systems (water, soil, etc)<br>▪ Maintain and improve national biodiversity |
| **Local level** | |
| Economic and Social | ▪ Incentive payments, e.g. carbon credits sales<br>▪ Income from employment in REDD+ schemes, establishing PFM and generating related revenues, etc.<br>▪ Enhanced livelihood, health benefits arising from local environmental services<br>▪ Improved/ enhanced availability of natural resource based materials, e.g. food, building materials, fodder, fuel wood, medicinal products, and sustainable timber supply<br>▪ More secure land/ forest tenure<br>▪ Enhanced local governance – e.g. accountability, transparency, law enforcement, conflict resolution, and participation (including of communities and marginalize groups) – where such governance enhancements are built into REDD+ projects<br>▪ Enhanced capacity (institutional capacity, human resources) and knowledge<br>▪ Enhanced resilience to climate change (Mwayafu et al 2012, citing Live & Learn, 2010) |
| Environmental | ▪ Maintained and enhanced local forests<br>▪ Improved natural resource base<br>▪ Maintained and improved local forest ecosystems and associated systems (water, soil, etc)<br>▪ Maintained and improved local biodiversity |

## What are the costs of REDD+?

REDD+ also introduces costs and risks that need to be considered in benefit sharing. These costs and risks are typically categorized in terms of opportunity, implementation, and transaction costs[8] (see Table 3). The timing of costs should also be considered in benefit sharing - costs can be upfront (set-up costs) and/or ongoing.

| Table 3: Potential REDD+ Costs<br>Adapted from Pagiola and Bosquet 2009 and Mwayafu et al 2012 | |
|---|---|
| **Cost types** | **Examples of potential REDD+ costs** |
| **Opportunity costs:** Value of benefits forgone in refraining from activities that will deplete carbon stocks. *(Can accrue to people within or outside of project boundaries.)* | Value of forgone:<br>▪ physical or economic access to natural resources for livelihoods, subsistence use<br>▪ physical or economic access to natural resources for value-added activities (e.g. agriculture, timber harvesting)<br>▪ cultural, spiritual ties to forests<br>▪ tax revenues |
| **Implementation costs:** Direct costs of implementing measures to address deforestation and degradation drivers | ▪ land use planning<br>▪ land tenure reform<br>▪ governance reform<br>▪ forest protection, improved forest and agriculture management<br>▪ capacity building, e.g., agriculture and alternative livelihood training, job training |

| | |
|---|---|
| **Transaction costs:** Costs incurred in conducting REDD+ related operations | ▪ REDD+ program development (policy changes)<br>▪ project design, development<br>▪ negotiating agreements<br>▪ emission reduction certification (MRV)<br>▪ safeguards system development and monitoring |

## What are the most significant benefits and costs, and for whom?

While financial incentives (carbon payments) are a primary focus, co-benefits can also be highly valued, though are often overlooked (see Mahanty et al 2007; Mohammed 2011). Benefits and co-benefits can also be mutually reinforcing. For example, governance improvements can enhance REDD+ effectiveness, and thus carbon revenues, as well as contributing to governance improvements in other sectors.

Co-benefits can be substantial. AWF trained nearly 170 farmers on improved agriculture. These farmers, and other community members who have adopted similar techniques, are seeing significant monetary and food security benefits. Similarly, TaTEDO trained 3,281 farmers on improved agriculture and agroforestry practices. Despite unfavourable weather, farmers who used the techniques had relatively higher harvests than those using other cultivation methods. A member of a Ngulu village tree nursery group, supported by the TaTEDO facilitated project, bought a motorcycle using money from selling tree seedlings. The motorcycle is being used to provide transport service in the village, with the owner and their family earning approximately 10,000 Tsh per day. Initial revenue from the WCS facilitated Mt Rungwe Honey scheme has been well received by communities living in proximity to Mt Rungwe, with neighbouring communities keen to join the scheme.

Benefits and costs will also vary with regard to who they impact most. For example, fuel wood access restrictions will likely impact women's workloads more than men's. Therefore, for equitable benefit sharing, in addition to knowing what the real costs and benefits of REDD+ are, it is important to understand who is bearing these costs and who is receiving the benefits.

Several REDD+ projects, including those facilitated by AWF, CARE, MCDI, and TFCG/MJUMITA, have undertaken livelihood mapping, social impact analysis, gender analysis or other efforts to better understand the livelihood base and its relation to local forest resources. This can help identify how costs and benefits will impact different community members.

Some co-benefits may be more important for some groups, such as women. CARE and partners are developing tree nurseries and small woodlots that help reduce deforestation and provide women with additional income. Access to affordable, fuel efficient stoves under the TaTEDO facilitated project has benefitted women's small business initiatives, as well as reducing potentially fatal indoor air pollution from cook stoves.

## What will costs and benefits be in reality, and for who?

While much is *anticipated* from REDD+, its real benefits and costs are not yet clear. If the high expectations are not met, trust and political will for REDD+ can be undermined. It is important that mechanisms incorporate realistic estimations of benefits and costs, accounting for uncertainty, though this will be challenging.

Estimates of carbon credit payments often range between \$5 and \$10 /tCO2e, though recent pure VCS prices have been as low as \$2 /tCO2e. Payments may also be volatile or uncertain over time. The value of some co-benefits, like employment or other monetary co-benefits, are relatively easy to estimate. Others, like improved governance or more secure tenure, are far more difficult to quantify. There is also a need to more clearly differentiate between compensation and net positive benefits. Compensation for opportunity costs (or other costs) is typically described as a REDD+ 'benefit'. Compensation helps ensure that REDD+ does no harm, and that deforestation drivers are addressed. **However, while the term 'benefits' is used broadly, if benefits do no*t exceed* real costs, there is no net positive benefit.**

Similarly, some costs are relatively straightforward, while others are difficult to accurately estimate. For example, the relatively common approach of estimating REDD+ costs by primarily looking at opportunity costs raises several concerns. Opportunity cost estimates may be inaccurate due to, e.g., a high concentration of subsistence livelihoods, unclear tenure, corruption or illegal forest activities, and instances in which those bearing the costs do not understand the opportunities and risks (Gregersen et al 2010). Further, transaction and implementation costs are likely to be high, including for governance reforms, though these costs are often overlooked (Gregerson et al 2010; Peskett 2011). Gregersen et al (2010) argue that "[r]elying on [opportunity cost] estimates could lead us in the wrong direction and… discourage many potential supporters, once the real required payments and costs are recognized." Some costs may also not be counted within standard assessments. For example, REDD+ revenues could be an impetus for land grabbing and forced evictions. Because in such cases tenure may not be recognized, costs may not be recognized as such and thus not appropriately compensated.

In all cases, benefits and costs are likely to be dynamic, changing over time and varying in how they accrue (or fail to accrue) to communities and vulnerable people. It will also be difficult to clearly identify which benefits and costs are solely attributable to REDD+, as REDD+ is likely to be part of broader natural resource management efforts, like PFM and land planning. Therefore, a disaggregated assessment of benefits and costs will be needed to obtain an accurate picture of benefits flows.

AWF estimates total annual income from carbon offsets for participating communities could be as high as USD $191,000 ($52,000 to $105,000 for avoided deforestation and degradation, up to $30,000 from carbon stocks enhancement, and up to $56,000 from reforestation). ( TNRF et al 2011) Participating villages are also recording actual costs incurred during forest management activities, such as forest patrols, as well as forest-based sources of income and their estimated revenue levels. Communities will present these on-ground data during benefit-sharing negotiations with government to help the two reach a fair and informed decision on benefit sharing agreement for JFM forests in Kondoa.

TFCG/MJUMITA test payments vary by village, but are based on performance related criteria meant to approximate carbon markets (see below). In Mkanga village, the total (village) payment of 8,375,794.00 Tsh provides for a per-person dividend of 10,469.74 Tsh (approximately USD $6.75).

REDD+ benefits and costs vary by context. Villages working with MCDI are establishing forest reserves far from village centers, on lands not prioritized for agriculture. Their opportunity costs are thus relatively low. In contrast, the TFCG/ MJUMITA project is working with villages to reduce deforestation in areas closer to village centers. There is thus a potentially greater chance for reduced deforestation and forest degradation (and carbon credits), but also higher opportunity costs and greater challenges in balancing REDD+ with other land use needs. A key component of all the projects is ensuring that all participating communities understand and agree to the benefits, as well as the risks. (TNRF et al 2011:12)

## OPTIONS and CONSIDERATIONS for MAKING BENEFIT SHARING WORK in PRACTICE in TANZANIA

**Summary points:**

- The draft National REDD+ Strategy does not establish a benefit sharing mechanism, but does lay out some initial steps.
- Benefit sharing will need to operate between many actors and across multiple levels in Tanzania. Performance will likely be a key criteria for sharing benefits, but other criteria may also apply, e.g., tenure, costs incurred, and equity. There may need to be a balance between inclusiveness and performance based criteria.
- Benefit sharing arrangements should be set in law, as unclear or poorly enforced laws can make people vulnerable to losing out. However, a REDD+ specific law may not be necessary. Such laws should allow local actors to adapt mechanisms to their circumstances in appropriate ways.
- In Tanzania, a national mechanism for distributing carbon payments has not yet been identified, though a National REDD+ Trust Fund will be established. For international/ national to local transfers, options include[9]: (1) payments centrally collected and distributed directly to eligible local actors (or aggregation bodies); (2) payments centrally collected and distributed through existing regional and local government systems; (3) individual projects/ actors directly access investors or funds; and (4) nested/ hybrid approach. There are advantages and drawbacks to each option, though a nested approach can potentially ensure substantial benefits to forest communities while allowing coherent national monitoring and reporting. Carbon owners will often aggregate carbon to reduce transaction

costs. CBNRM and REDD+ pilots provide examples of how such arrangements can be designed and governed.

- There are many options for governing and distributing benefits within communities. Pilot approaches include a mix of: community, household, and individual payments; monetary and non-monetary benefits; institutional arrangements, including new and existing organizations; eligibility criteria; and distribution agreements. There are advantages and limitations to each approach, but a key factor in all cases should be communities' preferences.
- Benefits may be shared among villages or other actors outside REDD+ project boundaries, such as when villages will bear some costs (e.g. forest access restrictions) and/or will impact project effectiveness (e.g., leakage control).
- PFM (JFM and CBFM) will be a key anchor for REDD+ in Tanzania, and likewise, REDD+ can help expand PFM. However, there are challenges in PFM that have to be addressed, particularly regarding JFM agreements. PFM may also not be the only available mechanism.
- Equitable benefit sharing requires resources and the capacity of individuals and institutions to effectively implement mechanisms. Capacity is also closely linked to sustainability.
- Transition from readiness/ pilot phase benefit sharing to a self-sustaining national REDD+ system will be challenging.

## What progress has been made towards establishing REDD+ benefit sharing?

Among countries getting 'REDD+ ready', including Tanzania, benefit sharing arrangements generally lack specificity and clarity (Costenbader 2009; Mwayafu et al 2012),[10] though national systems are developing. At the local level, the national REDD+ pilot projects are developing and testing a variety of approaches.

**What does the Tanzanian draft National REDD+ Strategy Say?**

The draft National REDD+ Strategy (June 2012) does not itself establish a benefit sharing mechanism. However, its objectives include "To establish and operationalise a fair and transparent REDD+ financial mechanism and incentive schemes" (p3) and it states that a National REDD+ Trust Fund will be established "to consolidate and distribute funds" (p17). Under its Key Results Area (also linked to the draft National Action Plan, June 2012) the Strategy includes:

- recognition that "integrated methods to quantify REDD+ and other forest benefits are… important to realize equitable co-benefit sharing"[11];
- a strategic objective to develop "a national institutional arrangement for REDD governance" to "ensure effective implementation of REDD and equity in co-benefit sharing by 2013"[12]; and
- relevant strategic interventions, including "approving cost-benefit sharing systems between the government and forest adjacent communities under Joint Forest Management (JFM)"[13] and "promoting cost-benefit sharing among various land users".[14]

## Across what levels and actors might benefits be shared in Tanzania?

Benefit sharing will have to operate across multiple levels in Tanzania, likely including: [15] international to national and local levels, national to local levels, across communities/ villages, and within communities/ villages. Some options for these arrangements are explored in Table 4. While less discussed in the literature, it is also important to discuss distributions between **non-government actors (service providers) and local communities.** REDD+ often involves NGOs, private sector, or other non-state organizations acting as facilitators and service providers for forest communities. There are important open questions about what their roles should be, what value they add, what benefits (and costs) should accrue to them, and how they can be held accountable.

Across all of these levels, REDD+ benefit sharing will involve many actors, as illustrated in Table 4.

| Table 4: Possible actors and roles in REDD+ benefit sharing in Tanzania<br>(Source: Based on general version in Peskett 2011a) | |
|---|---|
| **Example actors**<br>(Not exhaustive list) | **Possible roles**<br>(Illustrative examples only. Roles are not yet clearly set and are likely to vary by context) |
| **Local Level** | |
| Forest community/ village residents | Community forest (carbon) tenure rights holders; Project implementers (reserving forest, MRV, patrolling, etc); Take on resource restrictions, opportunity costs |
| Village Governments | Represent village residents; Govern project and community benefits |
| District government | (Level of involvement may vary widely by site/ project); Facilitating CBFM establishment Partner in JFM with villages; Technical support to village government/ residents for CBFM/ JFM/ REDD+; Facilitation across levels |
| **National Level** | |
| National REDD+ Task Force (NRTF) | Coordinating REDD readiness, including financial mechanisms, benefit sharing mechanism, safeguards, MRV, etc; Supporting integration and mainstreaming of REDD |
| Technical Working Groups (TWGs) under the NRTF | TWG on Financial Mechanisms will likely play lead role in developing benefit sharing arrangements. Other TWGs (MRV systems; energy drivers; agriculture drivers; and REDD+ safeguards and governance) will also likely have important contributions |
| Division of Environment in the Vice President's Office (VPO) | Coordinating all climate change issues, including adaptation and mitigation |
| National Climate Change Steering Committee (NCCSC) | Advises government on all climate change related issues in Tanzania;<br>Will provide overall guidance and supervision on the implementation of REDD+ |
| National Climate Change Technical committee (NCCTC) | Oversee all technical issues related to the implementation of climate change issues, including the implementation of National REDD+ Strategy |
| National REDD+ Trust Fund | Consolidate and distribute funds |
| National Carbon Monitoring Centre (NCMC) | Provide technical services on measuring, reporting and verification of REDD+ activities across the country. Be a depository of all data and information concerning REDD |
| Ministry of Natural Resources and Tourism (MNRT) Forestry and Beekeeping Division (FBD) | National REDD Implementation, Sector Coordination |
| Department of Forestry and Non-Renewable Natural Resources (Zanzibar) | Zanzibar REDD Implementation, Sector Coordination |
| Other government institutions | Various possible roles, including developing policies to reduce forest loss, e.g. from agricultural expansion and charcoal industry |
| **Cross-cutting** | |
| REDD+ pilot projects | Developing and testing variety of benefit sharing mechanisms |
| Inter-village and intra-village CBOs and networks | Representing, facilitating transactions for carbon owners at multiple levels |
| NGOs | Facilitators, service providers, project implementers? |
| Private sector | Facilitators, service providers, project implementers? |
| Universities, academics | Technical assistance; Research |
| REDD+ investors, donors | Financial support; Performance-based payments |
| REDD+ monitoring, assessment bodies | Assessing and verifying e.g. emissions reductions, safeguards compliance, benefit sharing implementation, REDD+ governance |

## What are possible eligibility criteria for REDD+ benefits sharing?

Eligibility criteria for sharing in REDD+ benefits in Tanzania have not yet been determined, and will likely vary by level and context (e.g., in CBFM vs. JFM). Drawing on international experience and literature, some possible eligibility criteria to consider are listed below (drawing on Peskett 2011a; Mohammed 2011; Mwayafu et al 2012; Costenbader 2011). These are not mutually exclusive; rather several criteria will likely determine eligibility. Many co-benefits will also go beyond eligibility criteria, e.g., a boost to the economy from an infusion of REDD+ money or improved environmental services.

- **Performance**: REDD+ financial incentives will be based on verifiable emissions reductions. However, performance - on its own - may not lead to equitable results (see Peskett 2011a).
- **Contribution:** While closely related, 'contribution' and 'performance' may not be the same. In JFM, for example, a village may be paid based on their contribution to forest management. In PFM generally, community members may receive benefits for contributions to forest patrolling, monitoring, etc.
- **Land tenure**: In Tanzania, there is a relatively clear legal system for determining village administrative and user rights over land. However, lack of clarity in the interpretation of general lands vs. village lands, economic and technical barriers to certifying village land, and other factors present challenges in ensuring that benefits based on community's tenure are recognized in practice.
- **Carbon tenure:** Carbon tenure should be tied to land/ forest tenure. This is not yet the case in Tanzania.
- **Costs incurred**: Community members that may not be 'project owners', but that nonetheless bear some of the costs of REDD+, may be eligible for benefits to offset these costs.
- **Socio-economic/ distributive justice principles**, such as equity, equality and meeting needs (see above).
- **Terms of revenue sharing laws**: Eligibility criteria may also be a function of law, though clear benefit sharing laws for REDD+ benefits have yet to be established in Tanzania.

Eligibility criteria for benefit sharing arrangements being tested by pilot projects include performance, tenure, contribution, and equality. MJUMITA/TFCG test payments go to each individual village resident, but are contingent on the village having completed most steps for establishing CBFM. Distributions under the CARE facilitated project include social (equity) and environmental criteria. Under the TaTEDO project, individual Ngitili owners' share will be based on carbon in their Ngitili, as well as size and land management practices. These criteria are explored in more detail below.

Collectively, eligibility criteria should ensure that REDD+ benefits those who bear the costs and do the work, including local communities, and that vulnerable people are not made worse off (See Peskett 2011a; Bond et al 2010, citing Martin, 1986; Bond, 2010; Child, 2004; Child, 2006). However, there are challenging questions about what this should mean in practice. Benefits that are not widely enough distributed can create conflict and undermine REDD+ (Porras 1996). However, some argue that making eligibility criteria too open can 'dilute incentives' (Lindhjem et al 2009), and revenues from REDD+ will be limited (Costenbader 2011). Given these limitations, eligibility criteria may need to be balanced between inclusiveness and performance, with an overarching commitment to equity.

## Setting benefit sharing arrangements in law?

Benefit sharing rules can be established through several mechanisms, including statutory law, customary law, and contracts between project partners. Rules will often come from multiple sources. Complementary rules can make the system stronger, but rules may also be in conflict (Peskett 2011a, citing Cotula and Mayer, 2009).

In Tanzania, REDD+ benefit sharing rules have yet to be established in law. The PFM and WMA policy frameworks provide some guidance and relevant experience. However, benefit sharing in these programmes is not fully operational, particularly with regard to JFM.

So how should Tanzanian law define REDD+ benefit sharing? Weak or poorly enforced laws can make those in a position of less power vulnerable to losing out on an equitable share of benefits, as seen with JFM in Tanzania and broader CBRNM experience (Mahanty et al 2007). Clear and fair benefit sharing laws can help actors' hold one another accountable and help protect vulnerable people's rights and interests. At the same time, benefit sharing laws that are too prescriptive may limit local actors' ability to adapt mechanisms to their circumstances (Bond et al 2010). This can be seen in PFM in Tanzania, where CBFM has made more progress than JFM due in part to the relatively greater flexibility of working with community held reserves and village level institutions.

| Villages participating in the MJUMITA/ TFCG facilitated project are establishing village by-laws for REDD+ benefit sharing. |
|---|
| MCDI and participating villages enter Joining Agreements that clarify the roles of MCDI (service provider) and the village (forest owner). Village governments have access to legal services in forming 'joining agreements', and can dissolve agreements with 90 days notice and without financial risk. Village Assemblies will make decisions within the village. |

Pilot projects are demonstrating ways that communities can define their benefit sharing terms. But there are open **questions about whether establishing REDD+ benefit sharing requires specific, new law** in Tanzania. If properly implemented, existing land laws give villages substantial local powers. Further, REDD+ is one of several related schemes and this should be recognized in its implementation. It may be more strategic, for example, to define general PES benefit sharing terms, rather than specific REDD+ terms. Benefit sharing may also be best covered by new regulation, rather than change to formal policy, to allow for relatively greater flexibility and ease of implementation. Determining the appropriate nature and scope of REDD+ benefit sharing law requires further analysis. However, in all cases such **laws should be clear, strong, and enforceable, while also allowing local adaptation and appropriate community autonomy**.

## Beyond law and policy?

CBNRM experience demonstrates that good policy is important but not sufficient in itself. Implementing and enforcing benefit sharing arrangements requires strong political will, sound governance and institutional arrangements, and substantial resources, including financing, time, and technical/ human resources capacity. These are highly challenging to achieve and maintain. It will also be important that legal arrangements are simple and yet robust enough to allow transparency and effective implementation (Mahanty et al 2007).

## How can benefits be distributed between levels?

In Tanzania, a mechanism for distributing carbon payments from the international or national level to the local level has not yet been firmly established, though a National REDD+ Trust Fund will be formed (see draft national REDD strategy, June 2012). Table 5 summarizes possible advantages and limitations of three approaches that might be considered in Tanzania. Each of these approaches would require careful design and good governance.

These **approaches are also not necessarily mutually exclusive.**[16] This is demonstrated by the nested approach, which is the approach Tanzanian NGOs implementing REDD+ pilot projects have advocated for (see recommendations[17]). In all cases, the aim should be a reliable, transparent, and accountable system that ensures the local people contributing to and bearing the costs of REDD+ gain the greatest possible benefits.

| Table 5: Transferring between the international/ national and local levels in Tanzania<br>Source: Drawing on Peskett 2011a, Recommendations from Tanzanian CSOs for Tanzania's National REDD Strategy (2010) and discussions with pilot projects | | |
|---|---|---|
| Options | Possible strengths | Possible challenges |
| National approach (a): international payments collected by central body (National REDD+ Trust Fund) and distributed directly to local actors or their aggregation bodies | May avoid governance problems, payment delays, and transaction costs in existing decentralized system | ▪ Fund transaction costs will have to be minimized for greatest benefits reach local actors<br>▪ Organizations accessing fund will need to be regulated and well governed, balancing flexibility and standardization |
| National approach (b): international carbon payments collected centrally and distributed through the regional and local government system, as is done in PFM | May minimize some implementation costs (at least in short term) by following established channels; May best leverage support of District Government | ▪ Timely and reliable payments will be critical to REDD+ effectiveness. The current system for distributing PFM related funds at various levels to different stakeholders faces delays and governance challenges. If these same challenges occur with REDD+, confidence and effectiveness in REDD+ projects may be undermined<br>▪ Transaction costs may be high |
| Project approach: Individual projects/ actors (or their aggregation bodies) directly access international markets, investors, or donors | Some contributing communities may most directly and substantially benefit, including by avoiding the transaction costs of a centralized system | ▪ Individual, uncoordinated projects may pose a challenge to national carbon accounting and application of national REDD+ safeguards unless national systems can be consistently applied to all individual projects. This may but both investments and some local people's rights at risk |
| Nest approached[18]: Hybrid approach including elements of national and project (/sub-national) approaches. Allows for site-level project development and scaling up. Requires consistent emission accounting between project-based, sub-national, and national levels | Can allow substantial financial benefits for communities and incentives for deforestation by allowing them direct access to carbon markets. Also incorporates protections for communities (e.g. safeguards application) and national carbon accounting | ▪ May involve challenging governance arrangements and relatively high transaction costs, e.g., to ensure both project level market access and consistent application of national carbon accounting and reliable safeguards implementation and monitoring |

## How can local actors aggregate their carbon for sales and benefit sharing?

For effectively measuring and monitoring carbon, minimizing transaction costs, managing risk, and facilitating linkages between local actors and funding mechanisms, local carbon owners (e.g., villages, communities, individuals) will often form aggregation bodies or chose service providers to pool their carbon. But how can effective and equitable governance be ensured for such bodies? CBNRM and REDD+ pilots provide starting points and lessons, suggesting that governance of such arrangements should:

- ensure full and effective community participation
- be aligned with and accountable to local institutions
- ensure accountability between levels of government and with non-state actors (NGOs, private sector, investors, etc)
- be accepted/ perceived as legitimate by

> The governance of WMAs in Tanzania has been questioned on the grounds that, by placing governance authority with Authorized Associations (an aggregation committee comprised of people from across villages), WMAs are not sufficiently accountable to village government, including Village Assemblies, and are not necessarily viewed as legitimate or fair by village residents. (See results of Nov. 2011 Community Wildlife Management roundtable hosted by TNRF[19])

community, government and other actors involved in REDD+

- allow aggregation bodies or service providers to receive fair compensation for their costs, but not more than their fair share

There are also many open questions, including what size aggregation bodies will best facilitate both local accountability and a coherent national system. A nested approach may be best, but this requires more discussion and learning.

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| The seven participating villages in the JGI project have formed an inter-village community based organization (CBO) comprised of five members from each village. The CBO is responsible for coordinating REDD+, facilitating carbon sales, and managing and distributing revenues. Decisions regarding benefits distribution will be made at general meetings of the CBO, with village and hamlet leaders invited as observers. |
| Ngitili owners working with TaTEDO are forming 'Ngitili Groups' comprised of roughly 25 people at the village level and 'Ngitili Associations' (comprised of Ngitili Groups) at the district level to aggregate and sell their carbon. In the payment mechanism currently being tested, project funds will go to the Associations and then be deposited into Ngitili Group bank accounts. From there funds will be distributed to Ngitili owners (households, village governments, or institutions such as schools) based on relative contributions and management practices. |
| MCDI will facilitate carbon sales on behalf of participating villages, primarily to cover transaction costs of CBFM and FCS certification. In this sense, MCDI is acting as a service provider, based on the terms of 'Joining Agreements' with the villages. |
| Under the CARE facilitated project, communities have formed an inter-village entity to facilitate carbon sales and distribution of funds. Villages also work through existing umbrella CBOs. |
| Under the AWF facilitated project, villages are forming a joint 'JFM Association' called JUHIBEKO that will facilitate the communities' involvement in JFM and REDD+, including carbon marketing and sales. |

What is a 'fair share' of funds for the aggregation body or service provider? In the mechanisms being tested under most Tanzania REDD+ pilot projects, the aggregation body or service provider receives a fixed percentage of revenues to cover their costs (see above). However, a fixed percentage is not the only option. For example, with the Amani Butterfly Project in Tanzania, in which community members own and sell butterfly pupa to international buyers, a Marketing Board facilitates marketing and sales. Marketing Board members are periodically elected (and can thus be replaced if not performing). The Board's costs are covered by pupa sales revenue, based on accounting of their real costs rather than a set percentage of total revenue. In practice, about 30% - 70% of revenues go to the Board, but the amount fluctuates based on the services provided. This model may enhance transparency or accountability for funds as compared to a set percentage. On the other hand, having a fixed percentage may avoid some potential adverse incentives (e.g., the aggregation body expanding its actions beyond what is necessary) and some potential fraud in accounting for costs.

Arrangements may also need to be adjusted over time to account for learning, changing opinions and new circumstances. For example, MCDI started with the agreement that they would be compensated based on the real costs of establishing PFM and FSC, and that villages would receive any carbon revenues in excess of these costs (as well as all timber revenues under PFM/FSC). However, as this proved challenging to clearly communicate to all stakeholders, and difficult to get agreement on in practice, Joining Agreements were amended to remove such specifics. The details of benefit sharing arrangements will thus be determined later, when communities are ready to begin selling offsets.

Ultimately, represented community members should select the terms of payments in agreement with their aggregation body or service provider, and have ongoing oversight and voting rights. Further, as REDD+ will be a learning process, there should be regular opportunities to revisit and revise payment arrangements and governance structures over time.

## How can benefits be distributed within villages or communities?

There are many options for distributing and governing REDD+ benefits within a village or community. The "best" way will depend on many factors, but the most important factor should be what the village or community prefers. REDD+ pilot projects are developing and testing different benefit sharing approaches at the village level. They are drawing on experience with PFM and CBNRM in Tanzania and across the region, as well as consulting with participating communities, local government, and civil society partners. The pilot approaches include a mix of (adapted from framework in Mohammed 2011):

- Community, household, and individual payments;
- Cash and in-kind benefits;
- Institutional arrangements, including new and existing organizations; and
- Rules, including eligibility criteria and distribution agreements.

Local benefit sharing arrangements should be based on communities' preferences, but how can these be known, particularly considering that REDD+ is new and the options may not be clearly understood? Most pilot projects are discussing options in community meetings, like Village Assemblies. JGI and partners undertook a survey of a sample of residents' preferences for benefit distribution options across the seven participating villages. While surveys can be a highly effective tool, there are also many challenges in designing an effective, inclusive survey, including communicating the implications of different benefit sharing options for a new idea like REDD+. There are also questions about how to interpret and act on survey results. In this pilot, the benefit sharing approach (use of REDD+ revenues for community projects) was based on the majority response (55%) and this decision was supplemented with discussions and agreement with village and district leadership.

Communities' preferences may change as they start engaging in REDD+ and can see the options and their implications in practice. For example, benefit sharing arrangements are being revisited in the MCDI facilitated project as participating villages strive to understand and choose the best option.

The following sections draw on early experience from pilot projects and CBNRM literature, to explore each of these considerations. The diversity between projects illustrates that a range of approaches are possible, and that communities and their partners can develop arrangements that fit their context. At the same time, this variation raises questions about which systems will prove to be most equitable or effective over time, and how they can be scaled up. There are advantages and limitations to each approach. However, while some early lessons are emerging, more experience is needed to fully understand what will be most equitable and effective, and what will (or should) ultimately be required by national law.

### Distributing benefits to communities, households, or individuals

Benefits can be distributed to communities as a whole, to households, and/or to individuals. There are potential advantages and limitations to each option (see Table 6), but the 'best' option will depend on circumstances and, most importantly, the preferences of the community residents. The approach can also change over time. For example, in Namibia, more CBWM payments are now changing to an individual, cash payment based on experience. These options are also not mutually exclusive, and a hybrid approach may have additional benefits (see MJUMITA/TFCG experience below).

Under the benefit sharing system being tested by MJUMITA/TFCG and partners, each village resident, including women, men, and children, receive an individual cash dividend. Specific distribution rules are made by community members and set in village by-laws, though adult women typically collect dividends on behalf of their children. Community members decide in advance what portion – if any – of their individual dividend to set aside for a community fund. In testing to date, village residents have decided to contribute a substantial portion of their share to the community fund. In Mkanga village, for example, residents collectively decided to set aside 4,000 Tsh of their 10,469.74 Tsh (USD $6.75) per-person dividend for the community fund, on the condition that this money would be held by the project to avoid any governance concerns.

Participants in the MCDI facilitated project are still determining how REDD+ revenues will be distributed. They are likely to build upon the system already being used under CBFM/FSC projects facilitated by MCDI. In these existing projects, revenues are paid into a Village Natural Resource Committee (VNRC) bank account, and then divided between: (1) VNRC's costs for forest conservation activities; (2) community development projects, to be proposed by the VNRC and approved (or reject-

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| ed) by the VA; and (3) district government, for their technical assistance and related services. MCDI's PFM experience demonstrates that the Village Assembly will often select projects that directly benefit women and more vulnerable members of the community, such as well drilling and school improvements. This may be in part because women are present and have voting powers in Village Assemblies. |
| Carbon payments under the approach being tested by TaTEDO and partners are made directly to Ngitili owners, through bank accounts held by Ngitili Groups (see above). Where the Ngitili owners are individuals (rather than the village government or an institution), these are essentially household payments. However, the Ngitili 'owner' in such cases is typically viewed as the male farmer in the household. The implications of this arrangement for women and children, including widows and divorced spouses, remain to be seen. Participating communities, with TaTEDO and project partners, have prepared and implemented a safeguards monitoring plan as a follow up activity. Other co-benefits, such as fuel efficient stoves and fodder bank development, are available to all village residents (not just Ngitili owners). |
| Under the CARE facilitated project, participating villages will select and collectively approve community development projects supported by REDD+ funds. To date, community members have proposed using the funds for a combination of community conservation initiatives, income generating activities, community development, and initiatives to assist disabled people. |
| Under the JGI facilitated project, village financial incentives will be used to implement development activities proposed by the Village Council and approved by the Village Assembly, and then shared with the Kigoma District Council. These are to be projects that are prioritized by the community but not funded through other donor/government funding. Projects proposed by participating villages to date are primarily focused on improving school facilities. |
| The perception among the majority of villages under the AWF facilitated project appears to be that the anticipated carbon revenues will not be substantial when compared to the size of local populations and the number of households. The communities have not yet decided how REDD+ funds will be distributed, but project facilitators anticipate that distribution to selected community facilities or development projects will result in the most notable impacts. However, particularly if carbon revenues or co-benefits continue to grow, the communities may chose to distribute funds at the household or individual level. |

**Table 6: Distributing benefits to the community, households, or individuals**

Source: Adapted from Mohammed (2011) analysis, based on discussions with pilot project staff and other sources as cited

| Unit | Possible advantages | Possible limitations |
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| Community (e.g., CARE, JGI, and some TaTEDO sites) | • May allow relatively small payments to support larger scale projects<br>• Can benefit vulnerable, depending on projects<br>• Lump sums may minimize transaction costs (though MJUMITA/ TFCG find low transaction costs with individual payments )<br>• Governance (/social capital) benefits where communities collectively govern funds | • Less individual choice/ autonomy in funds use<br>• May lose out on some multiplier effects<br>• Communal projects may introduce management costs and governance challenges<br>• Most (or most vulnerable) community members may not benefit from selected project |
| Households (e.g., some TaTEDO sites) | As compared to community funds:<br>• More autonomy and flexibility<br>• Can more directly target eligible beneficiaries<br>• Can be more direct link/ incentive between conservation contributions and benefits (Mahanty et al 2007) | • Revenue may be insignificant divided at HH level (Though MJUMITA/TFCG find that small payments are well received in early testing)<br>• Vulnerability to capture and changing HH composition can make it difficult to reach most vulnerable<br>• May be challenges governing distribution of funds |
| Individuals (e.g. MJUMITA/ TFCG[20]) | • Greatest control /flexibility<br>• Most direct link between conservation contributions and benefits<br>• Avoid some governance concerns in other options and can support governance improvements by encouraging wide participation<br>• See advantages of HH vs. community payments | • Revenue may be considered insignificant divided at individual level (Though MJUMITA/TFCG find that small payments are well received in testing)<br>• Potentially high transaction costs (Though MJUMITA/ TFCG find low transaction costs with individual payments)<br>• May be challenges governing distribution of funds |

## Monetary and non-monetary benefits

REDD+ benefits can be monetary or non-monetary. Related to this, Mohammed (2011) reviews advantages and limitations of cash vs. in-kind benefits, drawing on PES and CBNRM experience. Cash payments, for example, can have the flexibility and transferability to allow recipients to more directly offset costs incurred and address their priority needs and preferences. In-kind benefits can sometimes be viewed as paternalistic and therefore less acceptable and less of an incentive for conservation. However, there are also concerns that cash payments introduce greater security and governance risks. In some contexts a substantial cash influx may also lead to rapid market changes, such as food price inflation, impacting recipients and other communities.

The relative advantages of monetary and non-monetary (or cash vs. in-kind) REDD+ benefits in Tanzania remain to be seen, though the key consideration really should be how the recipient communities want to receive their benefits. PFM and WMAs set a precedent and provide lessons for distribution of direct cash benefits. Under the benefit sharing mechanism being piloted, carbon payments will be paid in cash, either to a community account or to individuals (Table 6). The pilot project 'co-benefits' are typically taking the form of 'in-kind' or non-cash benefits, though some of these can easily generate cash, e.g., establishing CBFM for timber sales, or training and provision of beekeeping equipment. Early experiences from the pilot initiatives suggest that **monetary and non-monetary benefits can be complementary and mutually reinforcing.** They also illustrate that the **distinction between monetary and non-monetary benefits is not always clear.**

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| Cash for the payments being tested by MJUMITA/TFCG and partners is escorted to the village by police, whose services are paid for from community dividends. While there have been some challenges, the project approach aims to address governance and accountability through establishing clear village by-laws and by the fact that payments are made publically at widely attended Village Assemblies. In the future, it may be possible to make payments through electronic services, such as through text messaging or micro-finance institutions. |
| Under the MCDI facilitated project, the primary benefit is facilitation of CBFM establishment and FSC certification. This is, in a sense, a non-monetary or in-kind service. However, CBFM and FSC will lead to substantial cash income for the village through timber sales. Further, REDD+ cash revenues in excess of CBFM/ FSC establishment costs will go to the villages. |
| Cash carbon payments under the TaTEDO facilitated project go to Ngitili owners. In some cases, village governments own the Ngitili and cash payments go toward community development projects. In many cases, however, owners are individual land holders or institutions such as schools. In all cases, 7% of the total payment goes to the village government, to benefit the full community, and all community members have access to other project benefits. Many of these additional benefits are non-monetary, such as training and fuel efficient stoves, biogas, beekeeping, tree nursery, but are intended to generate income and livelihood benefits. The project intends to assess the potential of fuel efficient stoves to contribute to forest carbon emissions reductions, which could be factored in as a carbon benefit in the future. |
| Conservation agriculture training facilitated by AWF has resulted in substantial increases in crop yields, increased income, and enhanced food security (see above). |
| The WCS facilitated pilot project is not engaging directly in carbon sales or test payments with communities. Rather, the key benefits (and means of addressing deforestation drivers) for villages adjacent to protected areas come from enhanced ecosystem services, newly established woodlots, and other fuel alternatives realized by communities. |

## Governance, institutional and legal arrangements

Pilot projects are testing various arrangements implemented through existing and new institutions.[21] There are advantages and limitations to each approach, though, as with other elements of local benefit sharing, a key consideration should be community's own decision making structures and preferences.

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| Villages participating in the MCDI facilitated project sign a 'joining agreement', which lays out the NGOs and village's respective responsibilities and rights. Decisions within the village regarding REDD+ benefits will be made through the VA. |
| Under the TaTEDO facilitated project, Ngitili owners have formed groups at the village level (Ngitili Group) and district level (an Ngitili Association/Cooperative called *Panda Miti Shinyanga* - PAMISHI) to govern and distribute REDD+ payments. |
| In MJUMITA/ TFCG facilitated project, participating communities develop by-laws on the distribution of REDD+ dividends. While MJUMITA provides suggested guidelines, the terms of bylaws are set by the village. By-laws in Mkanga village, for example, stipulate that: village will annually approve proportion of REDD revenue to be placed in community fund, all residents (women, men and children residing in village for at least 3 years) are eligible to receive payments, as well as non-resident dependents (students); and payments to children and mentally disabled people go to guardians – usually mothers. |
| Under the CARE facilitated project, Shehia Conservation Committee (SCCs) will have bank accounts into which REDD+ funds will be deposited for use towards community development projects. SCCs are similar to VNRCs on the mainland, but each SCC covers forest management and conservation activities across several villages. Each SCC will be given technical support (coordination, capacity building) from existing 'umbrella' NGOs and newly formed REDD+ aggregation committees. |
| The JGI facilitated project will funnel test payments to a bank account held by the newly formed inter-village CBO (JUWAMMA). REDD+ funded community development projects will be proposed by the Village Government, approved by the Village Assembly, and then submitted to JUWAMMA. JUWAMMA leadership, with district government supervision, will be responsible for ensuring that funds are used appropriately. The District Executive Director will be a signatory to the JUWAMMA account, in addition to three JUWAMMA members. This mirrors a pre-existing approval/ oversight process used for District funded village development projects. This approach aims to strengthen the District's role in supporting development projects, and to give the government responsibility for ensuring proper funds management. (JGI 2012) |
| Under the AWF facilitated project, the Community JFM Association known as *Jumuiya ya Hifadhi ya mazingira tarafa za Bereko na Kolo (JUHIBEKO)* is in fact the Council of Representatives of all JFM participating villages. This Council is elected from VNRCs by the respective Village General Assemblies. According to their constitution, JUHIBEKO is a link between local communities and other bodies. It is mandated to receive the community share of carbon revenues in its bank account, and to distribute these funds according to directives entailed in their constitution, JFM plans, by-laws and JFM Agreements. JUHIBEKO has to be audited by a government auditor or other approved auditor. |

## Eligibility criteria and distribution agreements

There are many ways of determining eligibility for REDD+ benefits and the relative distributions between participating actors. Some pilot project approaches are already being implemented and lessons being learned.

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| Ngitili owners and other village residents working with TaTEDO have decided on the following distribution among local REDD+ contributors: Ngitili owners (83%), village government (7%), village level Ngitili group (5%), Sungu-Sungu group that patrols Ngitilis (3%), and district level Ngitili Association (2%). The 83% of funds are distributed among the individual Ngitili owners based on management and performance criteria, including: relative contribution (amount of carbon is in their Ngitili); having and following a land management for the Ngitili and surrounding lands and resources, including tree planting and woodlot establishment; introducing better agricultural practice in the land surrounding Ngitilis; and adopting sustainable livestock management practices in and around Ngitilis. |
| Under the MJUMITA/TFCG facilitated project, all REDD+ payments will go to the village government, with distribution of individual dividends governed by village by-laws. While payments will ultimately be based on performance against baselines, testing phase payments are based on: projected village deforestation (historic rates); proportion of village forest reserved; assumed leakage (proportion of village forests outside reserve); and estimated carbon price of $5/ ton. |
| For carbon payments being tested under the CARE facilitated pilot, 10% will go to the aggregation committees, and 10% will go to the umbrella NGOs, to cover their costs. The remaining 80% of funds will be deposited in SCC accounts for village use in community development. Criteria to determine the share of payment that will go to each participating village are:<br>o Environmental/ forest conservation criteria: total village forest area, portion of village forest under protection, village forest condition; and<br>o Social and governance criteria: woodlot trees planted per household (to provide alternative fuel sources and prevent leakage), Village Assemblies held by the SCC, number of women in the SCC, number of widow-headed households.<br>Project partners intended to include the additional social criteria of the community members' level of reliance on the forest and the community's level of wealth, but did not have sufficient data to measure these criteria. |
| Under the JGI facilitated project, JUWAMMA (inter-village CBO) will keep 10% of REDD+ revenues to support forest man- |

agement, administration, and future carbon marketing and sales. The remaining 90% will be distributed among the 7 participating pilot villages. Under the benefit sharing mechanism being tested, each village receives a portion of the financial incentives based on an assessment of their relative performance, with test criteria being:

- CBO/ Village Environmental Committee (VEC) performance: number of forest patrols; reporting of and action taken on illegal activities; environmental education provision; overall achievements;
- Village Council (VC) performance: support for forest law enforcement and conservation; support CBO / VEC; and
- Community performance: responses to REDD and against unsustainable harvesting; efforts made to reduce wildfires, shifting cultivation and uncontrolled new settlements in the forest.

Each village was scored against the criteria, based on voting by CBO members and village leaders attending an evaluation workshop.

The AWF facilitated benefit sharing mechanism is still being developed, but the current proposal is for the JFM association to retain 60% of REDD+ revenues to cover their (administrative, coordination, technical) costs. A proposed 20% of revenues to go to the district government for their technical assistance and the remaining 20% to go to the member villages.

## Sharing benefits beyond project boundaries?

While REDD+ is performance-based, there may be good reasons for sharing some level and types of benefits among villages or other actors that are not *directly* involved in REDD+ projects. For example, villages outside the project boundaries may bear some costs (e.g., restricted access to previously used resources) and/or impact project effectiveness (e.g., be a source of leakage).

**As part of Ngitili management, owners are restricting people from outside villages in using Ngitilis for animal grazing, which had been a common practice in the past. These restrictions may introduce costs for those outside actors and/or leakage potential.**

In preparing for REDD+ in PAs, including by tracking and addressing fuelwood collection as a deforestation driver, WCS has found that the likely leakage belt is broader than originally thought. They are thus working with villages further outside the PA boundaries to establish woodlots to help control leakage.

In CBNRM, Mahanty et al (2007:98) find that: "It is important to consider communities and stakeholders that are excluded from the flow of CBNRM benefits; there may be options to enable excluded users to also benefit to some degree, which can strengthen the sustainability of the system and reduce conflict in the long term." Similarly, REDD+ can introduce conflicts between those who benefit, and those who do not. This includes communities who have longer standing engagement in PFM, and thus may not be able to claim additionality for continuation of their conservation efforts. In such cases, some form of benefit sharing could help avoid conflict that might otherwise undermine the legitimacy and sustainability of REDD+. Such sharing may also be a practical necessity, e.g. where access to a forest on the land of one village is actually controlled by another village not involved in the REDD+ scheme. At the same time, as discussed above, revenues cannot be shared with *all* people. **The scope of benefit sharing will need to balance inclusiveness and limitations, based on fair criteria**.

## What role for PFM?

**PFM (JFM and CBFM) will be a key anchor for REDD+ in Tanzania**.[22] Likewise, **REDD+ can help expand PFM** by providing additional incentives and resources to meet costs and technical requirements. However, there are many challenges to ensuring equitable REDD+ benefit sharing through PFM. Awareness of the benefits of PFM is low in many villages, and REDD+ presents a complex addition to PFM. The technical and financial costs to establishing PFM can also be prohibitive. A particularly challenging component of PFM, from the perspective of ensuring equitable benefit sharing, is JFM. Establishing fair and mutually acceptable agreements for sharing JFM costs and benefits has been a major obstacle in implementation of this programme. JFM guidelines issued by the Ministry of Natural Resources and Tourism - Forestry and Beekeeping Division propose some guidance on community responsibilities and benefits. The January 2007 JFM guidelines[23], for example, suggest that community benefits for their responsibilities in managing protection forest and catchment forests should include:

- Free forest access for beekeeping, fishing, and collection of various non-timber forest products, as well as utilization of fallen timber trees outside core conservation zones and nature reserves
- Rotational harvesting from boundary strips planted within Forest Reserves
- 100% of fines from offences committed in the village forest management area to Village Government
- 50% of research, entry, camping, and filming (permits) fees, as well as net revenue from confiscated forest products to Village Government (with other 50% going to FBD/ District Council)
- Water for local use and irrigation
- Utilization of invasive exotics

However, there appear to be multiple versions of these guidelines with unclear status[24], the guidance is not clearly binding, and there is no agreement that these are fair terms. In practice this has lead to many intended JFM agreements going unsigned. In some cases communities have been assisting in managing forest reserves for years without compensation (cite). Further, PFM guidelines do not address how REDD+ revenues would be shared. The establishment of fair benefit sharing terms is critical for JFM in its own right, and in making JFM a viable basis for REDD+. Nonetheless, **REDD+ might provide a new impetus to get equitable JFM in place.**

Examples of joint resource governance elsewhere (see, e.g., ) demonstrate that there are many ways to approach JFM sharing, but that establishing and implementing fair terms is often challenging in practice. While percentages widely, communities have legal rights to retain a high percentage of local natural resource revenues under joint agreements in many countries, including Namibia (see Bond et al 2010:20 citing Jones 2009) and Nepal (see RECOFTC 2007:10). However, while the legal arrangements are important, implementation, enforcement and political will are also critical – as evidenced by experience in, e.g., Mozambique (see Bond et al 2010:20 citing Nhantumbo and Izidine 2009) and Zambia (see Bond et al 2010:21 citing Chundama 2009). In other words, clear and agreed upon benefit sharing terms are important, but even favorable terms result in few actual benefits for communities where arrangements cannot be effectively implemented or accessed by local community partners.

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| The MCDI facilitated pilot project is leveraging REDD+ revenues to meet the costs of establishing CBFM and FSC certification. The MJUMITA/ TFCG facilitated pilot project also centers around CBFM establishment, including through land use planning that integrates REDD+. |
| Under the AWF facilitated project, draft JFM plans have been developed with participating communities. In one district forest, district forest officials have agreed that 80% of all gross cash benefits for carbon, as well as for research, tourism and filming, will go to communities; this is now awaiting final approval by the District Full Council.[25] This is an important success, including because the proposed 80% share is based in part on the high importance of these forests to the livelihoods of adjacent communities. In other words, the incentives will have to be substantial for community members to contribute to permanent emissions reductions. Project participants have proposed that the same benefit sharing structure be applied to the central government held forests in the project area. This proposal is being communicated to the Tanzania Forestry Service for consideration and further negotiations. |
| There are new JFM guidelines being developed under the TFS/ FBD. It is imperative that these guidelines are fair and enforceable, including establishing equitable terms for sharing of carbon revenues. |

**PFM is also not necessarily the only available mechanism for implementing REDD+ in Tanzania**. Thus, in establishing REDD+ benefit sharing arrangements, it will be important to think beyond PFM.[26]

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| Ngitilis included in the TaTEDO facilitated REDD+ pilot can be owned by individuals, village governments or institutions. While Ngitilis owned by the village government or institutions could come under PFM, Ngitilis owned by individual land holders may not. |
| The WCS facilitated project is laying the foundations for REDD+ in protected areas. While it is seeking ways to engage and benefit members of adjacent villages, the local communities are not the land holders and these protected areas are not appropriate for JFM. |
| As WMAs, wetlands, and other ecosystems may support REDD+, benefit sharing mechanism should take them into account. |

## Capacity and sustainability: Getting beyond policy and the readiness phase

Equitable benefit sharing is not just a matter of good policy. It requires resources and the capacity of individuals and institutions to effectively implement mechanisms. The draft National REDD+ Strategy recognizes the need for capacity building to implement REDD+, though does not specifically address benefit sharing in this regard. The REDD+ pilot projects are, in various ways, supporting participating communities' capacity to undertake effective REDD+, including offsetting costs and realizing sustainable benefits.

Capacity is also closely linked to sustainability. **When community members have the capacity and opportunity to understand and claim their rights and responsibilities, sustainable benefit sharing is more likely to occur.**

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| Under the previously established PFM/ FSC projects facilitated by MCDI, timber revenues have been placed in a VNRC bank account for use and distribution at the village level, with direction from the VA. The VNRC's management of this account is initially supported by MCDI project staff, but gradually the VNRC is becoming more autonomous. |
| At this stage, there is prominent project staff and district official presence at Village Assemblies for distributing REDD+ dividends under the MJUMITA/ TFCG facilitated project. However, it is envisioned that in the future the VC and VA will be able to largely manage the payment process themselves, particularly once all village residents better understand the process and can hold the village government accountable for an equitable distribution of dividends. |
| The approach being tested by JGI and partners will involve ongoing oversight from the inter-village CBO (JUWAMMA) and the district government, which may raise challenging questions about the governance of these oversight bodies themselves. In the pilot phase, JGI will also play an advisory role to ensure that the district government and inter-village CBO (JUWAMMA) are managing the resources as planned, through visits to the identified projects and a review of bank statements and related documents. JGI will also provide training to JUWAMMA on the importance of independent auditing, including conducting a sample financial review. These oversight and capacity building efforts are meant to help ensure sustainability of the payments mechanisms. |
| The TaTEDO facilitated project aims to establish a robust institutional framework to sustainably manage forests and access carbon markets going forward. Capacity building for Ngitili groups and village leaders on technical and governance issues has been a major project focus. |
| CARE is assisting community forestry associations in building capacity for administering and governing REDD+, and will follow up on the use and governance of REDD+ funds in testing. CARE is also helping community members, including women, establish the foundations for meeting their livelihood needs and reducing poverty in conjunction with addressing deforestation drivers, e.g., assisting women in establishing small scale commercial tree nurseries. |
| AWF is supporting capacity building for the community JFM Association (JUHIBEKO) and Village Forest Scouts through trainings. Forest staff from Kondoa District Council have been given theoretical and practical training on carbon assessment; these district staff will then train selected members of local communities in order to ensure sustained local capacity in handling REDD+ issues. Since poor agriculture is one of main drivers of deforestation, AWF has invested in training local communities on sustainable farming practices, resulting in increased income and food security, and reduced shifting cultivation. |

Related to overall sustainability is the question of how to maintain readiness and pilot phase progress while transitioning to a self-sustaining national REDD+ system. In other words, **what is the exit strategy from the readiness phase**? The pilot projects in Tanzania are making trial payments; facilitating land use planning and PFM; supporting development of new agricultural skills, fuel wood sources, and sustainable livelihood sources; and otherwise establishing a foundation for REDD+ with donor funding. Can the same activities be supported by REDD+ markets or funds alone? Further, while the pilot projects are anchored in village governments and village institutions, at this stage they are heavily reliant on NGO facilitation. Will projects be sustainable in the absence of this facilitation? What might the roles and contributions of the private sector be going forward? The pilot projects are also taking significantly different approaches. This variation is useful for learning, and for designing REDD+ approaches appropriate to different contexts within Tanzania. However, this variation may also introduce complexity and conflict, particularly when trying to scale up from the pilot level. For example, communities working with MCDI are raising questions about why they are not yet receiving direct financial payments, while some villages working with TFCG/MJUMITA have begun to do so as part of the testing process. How can a coherent national system be built up from such disparate approaches? **These questions cannot be answered yet, but should not be overlooked as REDD+ benefit sharing preparations continue.**

# INTEGRATING SAFEGUARDS IN REDD+ BENEFIT SHARING

**Summary points:**

- REDD+ benefit sharing should be designed, implemented and monitored in accordance with the developing national safeguards system.
- Drawing on international safeguards, relevant considerations include: full and effective participation; free, prior and informed consent; effective representation; transparency; accountability; gender equality; respect for human rights; secure land, forest and carbon tenure; dispute resolution; and monitoring.

In Tanzania, REDD+ benefit sharing should be designed, implemented and monitored in accordance with the developing national REDD+ safeguards and principles of good governance. According to Peskett (2011b:7) "There are …many cases of benefit sharing systems failing because decision making and implementation is dominated by elites, is highly politicized or lacks accountability." While the content of the national safeguards have not yet been elaborated, we can look to international safeguards[27] for key components, as explored below. *This is not an exhaustive list of relevant safeguards*, but rather a few illustrative examples.

**Full and effective participation:** UN-REDD Social and Environmental Principles and Criteria for REDD+ describe full and effective participation as "Meaningful influence of all relevant stakeholder groups who want to be involved throughout the process, and includes consultations and free, prior and informed consent".[28] The full and effective participation of forest communities and other stakeholders is critical for benefit sharing. Participation in mechanism design helps ensure that arrangements are accepted as fair and legitimate, and that rules reflect local realities. Participation in implementation and monitoring helps ensure communities can understand the benefits and costs, make effective claims, and hold one another accountable. At the national level in Tanzania, participation in benefit sharing discussions has been limited to date, but can be facilitated through, inter alia, the National REDD Task Force and its Technical Working Groups, as well as civil society. At the local level, there is no single mechanism for community participation in benefit sharing, and pilot projects are trying various approaches. Ensuring genuine participation is challenging, particularly with regard to vulnerable or marginalized people.

In the AWF facilitated project, participation of village representatives will be crucial in negotiating fair terms for JFM. The JFM Association (JUHIBEKO) being formed under the project aims in part to provide this representative function.

MCDI has found that a household's distance from the village centre, where village assemblies are held, is a key factor in whether people are able to participate. TFCG and MJUMITA have found that starting with meetings at the sub-village level, in advance of meetings at the village level, helps facilitate the participation of women, those who live in remote parts of the village, and other relatively marginalized community members.

TaTEDO and partners have found that more women participate when meetings are organized at the village level, and when traditional dancers were used to mobilize communities for meetings.

**Free, prior and informed consent**: Local communities should be able to give or withhold their free, prior and informed consent (FPIC) – to say yes or no – to REDD+ activities, including related benefits and costs, affecting their rights to lands, territories and resources. International guidance is increasingly available, including UN-REDD FPIC guidance (2012), IIED (2012) and Oxfam (2010). National REDD+ pilot experience with implementing FPIC is also emerging (Forrester-Kibuga et al 2010).

Under the MJUMITA/ TFCG facilitated pilot project, **free, prior and informed consent** has been an important component of early project successes. Their key lessons learned include the following (Forrester-Kibuga et al 2010):

- Community members need time to fully discuss the project and its implications, and to accept *or reject* the proposal.
- It is vital that the FPIC team be equipped with the skills to carry out the job effectively.
- Each organization will need to adapt their approach to its context.
- Holding meetings first at the sub-village level helped ensure inclusiveness, including women and poorer people.
- FPIC is a costly process, if it is to be done well. It took time and resources.
- A commitment to/ requirement for FPIC should be built into national policy.

**Representation:** Not every stakeholder can directly participate in the same way or at all levels. Fair and effective representation, particularly of vulnerable people, will therefore be an important factor in the governance of benefit sharing.

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| Under several pilot projects, including those being facilitated by AWF, CARE/HIMA, JGI, and TaTEDO, individuals and villages are being represented in larger aggregation bodies or inter-village committees. Fair representation in these organizations will be a critical factor in ensuring equitable benefit sharing for all community members. |
| At the national level, there are civil society representatives on the NRTF and its Technical Working Groups. This is an important advance in representation at this level. Nonetheless, stronger links should be made between national policy formation and local community inputs. The NRTF does hold zonal meetings; these are good for getting inputs from regional and district level staff, but are less well attended by civil society groups and rural community members. |

**Good governance, including transparency and accountability:** Good governance of benefit sharing mechanisms, including transparency and accountability among all parties, is key to equitable arrangements in policy and in practice (see Peskett 2011a). This includes transparency and accountability in the operations of, among others, the National REDD Task Force and Technical Working Groups, international and national organizations supporting REDD+, and participating communities. A key component of operationalizing transparency and accountability is timely information sharing – in project conceptualization, design, implementation, and monitoring. Information should be accessible to all parties, including communities, using appropriate languages and written and oral mediums. In REDD+, another part of accountability is being able to verify emissions reductions; communities and others implementing REDD+ have performance related responsibilities to which they will need to be held accountable.

Boffin et al (2011) examine approaches to addressing governance and corruption in REDD, drawing on literature on REDD, forest governance, and corruption, as well as evidence from the Democratic Republic of Congo, Kenya, and Tanzania. Their main findings regarding Tanzania include the following (adapted and summarized from Boffin et al 2011:pp18-22):

Q1 How might issues of corruption influence the success of REDD?

- Collusion between public institutions, political interests and private sector business interests appears to be an ongoing issue in the forest sector.
- There are district level human resources challenges in supporting implementation of forest management schemes.
- Although clearly expressed in relevant legislation, the role of Village and District Councils in forest management appears to be limited and often ambiguous in practice.
- Effective formal oversight of the forest sector is made challenging due to a split in responsibilities at committee level between the Natural Resources Committee and the Local Authorities Accounts Committee.
- Issues of forest resources capture, regulation and oversight are being discussed at the local level through PFM systems and REDD pilots, but are not presently being clearly addressed in emerging REDD structures at the national level. [Some forest governance issues are raised in the draft National REDD+ Strategy, which was published after this research was undertaken, though provisions to address these and other governance concerns could be substantially strengthened in the Strategy].

Q2 How could REDD have a positive influence in addressing corruption in the forest sector?

- By providing an opportunity to further PFM, REDD could help nurture the kind of local political oversight that forest stakeholders stress as important for successful forest governance.
- Through helping to clarify and resolve forest land tenure rights conflicts, REDD may assist in reducing opportunities for corruption that can arise from differing interpretations of the categories of forest land provided for in legislation.
- REDD may provide a focus to further review the broadly favourable institutional framework for forests, taking into consideration findings from past studies on corruption, accountability and governance, including with regard to public sector structures and technical and administrative oversight.

Q3 How are those responsible for REDD ensuring that governance and corruption are addressed …?

- The report summarizes the current national REDD governance structure, including the NRTF and IRA based Secretariat. It also notes that, while not final, recommendations for National REDD Trust Fund appear not to go beyond generic prescriptions of having a Board of Trustees and the need for regular audits. Further attention could be paid to ensuring that the Controller and Auditor General's recommendations are acted upon.

A key lesson from CBFM experience is that governance of community funds will be critical, and that part of ensuring this is making sure that the village leaders (not just VNRC) understand the process and understand how they will benefit from governing PFM (and REDD+) effectively.

Partners in the WCS facilitated REDD+ pilot project found that regular communications are important with not only the village governments most directly involved in the project, but also the related district and regional governments. Open information sharing and communications helps generate understanding and acceptance of the project.

Village governments participating in the MJUMITA/TFCG project maintain a list of each village resident to receive a dividend, and each person is required to sign for their dividend in the presence of the full Village Assembly. While governance issues have arisen in testing, the transparency of the dividends distribution process and the recording of the rules in village bylaws have allowed for these issues to be addressed.

**Gender equality:** Gender equality is important in benefit sharing as REDD+ will have gender differentiated impacts, due in part to women's and men's different powers, roles, rights and responsibilities in forest governance.

Women's participation can enhance forest management effectiveness and help protect women's rights. In Ukongoroni Village (Zanzibar) the CARE project has helped facilitate an increase in the number of women in the SCC from 2 to 10 (of 35), including several leadership positions. The project is also supporting women's capacity to fully and effectively participate. For example, women and men have received training on carbon measurement techniques and on conservation advocacy at the village, district, and national levels.

In the villages working on REDD+ with WCS, project committees are formed to participate in, e.g., forest carbon measuring and monitoring, beekeeping training, woodlot planting, etc. These groups are selected by the Village Council. Inclusiveness, including representation of women and men, youth, elderly, disabled people, and other vulnerable people, is encouraged, but has proven challenging. Women's participation in such institutions, for example, has not previously been widely accepted by the Council.

**Respect for human rights:** Sharing benefits helps ensure that REDD+ respects and furthers the realization of human rights, e.g., to adequate food, water, housing and health.

**Land, forest and carbon tenure security:** Related to rights, land and carbon tenure security are central to equitable benefit sharing. In many countries, lack of clear, recognized, or enforced tenure rights for local forest communities, including pastoralists, is a primary obstacle for equitable benefit sharing. Laws in Tanzania[29] can provide a relatively strong framework for communities' land and forest tenure security, and several REDD pilots are using project resources to assist communities in realizing these statutory rights.

Many of the REDD+ project projects, including those facilitated by AWF, CARE, JGI, MCDI, TaTEDO, and MJUMITA/TFCG, are assisting individuals and villages to further secure land tenure, including through land use planning and land titling.

However, lack of tenure security is still cited as a major challenge for most of the pilot projects. Community tenure security is often obstructed by: cost-prohibitive and technically demanding requirements for implementation, low levels of awareness, weak enforcement of laws, and contradictions in interpretation and implementation of land laws (TNRF et al 2011). Even when statutory tenure is seemingly clear, there may be land conflicts, including with customary tenure claims, or contradictory official maps. These challenges should be acknowledged and addressed in REDD+ benefit sharing.

In many countries, including Tanzania, the question of carbon ownership remains unclear. Carbon rights should be tied directly to forest/tree rights in order to ensure that PFM and other forest and land tenure regimes can support equitable REDD+ benefit sharing.

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| An important part of ensuring secure tenure for communities in Tanzania is making sure that national laws are appropriately interpreted and enforced. As part of their project's advocacy component, TFCG and MJUMITA have lobbied for the national REDD programme to incorporate interpretations of national land laws that are consistent with communities' full tenure rights (MJUMITA and TFCG. 2011:1). Specifically, they highlight that, under the terms of the Village Land Act (1999), forests outside of Government reserves should be considered to be on Village Land, unless it is proven that no community uses or plans to use that land. They argue that "misrepresentation of unreserved forests within village boundaries as being General Land [unclaimed land, considered 'open access'] leaves them open to land grabbing and exploitation without the consent of the village thereby increasing the risk of deforestation." |

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| The (May 2012) *FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security* can be a resource for guidance on REDD+. These guidelines "seek to improve governance of tenure of land, fisheries and forests. They seek to do so for the benefit of all, with an emphasis on vulnerable and marginalized people, with the goals of food security and progressive realization of the right to adequate food, poverty eradication, sustainable livelihoods, social stability, housing security, rural development, environmental protection and sustainable social and economic development…" |

While important, occupancy rights may not be strictly *required* for benefiting from REDD+, particularly with regard to more widely dispersed co-benefits. Under JFM, for example, if stronger benefit sharing regulations were in place, communities could gain substantial financial benefits and co-benefits from REDD+ despite not being land holders. However, without secure tenure, vulnerable people are more likely to lose out. (See Peskett 2011a)

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| Villages working with AWF are seeking to establish REDD+ in JFM, including negotiating fair terms for sharing. |
| The WCS facilitated pilot project working in protected areas to which communities do not have occupancy rights. However, a key component of the project is establishing other benefits for communities adjacent to protected areas, including to address deforestation drivers. |

**Dispute resolution:** Operationalizing benefit sharing is likely to involve disputes. However, the goal should not be to avoid conflict. In some cases, it will only be through constructive conflict that people can effectively make and resolve claims, and "the cost of taking no action might be higher in the long term" (Peskett 2011b:8). Effective, accessible, well governed dispute resolution can be an important part of ensuring that all REDD+ actors, including vulnerable people, are able to claim their benefits in practice. (see Peskett 2011a,b)

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| Under the MJUMITA/ TFCG facilitated pilot project, a precondition for villages to receive 'pre-payments' (test payments) is having completed the core steps in establishing CBFM. This includes resolving any land or forest boundary disputes. |
| The draft National REDD+ Strategy promotes "support[ing] functioning of the existing conflict resolution mechanisms".[30] How these will function for REDD+ conflict resolution in practice remains to be seen. Disagreements over village boundaries are likely to be a key source of disputes. There is a reasonably good dispute resolution mechanism in place for these – including the District Land and Housing Tribunals, the Ward Tribunals and the Village Land Councils as set out in the 1999 Land Act – but such committees need support if they are to function well. |

**Monitoring:** Knowing if, in practice, benefits are being fairly distributed will require effective and transparent monitoring and reporting. A costs and benefits monitoring system should be integrated with related REDD+ systems, including the national carbon accounting system and the safeguards information system. It will be imperative that costs and benefits monitoring be robust, but also practical to implement and oversee. Monitoring should involve the participation of impacted communities as well as independent verification.

## REMEMBERING THE BIGGER PICTURE AND DETERMINING NEXT STEPS

**Summary points:**

- Benefit sharing mechanisms should take account of REDD+'s broader governance context and political economy.
- Mechanisms should also be integrated with other livelihood strategies (e.g. agriculture, pastoralism) and harmonized with other natural resource strategies (e.g. PFM and WMAs). Success for REDD at the national level will therefore need policy changes within and outside of the forestry sector, including the political will and resources to implement and enforce these changes.
- Next steps may include: continued learning and consultation, clarifying options and policy needs, identifying resources, and integrating and harmonizing benefit sharing as part of broader REDD+ and governance initiatives.

The equity and effectiveness of benefit sharing will be impacted by REDD+'s broader governance context and political economy. Political will to implement and enforce equitable benefit sharing will be imperative. REDD+ will face substantial competing land pressures, such as commercial agriculture and biofuels investments. Part of overcoming these challenges can be ensuring that benefit sharing mechanisms are integrated with other livelihood strategies (e.g. agriculture, pastoralism) and harmonized with other natural resource strategies (e.g. PFM and WMAs). Such **integration can help ensure that the relatively modest benefits from REDD+ are part of a broader set of benefits from sustainable forest and land management**.

In Shinyanga, where TaTEDO is piloting REDD, a main challenge is managing Ngitilis to integrate sustainable livestock grazing. Grazing is the main use of Ngitilis. The project has introduced and trained communities to adopt improved pasture management techniques, and facilitated establishment of alternate fodder sources such as fodder banks. (TNRF 2011:13)

In this sense, success for REDD+ at the national level will require policy changes both within and outside the forestry sector. The costs and modalities of implementing these will need careful consideration. Policy changes will create 'losers' and 'winners', and new opportunity costs for some parties may need to be compensated. Such decisions are not simple technical issues; they are contentious and require action by elected politicians, as well as dedicated resources for implementation and enforcement.

Given the complexity and uncertainty of REDD+, and considering its broader context, **how can Tanzania implement equitable REDD+ benefit sharing? Possible next steps include the following**:

- **Continue learning** from REDD+ pilot projects, PFM, and CBNRM/PES more broadly to identify key lessons for REDD+ benefit sharing mechanism.
- **Consult with stakeholders** at all levels to understand what likely benefits and costs will be, how they will impact livelihoods, and what sharing mechanisms will work best at various levels and contexts in Tanzania.
- **Clarify the options** for benefits distribution and sharing at various levels in Tanzania, including from the national to project level.
- **Identify policy needs** and **revise or introduce new policy** as needed to support REDD+ and the equitable sharing of its benefits. This will include policy changes within and outside of the forest sector. Given the challenges and uncertainties of REDD+, it may be useful to consider Angelsen et al.'s (2012) recommendation that REDD+ involve 'no regret' policy options, i.e., those that would be desirable regardless of what ultimately comes from REDD+.

- **Identify resources, institutional arrangements, and capacity needs** for ensuring that REDD+ benefit sharing mechanism go beyond policy and can be practically implemented
- **Integrate** REDD+ benefit sharing mechanism with broader REDD+ framework, e.g.
  - MRV under the NCMC
  - National safeguards system (and safeguards information system) development
  - Grievance and redress mechanism
- **Harmonize** REDD+ benefit sharing mechanisms with the sharing in related sectors, e.g., PFM and WMAs.

## SUMMARY MESSAGES

**Understanding what equitable sharing is and what the likely costs and benefits are:**

- REDD+ is based on incentives generated by financial benefits, and, if well designed and implemented, can generate additional benefits such as enhanced governance, more secure (tenure) rights, improved environmental services, and income from REDD+ related activities.
- REDD+ also has substantial potential opportunity, implementation, and transaction costs, including restricted access to land and resources, and the costs of improving policy and governance frameworks.
- While much is anticipated from REDD+, however, its forthcoming benefits and costs in reality are uncertain, are difficult to estimate, and will vary by context and overtime.
- Equitable benefit sharing is imperative if REDD+ is to result in sustainable emissions reductions, realize substantial benefits for forest communities, and avoid making vulnerable people worse off. Benefit sharing is an ethical obligation that helps REDD+ to be effective, equitable, sustainable, and accepted.
- Challenges in establishing benefit sharing may include the uncertainty of REDD+ benefits and costs, weak governance, and resource needs for effective implementation and monitoring.
- 'Equitable benefit sharing' lacks clear definition in REDD+, and there are many conceptions of justice and equity across countries, cultures and communities. There is, however, emerging international guidance. Developing REDD+ systems in Tanzania also provides an opportunity to operationalize the concept in nationally and locally appropriate ways.
- Emerging lessons from pilot projects and readiness activities, as well as longer standing experience in CBNRM and PES, should be considered in benefit sharing design. However, the differences between REDD+ and other schemes may need to be better understood.

**Designing and implementing equitable benefit sharing mechanism in Tanzania**

- Benefit sharing will need to operate between various actors and multiple levels in Tanzania, while still ensuring that participating community members receive fair and substantial benefits for the work they do and the costs they face. Sharing REDD+'s limited benefits between many actors may raise challenging questions about what eligibility criteria should be and what roles different actors should play, inducing NGOs and the private sector. Performance will likely be a key criterion, but other criteria may also apply, e.g., tenure, costs incurred, and equality. There may need to be a balance between inclusiveness and performance based criteria.
- Benefit sharing arrangements should be set in law, as unclear or poorly enforced laws make people vulnerable to losing out. However, it is not clear that new, REDD+ specific law is required. In all cases, benefit sharing laws should allow local actors to appropriately adapt mechanisms to their circumstances.
- In Tanzania, a carbon payments distribution mechanism has not yet been created, though a National REDD+ Trust Fund will be established (see draft Tanzania National REDD+ Strategy (June 2012). For international/ national to local transfers, options include[31]: (1) payments centrally collected and distributed directly to eligible local actors (or their aggregation bodies); (2) payments centrally collected and distributed through existing regional and local government systems; (3) individual projects/ actors directly access investors or funds; and (4) nested/ hybrid approach. Each approach has advantages and limitations, though a nested approach may provide for the most substantial community benefits while still allowing robust national monitoring and reporting.
- Forest communities and other carbon owners will often aggregate their carbon to reduce transaction costs. CBNRM and REDD+ pilots provide examples of institutional and governance arrangements for such aggregation, including forming inter-village CBOs and partnering with external service providers from NGOs or the private sector.
- There are many options for governing and distributing benefits within communities. Pilot approaches include a mix of: community, household, and individual payments; monetary and non-monetary benefits; institutional arrangements, including new and existing organizations; and rules. There are

advantages and limitations to each approach, but a key factor in all cases should be communities' preferences.

- Benefits may also be shared among villages or actors outside REDD+ projects boundaries, such as when villages will bear costs (e.g. forest access restrictions) or impact project effectiveness (e.g., leakage control).
- PFM (JFM and CBFM) will be a key anchor for REDD+ in Tanzania, and likewise, REDD+ can help expand PFM. However, there are challenges in PFM that have to be addressed, particularly regarding JFM agreements. PFM is also not the only available mechanism for implementing REDD+ in Tanzania.
- REDD+ benefit sharing should be designed, implemented and monitored in accordance with the developing national safeguards system. Drawing on international safeguards, relevant considerations include: full and effective participation; free, prior and informed consent; representation; transparency; accountability; gender equality; respect for human rights; secure land, forest and carbon tenure; dispute resolution; capacity; sustainability; and monitoring.
- Transition from readiness/ pilot phase to a self-sustaining national REDD+ system will be challenging, including in reconciling the different pilot approaches and in determining appropriate roles for NGOs and other actors going forward. Benefit sharing arrangements should account for this transitional phase.
- REDD+ benefit sharing mechanism should take account of REDD+'s broader governance context and political economy. Mechanisms should also be integrated with other livelihood strategies (e.g. agriculture, pastoralism) and harmonized with other natural resource strategies (e.g. PFM and WMAs). This will require policy changes – and the political will and resources to ensure their implementation and enforcement – within and outside of the forestry sector.
- Next steps may include: continued learning and consultation, clarifying options and policy needs, identifying resources, and integrating and harmonizing benefit sharing with broader REDD+ and forest governance initiatives. As these steps are taken, it may be useful to consider Angelsen et al.'s (2012) recommendation that REDD+ involve 'no regret' policy options, i.e., those that would be desirable regardless of what ultimately comes from REDD+.

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# NOTES

[1] Drawing on Peskett (2011a) and discussions with pilot projects and other Tanzania REDD+ stakeholders
[2] The national REDD+ pilot projects are supported by the government of Norway. For more information, see: http://www.reddtz.org/index.php?option=com_content&view=article&id=70&Itemid=114
[3] Project summaries adapted from TRNF et al 2011 unless otherwise noted.
[4] IIED 2009 (cited in Peskett 2011a) suggest that genuine benefit sharing can help address past shortcomings and failed promises in efforts to support local communities' conservation efforts. At the same time REDD+ runs the risk of being yet another unmet promise or unmet expectation, and in this sense presents an important risk that genuine benefit sharing can help avoid.
[5] Challenges adapted in part from AWF Presentation on *Advancing REDD in the Kolo Hills Forests (ARKFor): progress, challenges, lessons and opportunities*, REDD+ Coordination Meeting Dar Es Salaam 22nd – 23rd March 2012
[6] Drawing on CIFOR Global Comparative Study on REDD+
[7] Specifically identifying and differentiating REDD+ benefits and co-benefits can be challenging, including because REDD+ will likely often be integrated with broader forest governance endeavours, like PFM, that also generate benefits, and because the lines between compensation for opportunity costs and net positive benefits are often not clear.
[8] While these categories are useful for conceptual clarity, it can be difficult to strictly differentiate them, and there is often overlap in the literature
[9] Drawing on Peskett (2011a) and discussions with pilot projects and other Tanzania REDD+ stakeholders
[10] Most Readiness Preparation Proposals (R-PPs) and National Programme Documents (NPDs) "make reference to the importance of developing benefit sharing systems" and some even make commitments to developing transparent and equitable systems, but most do not take the step of actually defining or establishing specific terms for sharing benefit sharing (Goers et al., 2010, cited in Peskett 2011a).
[11] KRA 1: REDD+ baseline scenario, monitoring, reporting and verification systems established (URT 2012:33)
[12] KRA 6: Governance mechanism for REDD+ in place (URT 2012:37)
[13] KRA 10: REDD+ strategy options for addressing drivers of D&D developed (URT 2012:44)
[14] KRA 10: REDD+ strategy options for addressing drivers of D&D developed (URT 2012:46)
[15] These levels are also not entirely discrete, and overlap in the considerations for each level can lead to confusion (Peskett 2011a).
[16] Peskett (2011a) points out that a combustion of national and project approaches are being proposed in Brazil and Indonesia.
[17] http://www.tnrf.org/files/REDD%20Strategy%202%20CSO%20Feedback%20Aug%202012_30%20August.pdf
[18] Definition adapted from Tanzania National REDD Strategy - Draft 2 (June 2012:59)
[19] http://www.tnrf.org/files/CWM_Roundtable_Meeting_Report_Final.pdf
[20] As noted elsewhere, villages working with TFCG/MJUMITA can choose to set aside a portion of their individual dividends for a community development fund. In testing to date, most participating villages have chosen to do so.
[21] See Mohammed 2011 for review of potential advantages and limitations of using new and existing institutions for REDD+.
[22] However, carbon payments do not necessarily need to follow PFM revenue channels (see above).
[23] http://easternarc.or.tz/downloads/Thematic-strategies/2007%20JFM%20Guidelines%20Final.pdf
[24] There are also JFM guidelines issued April 2007, with slightly different benefit sharing terms suggested.
[25] The terms of sharing for other forest products and services would follow the 2009 guidelines.
[26] Though in all cases, PFM benefit sharing will be a **source of lessons learned and best practices,** including the importance of overall good governance
[27] See UN FCCC safeguards (Cancun Agreement), Forest Carbon Partnership Facility safeguards, UN-REDD social and environmental criteria and principles, and REDD+SES
[28] They further specify that guidance on full and effective participation is provided by the UN-REDD Programme and FCPF Guidelines on Stakeholder Engagement in REDD+.
[29] See, for example, Local Government Act (1982), Village Land Act (1999), Forest Act (2002)
[30] URT 2012:36, under *Key Result Area 4: All REDD+ schemes are well coordinated*
[31] Drawing on Peskett (2011a) and discussions with pilot projects and other Tanzania REDD+ stakeholders


DEVELOPMENT
including
land
FOREST
PROJECT
communities
BENEFIT
REDD
SHARING
TANZANIA
GOVERNANCE
CARBON
COSTS
facilitated
VILLAGE
NATIONAL
resources
PAYMENTS
LOCAL
establishing
implementation
approach
pilot
PFM
JFM
LEVEL
criteria
IMPORTANT
ARRANGEMENTS
SERVICES
ENVIRONMENTAL
OPTIONS
REVENUES
individual
need
NGITILI
people
LESSONS
MEMBERS
MONETARY
laws
institutions
rights
ensuring
USE
AGGREGATION MARKET
tenure
actors
VULNERABLE
INTEGRATED
GROUPS
safeguards