

Issues and options for benefit sharing in REDD+ in East Africa: A Case Study of Mount Elgon Regional Conservation Programme

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A woman collecting firewood from Mt. Elgon National Park.

This case study shares some early experiences and lessons from projects that are related to Payment for Ecosystems Services (PES) and how they can inform development of national REDD+ strategies, programmes and projects. In East Africa, the REDD+ processes and programmes are still emerging through national planning / strategy development processes and pilot projects, giving some sense of what REDD+ might look like in practice.

DISCLAIMER

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KEY POINTS

- In the case of Mount Elgon Regional Conservation Programme (MERECP), benefits are distributed based on performance, being the contribution towards enhancement of the natural and planted forests.
- This is done through Community Revolving Funds (CRFs) that are extended to community groups, non-government organizations (NGOs) and community based organizations (CBOs).
- CRF is one way of economically empowering households to deal with poverty while conserving ecosystems. It is one approach to conservation that is different from merely giving community money in the form of grants or donations which may end up being misused.
- CRFs go beyond the concept of income generating activities that may be determined by the project developers, as every decision regarding management, interest rate, payback period, among others, take the views of the local communities in mind.
- This case study provides lessons for benefit sharing under REDD+ schemes, particularly those of a transboundary nature given the varied stakeholders and interests involved.
- There are constraints in using CRFs, related to capacity. These include low awareness at the local level of availability of funding through the CRFs, limited oversight and monitoring by the districts which slows down progress; and inherent weaknesses which affect CRF operations.

While REDD+ projects and policies are being developed in Kenya, Uganda and Tanzania, there are aspects in existing natural resources benefit sharing systems that could inform a typical REDD+ benefit sharing system, including the MERECP. The case of MERECP could also provide useful experiences and information as a basis for putting in place institutions across governments, national expert groups, negotiating teams, and civil society organizations to achieve greater REDD+ effectiveness, coordination and implementation.

This case study examines the current benefit sharing as part of the MERECP in Uganda and Kenya, providing insights as to how participation and benefit sharing can be addressed in REDD+.

WHAT IS 'BENEFIT SHARING'?

Benefit sharing refers to a commitment to channel some kind of returns whether monetary or non-monetary back to the range of designated participants or affected community. It is where a proportion of revenue earned by the State is returned to local communities through indirect and / or direct benefit sharing arrangements. Direct benefit sharing refers to cash payments to individuals or communities, and indirect benefit sharing includes other non-cash benefits, including infrastructure or community facilities, and grass-roots developments activities. In the case of Mount Elgon Regional Conservation Program (MERECP), benefits are rewarded to communities based on performance, measured by their contribution towards enhancement of the natural and

planted forests (as illustrated in the Box 1 below). This is done through Community Revolving Funds (CRFs) that are extended to community groups, non-government organizations (NGOs) and community based organizations (CBOs).

CRFs are when a reserve of money (the fund) is used to lend to one or more borrowers. Over a given period of time, the borrower is expected to repay the original sum that restocks the fund. An additional sum can be charged to the borrower to act as a fee for providing the service. The idea of community using the revolving fund began after understanding and appreciating that the poor are not the 'have not' but the 'have little'. This reflects that they are economically active, but that the poor need more accessibility to service providers (in this case financial institutions) rather than pity. It also acknowledges that community development efforts will be complete when they achieve economic benefits for their members. CRFs are one way of economically empowering households to deal with poverty while conserving ecosystems. It is one approach to conservation that is different to merely giving community money to use in form of the grants or donations, which may end up being misused and not being used for the intended purpose.

CRF goes beyond the concept of income generating activities that are determined by the project developers but gives power to local communities to decide on key aspects of the funds operation. In the case of the CRFs every decision regarding management, interest rate, payback period, and others, are shaped by the views of the local communities.



Farming adjacent to Mt. Elgon National Park.

BACKGROUND ON THE MOUNT ELGON REGIONAL ECOSYSTEM CONSERVATION PROGRAMME (MERECP)

The Mount Elgon Regional Ecosystem Conservation Programme (MERECP) is a regional programme of the East African Community (EAC) whose oversight, coordination and supervision was delegated to the Lake Victoria Basin Commission (LVBC). It was designed by IUCN through multi-stakeholder consultations, discussions and interaction with the EAC, Governments of Kenya and Uganda through relevant national government agencies, local government / districts, user groups, NGOs, private sector, local communities, conservationists and researchers.

DESCRIPTION OF THE PROJECT AREAS AND HISTORY OF THE PROJECT

The MERECP redesigned implementation strategy aims to impart benefits to local communities and enable them to sustainably manage the ecosystem resources. It is similar to a REDD+ project in that it encourages the reduction of deforestation and forest degradation (see Box 1 and 2 below). MERECP was designed as an element of implementation of the EAC (2001-2005) Strategic Plan, which addressed the mandate of EAC to manage

transboundary watershed areas of East Africa including Mt Elgon.

MERECP attaches importance to implementation approaches that provide incentives to local communities to conserve and protect the Mount Elgon ecosystem for its range of ecosystems functions (ranging from improved forest management and conservation including wildlife and biodiversity values, maintenance of water sources, and ecotourism among other things).

The redesigned MERECP program strategy offers guidelines for the implementation of the benefit sharing arrangements under the Community Forestry Associations (CFAs) especially for carbon sequestration and forest conservation activities. In addition to the EAC, many actors are involved in programme implementation at various levels. They are described in the following section.

INSTITUTIONAL ARRANGEMENTS

The programme supports the Governments of Kenya and Uganda to strengthen management of protected areas components of the Mt. Elgon ecosystem and initiate sustainable development activities. The focus is in the districts of Trans-Nzoia West, Kwanza and Mt. Elgon in Kenya; and Bududa, Sironko, Bukwo, Manafwa, Kapchorwa, and Mbale, in Uganda. LVBC, through the Programme Management Unit, is providing the technical and managerial support to the programme.

BOX 1: OBJECTIVES OF THE MERECP

Mount Elgon ecosystem comprises key protected area components including the Mt Elgon National Park and Namatale Central Forest Reserve in Uganda; the Mt Elgon National Park, Trans-Nzoia Forest Reserve, Mt Elgon Forest Reserve and Chepkitale National Reserve in Kenya. It also includes open areas and other categories of land use without conservation status.

In the EAC Development Strategy 2006-2010, the LVBC is required to implement the Shared Vision and Strategy Framework (SVSF) for Management of LVB. In this Framework, the management of transboundary ecosystems such as Mt. Elgon is covered under thematic area – Environment, Natural Resources and Ecosystems. In effect, MERECP is a pioneer transboundary natural resource management and environmental project that is expected to inform other or similar projects within EAC. Its principles and results are expected to be replicable to other transboundary resources elsewhere in the region.

MERECP was first implemented in 2005 – 2009, has had a review resulting in the following:

Goal: By 2015, sustainable use of shared natural resources benefiting livelihoods and mitigating and adapting to anticipated climate change impacts in the Mt. Elgon transboundary ecosystem of the East African Community.

Purpose: In the short-term (by 2010), effective transboundary natural resource management and participatory benefit sharing models successfully demonstrated in the Mt. Elgon ecosystem (Kenya and Uganda). In the mid-term (by 2013), transboundary natural resource management and participatory benefit sharing models up-scaled in the Mt. Elgon ecosystem (Kenya and Uganda) as a demonstration and replication model in EAC.

The main objectives of redesigned MERECP are:

- To demonstrate that transboundary conservation, natural resources and participatory benefit sharing and co-management models of ecosystems around protected areas are successful by the end of 2010
- To put in place equity and benefit sharing models/revolving funds that create opportunities for payment of ecosystem goods and services for improved livelihoods by 2010
- To successfully demonstrate the linkage of livelihoods improvement to climatic change mitigation/adaptation by the end of 2010
- To strengthen the capacity of appropriate institutions to support transboundary ecosystem approach by the end of 2010.

Source: LVBC (2010)

Uganda

Ministry of Water and Environment (MoWE), Uganda Wildlife Authority (UWA), National Forest Authority, National Environment Management Authority (NEMA), and the Districts of Mbale, Sironko, Manafwa, Bududa, Bukwo, and Kapchorwa.

Kenya

Ministry of Environment and Mineral Resources (MEMR), Ministry of Forestry and Wildlife, National Environment Management (NEMA), Kenya Forest Service (KFS), Kenya Wildlife Service (KWS), Mount Elgon County Council (MECC), Trans Nzoia District and Mount Elgon District.

Donors

The Governments of the Royal Kingdom of Norway and Sweden.

BENEFIT SHARING UNDER THE MERECP

A proportion of direct cash benefits from the program (maximum 10,000 USD per organization) is given to selected Community Based Organizations (CBOs)¹ in Kenya and Uganda for Income Generating Activities (IGAs). A community revolving fund is used for the distribution of this income which means that a reserve of money (the fund) is used to lend to CBOs which then lends to its members. Over a given period of time, the borrower is expected to repay the original sum that restocks the fund. An additional interest is charged to the borrower to act as a fee for providing the service. After being repaid, this money is then given to other members of the CBOs, hence its description as a community revolving fund (CRF).

COMMUNITIES WHO ARE ELIGIBLE FOR BENEFITS

The identification of the beneficiary CBOs is based on the MERECP draft guidelines for implementation of CRFs and participatory benefit sharing agreements as incentives for local communities in the Mt. Elgon ecosystem (March 2009). The guidelines have provided clarity in the roles and responsibilities for both the MERECP partner institutions and beneficiaries resulting in greater satisfaction with benefit sharing arrangements.

In 2010, Uganda Wildlife Authority (UWA) suggested some parishes around Mt. Elgon National Park to benefit from Deforestation Avoidance and Carbon sequestration Payments under the MERECP redesigned program. This selection was based on the following reasons:

- Communities in these areas have a long history of dependence on Non Timber Forest Products (NTFPs) from the Park for their livelihoods. This compelled UWA to enter into agreement with them to continue accessing these resources in an organized manner. Most of the agreements were signed between 2000 and 2003.
- FACE Foundation (Forests Absorbing Carbon dioxide Emissions) a Dutch Company which signed an agreement with Uganda Wildlife Authority in 1994, to plant trees on 25,000 hectares inside Mount Elgon National Park in Uganda) carried out restoration of the degraded areas of the park from 1994 to 2003. The FACE Foundation is working with UWA (responsible for the management of Uganda's National Parks) to plant trees for absorption and storage of carbon, supposedly to compensate for the greenhouse gas emissions from a new power station in the Netherlands. The UWA-FACE project is planting a two to three kilometer wide

BOX 2: ACTIVITIES ELIGIBLE FOR LOANS AND PAYMENTS UNDER MERECP

The Mount Elgon Regional Ecosystem Conservation Programme (MERECP) being implemented in the Mt. Elgon Ecosystem, under its new strategy, is emphasizing benefit sharing and co-management of the natural resources in the Mt. Elgon ecosystem, through equity and benefit sharing models.

Carbon sequestration activities

Under the project, selected eligible community based organizations (CBOs), receive a direct grant and establish a community based revolving fund for income generating activities. The grant is used by participating households to establish fast growing trees (approximately 8 year rotation period) termed as livelihood plantations, of up to 5ha on formerly degraded areas under the jurisdiction of local authorities and government in the Mt. Elgon area.

Cash for planting, maintenance of the trees and sharing of revenue accruing from the trees at harvest are catered for under the Participatory Benefit Sharing Agreement (PBSA). Under this arrangement, there is a benefit sharing ratio of 70: 30 percent, where by 70% of the cash goes to the participating households and 30% goes to the Community Revolving fund for replanting.

Avoided deforestation

MERECP also uses another benefit sharing system that encourages forest protection through cash payments for deforestation avoidance, essentially a REDD+ program. This is a performance based system, where by selected households living adjacent to the intact forest patches will be paid \$50 per ha per year through CBOs for protection of such forests. When the protection is 100%, a 100% payment will be offered. For CBOs engaged in additional voluntary plantations outside the protected area, an additional bonus of \$20 per ha is given. A carbon zone (area closest to the core of the forest), will be created and replanted with indigenous trees by communities who will receive cash payment. This will encourage restoration of the natural ecosystem for improved connectivity and for sequestering carbon for a long period of time. This can be scaled up to other forests.

Source: LVBC (2009)

BOX 3: CASE STUDY OF A COLLABORATIVE ARRANGEMENT IN THE PARK

Bupoto Natural Resources Management Initiative (BUNAMI) is found in Namisindwa village, Namisindwa parish, Bupoto subcounty, Bubulo County, Manafwa district. Namisindwa parish has a total population of 1372; 674 males and 698 females. The major socio-economic activities of the group include growing of bananas and coffee on small holdings; horticulture, beans and maize; livestock and poultry on subsistence basis; and harvesting of bamboo shoots (malewa) both for subsistence and sale.

BUNA BUNAMI founded in 2006 and registered as a Community Based Organization (CBO) in 2008. The group has a total membership of 80 people, 32 females and 48 males. The current activities of the group include crop farming - coffee, bananas, beans, maize and horticulture; livestock management - cattle, goats, pigs and poultry; conservation activities like energy saving stoves, soil and water conservation as well as tree planting; and trading in agricultural produce. The CBO has a well established management committee, technical staff; governing board and capacity to manage the revolving fund. The payback interest rate was determined and agreed upon by the community members at 3% and people borrow for a period of about six months.

Mr. Masaba Fred Chairperson of BUNAMI, in an interview said that there are problems associated with gazettement of land as national parks; people became encroachers in these areas, but his community agreed that instead of being viewed as encroachers they would form a CBO so that they could also contribute to the management of the park and benefit from agencies such as UWA and the MERECP programme. The area has a one-kilometer cave that is a good tourist attraction site but faces a number of challenges such as soil erosion, and a high rate of deforestation due to firewood collection.

BUNAMI received 20 million Uganda Shillings (10,000 USD) from MERECP as a community revolving fund (CRF) which has been utilized for various activities such as growing agroforestry trees such *Maesopsis eminii* and *Grevillea robusta*. Community members have appreciated the programme and membership has been opened to allow those interested to join the BUNAMI. Over 60 members are in the group which has provided a challenge for the Community Revolving fund and particularly its recovery during the payback period.

The challenge of recovery of the fund has however been resolved after increased community education. During the initial phase people thought that the funds were like any other donations for them to use. As of December 2010 according to Mr. Masaba Fred, BUNAMI's Community Revolving Funds (CRFs) have grown to 25 million Uganda shillings being available in circulation. Most of this accumulation is due to interest accumulated through Community Revolving Fund.

The BUNAMI is also seeking partnerships to invest in developing the cave as a tourist site by setting up accommodation facilities and camping grounds for tourists.

Lessons learnt

- There is a need to increase the funds to cope with the increased membership to CBOs because people have realized that there are clear benefits to membership and undertaking the consequent conservation obligations
- Membership has been opened to the other communities, but the challenge is that there is limited support for all of them.
- A good relationship between community members and the Park management has evolved over time
- Neighboring communities like those from Bumbo, are learning from this CBO on how they managed to establish themselves so that they can also benefit from UWA and other agencies.

Source: D. Mwayafu 2011

strip of trees just inside the 211 kilometer-long boundary of the Mount Elgon National Park.

- In the areas selected, the forest has recovered with minimum disturbance and therefore UWA feels these communities should benefit from the job well done of foregoing other benefits that go with destruction of the forest to have it amidst them.

Communities in the selected areas are already organized and recognized entities for easy identification, follow up and monitoring. In some parishes there are registered CBOs engaged in beekeeping, tree planting and other income generation activities (See Box 3 below), In others, there are parish resource use groups and park boundary utilization and management groups.

IMPLICATIONS FOR REDD+

This sections looks at the challenges and lessons learnt from the use of CRFs for benefit sharing, the structure of CRFs for benefit sharing, and the community institutions and capacity needed to make CRFs work.

ACHIEVEMENTS

- The culture of saving and accessing loans is gradually gaining momentum among the communities and different CBOs, although the high interest rates charged by some CBOs discourages borrowing by members. On the other hand, where the interest rates are low, there is increased membership and subsequent demand for the loans.
- Increased conservation initiatives particularly related to soil



Newly established boundary planting of Eucalyptus trees in Bufumbo adjacent to Mt. Elgon National Park.

and water conservation have been noted. Also initiatives such as tree planting have increasingly been taken up, as evidenced by increased demand for both exotic and indigenous tree seedlings.

- Increased group cohesion and collective decision-making is evident. This is enhanced through community participation in CBO's CRF, loan processes and peer monitoring which greatly contributes to tension reduction among the group members. This has led to building collective responsibility and social cohesion among the group members.
- The MERECP has opened up opportunities for the CBOs in Kenya and Uganda to benefit from on-going and new interventions, particularly those from the governments. This is adding value to MERECP interventions, which is not sufficient to meet all the development demands of the beneficiaries.
- Communities know what they want and only need guidance to crystallise and prioritize their investment needs.
- MERECP strategy offers the guidelines for the participatory benefit sharing arrangements of the transboundary Mount Elgon National park which have helped to clearly define the roles and responsibilities of all parties.
- MERECP offers opportunities for widening dialogue and policy engagement for deepening transboundary natural resource management in ecosystems such as Mt. Elgon at various levels; and a window of opportunity for harmonization initiatives of policies and laws in transboundary ecosystems through engagement of stakeholders at local, national and regional levels.
- Participatory Benefit Sharing Agreements (PBSAs) with selected CBOs for plantations for livelihood improvement, reforestation for carbon sequestration, and deforestation avoidance entailed: i) identification and selection of CBOs for livelihood improvement, reforestation, carbon sequestration, and deforestation avoidance; ii) transfer of seed capital for establishing livelihood plantations. However, this is not enough to include all the actors especially the poor and vulnerable ones. Another mechanism is needed to have them actively involved.
- MERECP opens up windows of opportunities for resolving cross-border conflicts and investments in alternative livelihoods, subsequently shifting pressure away from the protected areas in the Mount Elgon ecosystem.

- MERECP is also ushering in new ways of engagement, (away from a confrontational approaches), that emphasise collaboration amongst stakeholders, dialogue and transparency ideals. In the long run, it could result in attainment of win-win situations, despite the growing population pressures in this area.
- Community members adjacent to the park are now actively involved in the ecosystem management. The local communities through the CBOs in Kenya and Uganda are actively involved in monitoring illegal activities in the protected areas. The active participation of local communities living adjacent to National Parks (NPs) and Forest Reserves (FRs) eases demand for enforcement and patrolling by authorities, who otherwise would be constrained to provide effective protection for the entire area.

CHALLENGES

Despite the achievements reported above, the following constraints / challenges still impact on the implementation of the revolving fund mechanism

- Limited guidance for the groups on selection of viable projects for investment using the CRF.
- Many development demands / needs which MERECP alone cannot meet
- Low level of understanding of the revolving fund among the group members resulting in abuse and failure to pay back in time.
- There is fear of taking loans in some of the Groups, partly because of previous experience with micro-finance outlets in both countries, where some members of the communities seem to have had their assets attacked because of failure to service the loans.
- High interests rates act as a disincentive for group members to borrow. While a few CBOs charge about 3-8%, the rest charge 10%-20%.
- Technical support is low from District Development Officers (DDOs) and MERECP Focal Point Officers in Kenya and Uganda, respectively.
- Weak linkages between the DDOs and MERECP Focal Point Officers with other relevant government technical departments in Kenya and Uganda, in providing technical support to CBOs.

- The level of activity supervision and monitoring by MERECP Focal Point Officers particularly at the District is low.
- Slow recovery of loans particularly explained by investment on interventions which are dependent on seasons.
- Limited oversight and monitoring by the Districts of implementation of the Collaborative Resource-User Agreements (CRAs) that have been developed by UWA and the local communities adjacent the park. These provide a formal way in for regulating access and utilization of the resources.
- The MERECP will enable the Kenya Forest Service and National Forest Authority (Uganda) to monitor carbon sequestration in Mt. Elgon Ecosystem, building capacity for REDD+ implementation.
- In the long-term, further research should be able to link the amount of carbon sequestered to the livelihoods in this area.
- The MERECP also provides an example of effective trans-boundary institutional and participatory arrangements which will be necessary for REDD+ implementation in East Africa.

LESSONS FOR REDD+

- The MERECP demonstrates the advantages of using a CRF for distribution of benefits from REDD+, and also provides increased understanding of when a CRF will not work as well as a benefit sharing mechanism e.g. when interest rates are set too high, when community members are reluctant to take out loans as a result of past experience.
- Both Kenya and Uganda are in the process of developing REDD+ strategies and MERECP offers early lessons on how benefit sharing arrangements might look in East Africa, including key features for this to be effective e.g. adequate community education about the operation of the scheme, ensuring the scheme is able to meet demand for participation and the need for a scheme to actively involve poor and vulnerable actors in CBO design of the mechanism, to ensure that they are adequately included.

- 1 Examples of beneficiary CBOs include: Kapchebut Farmers Association, Bushiuyo Dairy Farming Project, Tangwen Kwigate Bee Keeping Association, Kyesya Farmers Group, Elgon Farmers Association, Bupoto Natural Resource Management Initiative; Mayenze Youth & Women United Farmers Association

For more information about MERECP, please contact:
The Executive Secretary - Lake Victoria Basin
Commission: website: <http://www.lvbcom.org/>

REFERENCES AND RESOURCES FOR FURTHER READING

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ABOUT REDD-NET

REDD-net is an international knowledge forum for southern civil society organizations through which they can access information about efforts to Reduce Emissions from Deforestation and forest Degradation, share their own experiences and help to build pro-poor REDD projects and policies. REDD-net is a partnership between Centro Agronómico Tropical de Investigación y Enseñanza (CATIE), the Overseas Development Institute, RECOFTC – The Center for People and Forests and Uganda Coalition for Sustainable Development. REDD-net is funded by Norad.



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