A research programme co-funded by DFID, ESRC & NERC and accredited by LWEC

Equity issues in REDD+

Working paper produced for the project: 'Safeguarding local equity as global values of ecosystem services rise'

***Leo Peskett*[a]*, Ben Vickers*[b] *and Kristy Graham*[a]**

August 2011

[a]*Overseas Development Institute (ODI) (l.peskett@odi.org.uk and k.graham@odi.org.uk);*

[b]*Independent consultant (Ben.Vickers@Silvestrum.com)*

Contents

Introduction

Policies to control greenhouse gas emissions from tropical deforestation and degradation have become a major focus of international climate change negotiations over the last five years. This has been driven by a number of different interests, including (Peskett and Yander, 2010): the large volume of emissions associated with tropical land use change; low estimates of the costs of tackling deforestation drivers, making it a potentially cost effective solution; and the possibility of creating new international financial incentive mechanisms (potentially linked to carbon markets) that could provide new sources of finance to the global south. Furthermore, forestry professionals around the world have recognised the opportunity to secure unprecedented levels of finance for reforms of forest governance and management in developing countries. No formal mechanism for 'reducing emissions from deforestation and degradation' (REDD+) yet exists at the international level, but agreement was reached in recent UNFCCC talks in Cancun (COP16) on the principles of operation. International interest has also spawned a large number of demonstration activities and voluntary efforts in about fifty countries[1].

While the debate about REDD+ has historically been highly technical (around issues such as how to measure and monitor greenhouse gas emissions from forests), the equity implications at country level have become one of the most controversial areas, as the way in which technical rules are established could have a large impact on which countries win and which lose in terms of potential new financial flows. Indeed, concerns over the perceived inequity that would result from a focus on avoided deforestation alone has been one of the main factors behind the expanding scope of the mechanism, from RED, at COP11 in 2005, to REDD+ at Cancun in 2010, which covers reduced forest degradation as well as the 'plus' elements of conservation, sustainable management of forests and enhancement of forest carbon stocks.

Concerns about who the winners and losers may be at local level have also become more prominent in the debate, particularly as countries and international organisations have moved into a phase of trying to design demonstration projects. These concerns have fuelled a growing demand, particularly among civil society organisations, for robust standards, or 'safeguards', for equity in decision-making and benefit distribution processes specifically in the context of REDD+.

This paper forms one of a series of initial papers for the ESPA project conference 'Safeguarding local equity as global values of ecosystem services rise'. It is intended to give a broad outline of key equity-related issues of concern in the REDD+ debate in order to help prioritise areas for assessment in the ESPA project field case studies. In the first section we give an overview of what REDD+ is and the general equity concerns it raises as a mechanism for protecting forests and climate change mitigation. We then move on to look at how some of the key processes in the REDD+ debate are approaching the issue of equity in practice, using the framework provided in McDermott et al. (2011) as a guide to analysis. The final part of the paper draws some broader insights into whether the REDD+ debate raises equity issues that are distinct from other natural resource sectors.

1 What is REDD+ and what equity issues does it raise?

It is difficult to define exactly what REDD+ is because different actors tend to have different interpretations linked to their interests. This has led to the 'formal' definition of REDD+ at the highest level (the UNFCCC) being very broad in order to provide some flexibility in implementation and to reach consensus (Peskett and Yander, 2009). For the purposes of this paper we follow this broad approach and define REDD+ as 'any international financial transfer mechanism developed with the aim of reducing net greenhouse gas emissions from the forestry sector'. This definition reflects the origin of REDD+ as the full range of possible climate change mitigation actions in the forest sector outlined in the Bali Action Plan and subsequently listed as five categories of REDD+ actions in the Cancun Agreements (UNFCCC Decision 1/CP.16). These are reducing emissions from deforestation, reducing emissions from forest degradation,

[1] http://www.un-redd.org/NewsCentre/Collaboration_Press_Release/tabid/6383/Default.aspx

conservation of forest carbon stocks, sustainable management of forests and enhancement of forest carbon stocks (FCCC/CP/2010/7/Add.1).

The definition has led to a range of viewpoints on key design aspects of REDD+ in international and national REDD+ debates, which are useful for understanding the equity concerns that it raises (Parker, 2009; Peskett et al., 2008). The main architectural features of REDD+ that have stimulated debate at the international level are summarised in Table 1 and include:

1. *Reference emissions levels:* these are created as a reference against which emissions reductions can be measured. They can be based on historic and/or projected emissions rates.
2. *The scope of REDD+:* Although the expansion from deforestation-only 'RED' to REDD+, with five categories of mitigation actions, was confirmed at Cancun, the scope of the mechanism remains a contentious issue. It remains to be seen whether methodologies can be developed which can transparently account for reduced emissions from degradation or for increased carbon storage through conservation, sustainable management of forests and enhancement of forest carbon stocks as (FCCC/CP/2010/7/Add.1). Further debates related to the scope of REDD+ include the definition of forests, inclusion of soil carbon and how REDD+ links to afforestation and reforestation activities already included in the Kyoto Protocol flexible mechanisms.
3. *Financing:* there is an ongoing debate about whether REDD+ should only be funded by international public finance or whether emissions reductions credits from REDD+ should be tradable in international emissions trading schemes. There is also ongoing debate as to how finance should be distributed at the national level.
4. *The scale of REDD+:* This relates to the question of whether monitoring, reporting and verification systems (MRV) and financial mechanisms for REDD+, should be implemented at national scale (i.e. covering the whole forest estate and with significant national government involvement in financial management) or may be focussed at sub-national scales and on local projects. Like the issue of scope, the debate on the scale of REDD+ has been partly resolved at Cancun. The Cancun Agreements essentially oblige countries participating in a mechanism under the UNFCCC to develop national MRV and accounting systems, but permit sub-national implementation as an interim measure. It is yet to be clarified how and in what circumstances such sub-national or project-based approaches may be developed.
5. *Policies and measures used to achieve REDD+:* these are the actual policy approaches which governments promote as part of a REDD+ mechanism in order to reduce emissions rates.

These debates have been driven in a large part by concerns about *distributional* equity. This is because the way in which rules are established has implications for which actors benefit, whether these are countries, regions within countries or people at local levels.

Debates about reference level establishment are still ongoing. Underlying this is the concern that reference levels based on historical emission rates will reward the culprits and not reward those who have performed well in maintaining low deforestation rates (Seymour and Forwand, 2010). There would be a tendency for financial benefits from REDD+ to flow to certain categories of countries (Meridian, 2009), and lead to distribution based on previous [poor] performance, rather than merit. The same would be true for reference level establishment within countries.

Similarly, the scope of REDD+ has major distributional implications between and within countries, with clear differences in the distribution of financial benefits depending, for example, on whether forest degradation is included in addition to deforestation. The countries that would stand to benefit and the stakeholders within countries would tend to vary significantly.

Equity issues in the REDD+ finance debate have primarily arisen in relation to funding through carbon markets. Five main concerns exist:

1. The implications of 'offsetting' approaches (whereby the purchase of emissions credits from REDD+ by the north can be used to meet their emissions targets under a future Protocol), which are seen to conflict with the notion of 'historical responsibility' enshrined in the UNFCCC and

reinforced in the recent Cancun text: "including through the achievement of a global goal, on the basis of equity and in accordance with common but differentiated responsibilities and respective capabilities" (FCCC/CP/2010/7/Add.1).

2. Reinforcing the distribution of financial benefits based on opportunity costs rather than merit/need. Most of the proposals to link REDD+ to carbon markets make arguments for where and how REDD+ should be implemented based on opportunity cost estimates (Skutsch et al., 2011). In one sense this may have a positive impact on equity. The lowest opportunity costs are often assumed to be those which are managed by local people for subsistence purposes or swidden agriculture. Benefits of REDD+ may therefore, in theory, be readily directed towards the most needy communities. Conversely, opportunity cost calculations such as those advocated by McKinsey group employ questionable assumptions and do not take into account the true cost of foregone subsistence uses or socio-cultural values (Ekins et al., 2011).
3. The requirements of market-based approaches and how this may affect equity in the participation of countries and local communities in REDD+ schemes. Market-based approaches are generally associated with a greater emphasis on performance based payments, leading to potentially greater infrastructure needs (e.g. monitoring and reporting systems) and higher upfront and operational costs. This could make it difficult for resource poor countries and individuals to participate, as has been the case in many local Payments for Environmental Services (PES) schemes (Lee et al., 2008).
4. The impacts on access to forest resources. There is a concern that new forest values associated with REDD+ lead to increasing value of land and incentivise governments, the private sector and NGOs to take control of land. This is a logical consequence of the definition of 'carbon rights' as a new form of property right, under which the carbon stock in a forest (actual or potential) becomes an asset, distinct from the forest resource itself. The requirement for permanence over long periods of time, once REDD+ schemes have been implemented also has implications for how land can be used and may disincentivise more collaborative approaches (Peskett, 2011).
5. How fluctuations in global carbon prices may change the level of local benefits (and whether this is taken into account during negotiations with communities). See Box 1.

Box 1: The "equitable sharing of benefits" in the Oddar Meanchey project, Cambodia (excerpt from Bradley, 2009)

The equitable sharing of project benefits was a major consideration in project design and development, and was endorsed in principle by all stakeholders. Agreements between parties and interpretation of existing regulations led to a decision that a minimum of 50% of net income after project costs will flow directly to local communities.

The precise level of income this formulation will generate for the local communities will remain unclear until the credits are actually being exchanged for a given amount of money. The prevailing price of carbon will thus play an oversized role in the level of financial benefits generated by the project. When the project was in design phase, carbon sale prices ranged between $5 and $7 per metric ton. If carbon trades at $7 per metric ton by the year 11 peak, the minimum financial benefit for the local communities will be $515,500. If, however, carbon is commanding $5 per metric ton, the benefits will be almost halved, with the minimum financial benefit falling to $282,500.

The difference illustrates how fluctuations in the price of carbon, as well as the metric tons generated by the project, will have a dramatic influence on the income generated. The figures also underscore that the project will only reach its peak earning potential by the 11th year, with many of the preceding years providing little or no net income for community development beyond support which is already part of the project strategy.

In contrast, public funding has generally been regarded as having greater potential to enhance equity in the implementation of REDD+ (Brown and Peskett, 2008). Donors generally have a pro-poor mandate, meaning that enhancing local level distributional equity, at least in theory, should be one of the guiding principles of any investment in REDD+. These debates about how REDD+ should be financed also illustrate a more general tension between those countries and actors with concerns about whether REDD+ should be a climate change mitigation instrument and those that think it should be a tool for development. Similar concerns surrounded the development of the Clean Development Mechanism (CDM) and PES more generally (Olsen, 2005). More broadly, there are differences between potential REDD+ countries and countries that are likely to suffer major climate change impacts and believe that public funding should be directed at adaptation (Ryan, 2010).

Debates about the scale at which REDD+ should be implemented have also been partly driven by distributional equity concerns. National approaches are mainly supported on environmental grounds (in that they minimise risks of emissions leakage). Support has also been linked to equity, for example, by making the link that national governments are in a better position to ensure an equitable distribution (or re-distribution) of REDD+ financing. Proponents of project approaches, in contrast, have argued that they may help to enhance country participation (i.e. it is easier to develop projects). For example, Colombia's concerns about exclusively national systems are linked to their lack of control over large areas of the forest estate, which could make national implementation difficult (RECOFTC, 2010a). Some other countries have more general concerns about the scale of resources needed to implement national approaches, which may preclude poorer countries from participating. The 'three phase' approach to REDD+ has emerged partly in response to this as it allows countries to progress towards a full national REDD+ system through a series of steps linked to their existing means (Meridian, 2009).The three phase approach refers to steps that countries are urged to take in preparing for and implementing REDD+. The first phase is focussed on capacity building and development of national strategies and action plans, the second phase covers implementation of national policies and measures and demonstration activities and the third phase is the full implementation of results-based payments (FCCC/CP/2010/7/Add.1).

Even with agreement over these international rules, there is still significant flexibility in how countries choose to achieve emissions reductions objectives – i.e. the 'policies and measures' chosen. These include (Angelsen, 2009):

1. Reducing agricultural rent (e.g. creating off-farm opportunities; reducing support for agriculture, particularly in forest frontier areas etc.)
2. Increasing forest rent (e.g. PES schemes; collaborative forest management)
3. Protected areas (e.g. greater enforcement)
4. Cross-cutting policies (e.g. tenure reform; promoting 'good' governance etc.)

The impacts on (local) equity of these different approaches is variable, and would need to be looked at on a case by case basis. The main local level equity concerns have tended to surround REDD+ incentivising 'command and control' approaches to forest protection without sufficient attention to impacts on forest dependent people (Phelps et al., 2010), and the implementation of REDD+ through local level PES schemes, which have often been found to be inequitable (Pagiola, 2004; Bond et al., 2009).

	Description	Equity concerns
Reference emissions levels	How performance in emissions reductions is assessed. The debate surrounds whether historic or projected reference levels are used.	• Concerns about ability to participate in REDD+ from countries with low historical deforestation rates
Finance	REDD+ could be financed through carbon markets ('offsetting') or through public funds	• Concerns about international burden sharing linked to offsetting • Concerns about impacts of market mechanisms on 'carbon rights' and the privatisation of land • Concerns about distribution of funds at national level.
Scope	How forests are defined and how REDD+ overlaps with CDM and Land Use, Land-Use Change and Forestry (LULUCF)	• Concerns from countries with low (or no) deforestation but large potential to reforest (e.g. India; Costa Rica)
Scale	Whether REDD+ is implemented only at national scale (i.e. there is a country reference level and national level monitoring and reporting), or may also be implemented at a sub-national (project) level	• Concerns about whether national systems (dominated by governments) will have effective sharing of (financial) benefits to local levels • Concerns about project-based approaches creating equity imbalances within country, and inability to leverage significant legislative reform
Types of policies and measures	How REDD+ is actually achieved – could include many approaches, e.g. command and control in protected areas; PES; community forestry etc.	• Concerns about impacts on local communities of command and control approaches • Concerns about meeting the costs incurred by local people through practical actions or benefits foregone • Concerns about access by poorer groups to market based approaches (high costs for participation; need for clear land title etc.)

Table 1: summary of key distributional equity concerns arising in REDD+ at the international level

2 Equity in the main REDD+ processes

In practice, a few major processes have developed that are driving REDD+ development at international and national levels. An analysis of how the issue of equity is approached in these processes gives some insight into how some of the concerns are being dealt with in practice. The main processes broadly operate at international, national and local levels:

- **The international (UNFCCC) process**, which is the main forum where the rules for a possible internationally regulated REDD+ mechanism that fits into a post-2012 climate agreement, are being discussed. It is a multilateral process involving all states that have ratified the UNFCCC. It is also open to civil society organisations that have certain rights as observers, but these rarely extend to full participation in decision making processes.
- **The REDD+ Partnership:** The Partnership is a group of countries which have a self-professed interest in driving the REDD+ discussion forward (71 countries as of 1st Jan 2011)[2]. It was created in 2010 to allow these countries to complement the discussions under the UNFCCC umbrella by making concrete progress on securing finance and testing methodologies. Though committed to an inclusive consultation process from the outset, including civil society observers, the

[2] http://reddpluspartnership.org/en/

Partnership suffered from pronounced (and very public) internal disputes between its members regarding the extent of civil society participation, thereby creating a case study of procedural equity issues in REDD+ (Zwick, 2010).

- **Multilateral REDD+ development processes focussing on the national level.** These include the World Bank Forest Carbon Partnership Facility (FCPF) and the UN-REDD – a collaborative effort between UNDP, UNEP and FAO. Both of these organisations are driving processes to establish national REDD+ systems in 37 and 13 countries respectively (UN-REDD, 2010). They focus mainly on supporting the establishment of national institutions to implement REDD+, such as monitoring, reporting and verification (MRV), financial management etc. There is considerable overlap between these processes, which has led to some concerns from observers (UN-REDD, 2010), but they work to different operational guidelines, which is important from an equity perspective. Since their inception, the FCPF and UN-REDD programs have explicitly recognised the need to avoid overlap and have conducted joint committee and policy meetings since 2009. They also serve as the joint Secretariat to the REDD+ Partnership.
- **Other bilateral REDD+ processes focussed at national and provincial levels**. This includes some major initiatives such as the Norwegian 'Letter of Intent' with Indonesia, Brazil's self-driven Amazon Fund and the California driven 'governor's climate initiative' among others.
- **REDD+ standards and safeguards:** Standards exist, or are being developed that, to a varying degree, try to ensure the equitable distribution of costs, risks and benefits among stakeholders in REDD+ projects and national programmes. The Climate Community and Biodiversity Alliance (a consortium of private sector and conservation organisations) has developed the 'climate, community and biodiversity standard' (CCBS) specifically for land use sector carbon projects and is now supporting, alongside CARE International, the development of Social and Environmental Standards (SES) for national REDD+ systems, for use by national or subnational governments implementing REDD+. Existing standards for the forest sector, such as the Forest Stewardship Council (FSC), as well as new standards for the voluntary carbon market, including the Voluntary Carbon Standards (VCS), CarbonFix, Plan Vivo, SocialCarbon and the Global Conservation Standard (GCS), can also be applied in REDD+. A recent analysis of these various standard systems indicated that none on its own is ideal for assurance of equitable outcomes of REDD+ projects (Merger et al., 2011). However, further guidance on implementation of the safeguards included in the Cancun Agreements is likely to be informed by existing voluntary standards.

3 International REDD+ processes

3.1 UNFCCC

Equity has been a major issue in the international REDD+ negotiations. There are equity issues raised by the substance of the negotiations (e.g. the content of the Cancun Agreements and negotiations leading up to this) as well as equity issues in the UNFCCC negotiation process itself (i.e. how parties and observers participate). The focus of the former has largely been on distributional equity between countries, which is dependent on the rules set under the UNFCCC, as well as equity of participation in REDD+ schemes at the local level. The latter has centred on how decision making occurs under the rules of operation of the UNFCCC and by consensus. This process has led to significant 'gaming' between countries in order to maximise benefits from REDD+ in a similar way to the wider process (Baer, 2009). The implicit equity objective is therefore to maximise equity between those countries that stand to gain from REDD+ and to minimise negative impacts on those which are likely to lose.

3.1.1 Distributional equity

At this level, the main subjects are countries concerned about global distribution. This is illustrated by text such as "the provision of support that takes into account existing capacities" in order to "promote broad country participation". Historic responsibility and future needs are implicitly taken into account in relation to the establishment of rules of operation for REDD+, for example, the aforementioned debates about reference level establishment or the implications of long term engagement in carbon markets for land use planning decisions.

Countries' concerns are primarily distributional, although there exist major differences between countries about the intended basis for distribution as illustrated in debates about references levels, scope, scale and financing of REDD+. The UNFCCC has requested further exploration of REDD+ financing for the implementation of "results-based actions", indicating support for the possibility of distribution based on merit (FCCC/CP/2010/7/Add.1).

3.1.2 Procedural equity

More implicit procedural equity concerns in the UNFCCC process itself relate to country representation in the UNFCCC REDD+ process, which is limited by lack of resources to attend numerous international meetings. Many smaller, poorer countries suffer a shortage of skilled negotiators, and may also face language difficulties. There are also more general concerns about developing country influence over how climate finance (including REDD+) is managed. For example, the management of climate finance by the World Bank is considered less democratic than funds managed under the UN, partly because of the disproportionate influence of richer, creditor countries in the World Bank's internal governance system.

The second strand of concern about equity in the discussion on REDD+ under the UNFCCC surrounds the impacts of REDD+ implementation at the local level on particularly vulnerable groups, defined in the REDD+ text as "indigenous peoples and local communities"[3]. Decision making about how this should be approached again occurs on the basis of consensus between parties, although with significant and vocal lobbying from civil society organisations. It is unlikely that mandatory international guidelines will be developed, detailing exactly how participation of these groups will be ensured in national/sub-national REDD+ schemes (Meridian, 2009).

The Cancun Agreements refer to the 'effective participation of indigenous peoples and local communities' in REDD+ schemes (FCCC/CP/2010/7/Add.1). The view among most civil society groups is that in order to achieve this objective, the UNFCCC text has to link to other international human rights instruments (e.g. UNDRIP) and norms such as free, prior and informed consent (FPIC). There has been some progress in this area, with the recent Cancun decision specifying that "respect for the knowledge and rights of indigenous peoples and members of local communities… noting that the United Nations General Assembly has adopted UNDRIP" (which includes reference to FPIC) should be "promoted and supported" (FCCC/CP/2010/7/Add.1). Many civil society organisations are still concerned that these safeguards are not strong enough because their position in an annex to the document does not imply that they are a mandatory part of implementing REDD+. However, others, including key negotiators, assert that they are as binding as the core text (RECOFTC, 2011).

The implicit equity goal is to 'do no harm' to indigenous peoples and local communities, as enshrined in the safeguards text that forms an Annex to the Cancun decision on REDD+ (FCCC/CP/2010/7/Add.1). There is no mention of distributional equity, which is a prominent theme in national REDD+ debates – i.e. ensuring some proportion of the benefits from REDD+ goes to these groups. Parties consider distributional issues to be internal to each country. Instead, the focus is primarily on procedural equity, implied through text linking REDD+ to other international human rights instruments.

3.2 Multilateral processes (FCPF and UN-REDD)

The FCPF and UN-REDD programmes have similar equity objectives. The main focus of both programmes at the operational level is on the REDD+ 'value chain' and distributional equity between governments and communities. The main 'subjects' at the community level for both organisations include indigenous peoples and local communities, with some specific references, for example to gender (i.e. in line with the UNFCCC).

Where the term 'equity' is used explicitly it is primarily in a distributional sense, in reference to ensuring the equitable sharing of benefits from REDD+ (UN-REDD, 2010b; FCPF Charter). However, the FCPF is

[3] Note that there are references to other groups such as "gender" and "other stakeholders".

explicitly pro-market in its approach, as illustrated by the structure of the FCPF fund (part of which is designed to pilot market mechanisms in the future). This raises a series of equity concerns, such as the burden sharing concern linked to offsetting mechanisms and the potential impacts of market mechanisms on rights to forest resources at the local level.

The process through which these approaches to equity have been established differs between the two programmes. As previously discussed, there is a concern about the dominance of donors in the governing boards of all of the World Bank's climate finance initiatives. In practice the FCPF has balanced representation between donors and REDD-plus governments: "The governance model of the Participants Assembly and Committee—the latter with equal representation of 14 REDD-plus countries and 14 donors, plus a range of official observers—necessitates challenging consensus building. But it has provided a firm foundation of equality, open exchange, and a commitment to work through thorny issues that has kept the FCPF continually evolving" (FCPF, 2010b). UN-REDD, however, has higher representation from REDD-plus countries and includes civil society and indigenous peoples representatives as full members of the Policy Board (UN-REDD, 2010d).

3.2.1 Distributional equity

Both organisations have specific mandates at the level of programme design, to support REDD+ in countries and areas where it can contribute to poverty reduction and be implemented in a way that ensures equitable benefit sharing. The FCPF included these considerations in the criteria for selecting countries (FCPF, 2010). The window for countries to join closed in 2009 but, although selection was theoretically based on the evaluation of a Readiness Project Idea Note (R-PIN), all 37 countries that applied were eventually approved, despite negative evaluations of several R-PINs. In practice, the political imperative of including as many countries as possible seems to have been more important than R-PIN quality. This resulted in contradictory outcomes in terms of distributional equity; a greater number of countries benefitted but those that demonstrated greater capacity and put more effort into R-PIN development received no recognition for this. Furthermore, the operational procedures laid down by the FCPF are concerned more with 'doing no harm' than with directly addressing poverty reduction.

UN-REDD did not initially open its programme to applications, selecting instead nine participant countries to represent a cross-section of geographies and forest status. There was therefore little chance that the programme could be equitable between countries, although the programme has since invited other countries to express interest.

3.2.2 Procedural equity

Both organisations also pay considerable attention to procedural equity, referring to the importance of participatory processes in ensuring the effective engagement of vulnerable groups (i.e. in line with the UNFCCC). The FCPF uses the term free, prior and informed 'consultation' rather than 'consent' that is the more widely recognised legal norm enshrined in agreements such as UNDRIP. This has led to the World Bank being criticised in terms of the adequacy of its participatory processes, which are seen by some more as a series of formalities in getting REDD+ up and running that do not actually enable proper participation in decision making (Dooley et al., 2011).

UN-REDD programme documentation places stronger emphasis on areas where it considers that it has strengths. Many of these are in relation to UNDP competencies, such as rights of indigenous peoples (citing links to the UN permanent forum), poverty reduction and benefit sharing systems for financial resources. It supports the application of FPIC in REDD+ programmes, has actively piloted FPIC processes in the context of its Viet Nam country programme, and is in the process of developing a verification and evaluation toolkit for future FPIC processes at the national level. It also notes that, in addition to safeguards, REDD+ needs to "enhance local benefits", implying that it goes beyond a 'do no harm' approach to equity. However, in practice, it is still unclear how this might be achieved.

4 National REDD+ programmes

A number of country REDD+ strategies (normally developed under the UN-REDD or FCPF programmes) make explicit reference to equity, although this is normally aspirational (e.g. the REDD+ scheme "has made maximising equitable local benefit-sharing an explicit priority" – Cambodia R-PP). In some countries (e.g. Cambodia) existing laws may apply to resource distribution in the forest sector, but in many REDD+ plans there is little description of how things might work in practice beyond relatively vague references to participation or commitments to further studies on benefit sharing systems (WRI, 2011; REDD-net, 2009). The UN-REDD Viet Nam country programme has produced one of the few comprehensive reviews of benefit sharing options (UN-REDD, 2010c), however this mostly focuses on proportional distribution and process efficiency rather than looking at the problem from an equity perspective.

The main debate about equity in REDD+ in most countries surrounds the REDD+ 'value chain', specifically in how financial benefits, and to a lesser extent, costs, will be distributed between national governments and local communities. National plans make reference to existing schemes (e.g. community forestry programmes) and laws/policies that govern distribution below the community level, but generally include few details on how REDD+ may be linked to such policies or may help to enhance their equity outcomes.

4.1 Distributional Equity

Distributional equity has been a controversial issue because of concerns that governments will dominate REDD+ design and implementation processes and reap most of the benefits, while imposing new restrictions on their citizens. The debates are encapsulated in concerns about 'carbon rights' (i.e. who has what sort of rights to exploit the financial benefits of forest carbon?) (Streck, 2009). From an equity perspective, there are three main issues:

- Which actors would be entitled to financial benefits associated with REDD+ under existing legal systems? In many countries, rights to exploit the financial benefits of carbon are likely to be directly linked to rights over forests and land (Takacs, 2010; Streck, 2009). This could reinforce existing inequities over such rights. There is also potential conflict because rights to carbon may vary depending on the definitions chosen – for example, the definition of a 'carbon credit' in Ghana could massively change who can exploit the resource in a future REDD+ system (Osafo, 2010).
- The impact of REDD+ on ongoing or future land titling processes. The concern here is that REDD+ will reverse recent progress in decentralising rights to own and manage forests (Phelps et al., 2010). Agrawal, along with other commentators, also speculates that progress on REDD+ will rely on the opposite happening, that it will reinforce and accelerate decentralisation policies, citing links between emissions reductions and community ownership (Chhatre and Agrawal, 2009; RECOFTC, 2010b).
- The 'nationalisation' of carbon rights regardless of existing rights to land and forests. This approach would mean that governments have the rights to financial benefits from REDD+, and implies the need for effective methods of benefit sharing in order to ensure that at least the costs associated with REDD+ implementation at local levels are compensated.

While most countries have yet to define rights to carbon, some have developed explicit rules on benefit sharing in REDD+ for different types of land. Benefit sharing systems may be designed to be based on outputs (payments based on emissions reductions achieved), opportunity costs (based on compensation for forgone revenue) or inputs (based on forest management tasks performed) (Skutsch et al., 2011). The approach, or combination of approaches, used has implications for equity. For example output based payments down to community level mean that communities would bear the risks of management actions not achieving expected reductions in emissions, which may discourage their ongoing participation. Systems structured in this way may also reward previous poor performance, likely to be seen as inequitable by communities who have a history of good forest management. Input based payments would allow communities to receive payments whether or not emissions reductions are achieved, therefore ensuring that communities didn't bear the non-performance risk, and are likely to be better understood by communities encouraging broader participation and greater ease of implementation.

Some countries have also defined (although not always carefully) rights for indigenous peoples and local communities to engage directly in REDD+ projects (e.g. Brazil; Costa Rica). Others have implicitly suggested that rights to carbon will lie with the state, but that benefit sharing systems will be developed to ensure that resources are devolved to the various actors involved in REDD+ implementation (e.g. Tanzania). It has been suggested by a number of authors, that the perverse incentives driven by REDD+ have already been observed in some countries (Agrawal, 2010).

Beyond the thorny issue of carbon rights, some countries have also started to develop criteria for targeting specific groups in national REDD+ schemes in order to enhance equity in REDD+. For example, Tanzania has suggested simple poverty indices as one of the criteria for choosing REDD+ project sites (United Republic of Tanzania, 2009) and Costa Rica has separate rules on land size eligibility for indigenous peoples groups (Navarro, 2010).

Partly as a result of southern leadership, the REDD+ Social and Environmental Standards (SES), supported by CCBA and CARE International, have an explicit aim to enhance local level equity in REDD+ by providing criteria for the selection of REDD+ areas and for identifying and targeting different stakeholders (Merger et al., 2011). Several countries are now involved in piloting REDD+ SES within the context of national REDD+ programs, in coordination with FCPF and UN-REDD.

4.2 Procedural Equity

Procedural equity in national level REDD+ relates almost exclusively to consultation processes. The definition of equity in these national processes has generally been guided by national governments, although often in relation to templates provided by funders (FCPF, UN-REDD or bilateral donors). There have been concerns raised by civil society groups that these processes have not involved adequate consultation with people at local levels who may be affected by REDD+ (Dooley et al., 2011). National REDD+ plans in the most part outline relatively detailed processes for how consultations will be carried out, including which stakeholders will be included. However, there were early concerns in many countries that these processes were not representative of all stakeholder groups, or are structured in ways that do not promote proper participation, such as being held in cities far from the centre of REDD+ activities (Peskett and Brockhaus, 2009).

5 Project level REDD+

REDD+ projects are being implemented in over 15 countries (Forest Carbon Portal, 2011) and typically operate in areas of the national forest estate. The size of REDD+ projects varies from small areas of community forests to whole states. REDD+ projects are being driven by a range of different actors, from national governments, to the private sector and NGOs, and may or may not be part of a national REDD+ system. They generally work to a combination of the standards and methodologies discussed previously. However, one of the important standards from the perspective of equity is the CCBS project standard. FSC certification is also an important source of experience in the development of social criteria for forest sector projects, but has not yet fully adapted its principles and criteria to the specific context of the carbon market. Despite rapid growth in the number of REDD+ projects in recent years, particularly in South-east Asia, there are very few examples of projects that are successfully and verifiably delivering carbon credits to investors and thus generating income which may potentially be distributed among local stakeholders.

Equity is an issue that is explicitly or implicitly considered in design documents for many REDD+ projects, although it would appear that stated objectives surrounding equity vary considerably from 'do no harm' to 'net benefits'. Comparison with existing carbon markets would suggest that this depends on who is driving project implementation and their objectives. For example, some projects driven by developers in the 'boutique' carbon markets, may aim to finance projects which buyers perceive to have greater benefits for the poor, such as small-scale projects in poor rural communities (Boyd and Goodman, 2011). The CCB project standard can also be applied to REDD+ projects, and this contains explicit provisions for enhancing equity within communities, particularly for certification at the 'Gold' level[4]. These provisions include implementing projects in areas where there is a high incidence of poverty and "demonstrat[ing] that at least 50% of households within the lowest category of well-being (e.g., poorest quartile) of the community are likely to benefit substantially from the project" (CCBA, 2008).

Equity impacts in REDD+ projects are generally considered at or below the community scale. This varies between projects depending on whether they work with households/individual landowners, or with community groups. Where projects work with groups, it is often unclear from project documentation, whether equity issues within groups or with the wider community outside groups are being considered in detail, even when standards specify that these issues should be considered (Peskett et al., 2010). The long term implications of projects (e.g. on restrictions on land use over the contracting period) has been raised as a concern in relation to REDD+ projects, but project design documents often lack detail in how intergenerational equity concerns will be dealt with. For example, the CCBA requires projects to describe provisions for sustaining project activities beyond the lifetime of the project, but these are rarely described in detail.

5.1 Distributional equity

The way benefits are distributed and the scale of net benefits in REDD+ projects raises some equity implications:

1. Distribution and volume of benefits is decided through a process of negotiation in most projects, rather than real estimates of project benefits and costs. Participants are in some cases selected by project developers or they may self-select, for example through their ability to pay fees to join projects.
2. Clear and secure land title is a pre-requisite for most carbon standards (in order to ensure permanent emissions reductions), which has a large influence over distribution.
3. A description of costs and risks is often a requirement in project design documents, but procedures for compensation are often vague, do not necessarily target all of those affected and communities usually do not have adequate information on the costs of participation to make an informed decision.

5.2 Procedural equity

Procedural equity is usually enhanced through consultation with communities affected by projects. In most existing standards a minimum of two consultations is required, and these may be followed up, for example, during the validation process. The CCBA requires more extensive stakeholder mapping and consultation, particularly for vulnerable groups. While this may increase the level of detail in ex-ante social impact assessment, it is not known whether there are changes in project impacts, although some studies have highlighted weaknesses in certain projects (Peskett et al., 2010). In order to enhance procedural equity, carbon projects often work with community groups to ensure that community interests are properly represented in decision making, although the effectiveness of this approach of course depends on how groups have been established, their rules of operation and power relations within the community.

Discussion

The why, who and what of equity in REDD+

Equity is clearly a major issue which continues to drive debates about how REDD+ should be designed and implemented at international, national and local levels. Surprisingly, the term 'equity' is rarely used

[4] The Social Carbon Standard has a similar objective

explicitly in the main processes that have emerged around REDD+[5]. Where it is used, it is rarely defined, except in more academic studies (e.g. CIFOR, 2008).

The equity goals in REDD+ vary significantly between actors and can broadly be divided between those promoting ‘net benefits’ and ‘rights based’ approaches, and those promoting a ‘do no harm’ approach. This appears to be linked to different actors’ notions of what REDD+ should be, which is in turn linked to differing ideologies (e.g. surrounding neo-liberal economics) and their existing policies (e.g. World Bank safeguards). This is similar to wider debates about the CDM and PES, which are divided by those that see these as mechanisms for sustainable development and/or poverty reduction, and those that argue that asking too much of these new markets will reduce their overall effectiveness by making them less viable investments (often referred to as the ‘efficiency-equity’ trade-off in the carbon market literature) (Olsen, 2005).

An interesting observation in current REDD+ programmes is that equity appears in some cases to be treated differently even within different parts of the same programme. For example, the World Bank explicitly aims to enhance equity in REDD+ through targeting specific countries and areas, but at the level of communities, equity is dealt with through a system of safeguards that follow a do no harm approach. These differences also appear in country programmes, although in this case, plans are often relatively early stage and aspirational documents. In some cases there is a sense that country level plans are ‘going through the motions’ in accordance with the requirements of funders, rather than detailing exactly how implementation should occur. The counter-argument is of course, that these issues will be dealt with more explicitly at a later stage.

Equity impacts are considered relevant at all scales in the debate and are summarised in Annex 1, although as would be expected the international process is more concerned (implicitly) about impacts between countries, while national debates are dominated by discussions about benefit sharing between governments and local level actors (i.e. the REDD+ value chain). National REDD+ plans and project documentation do not contain much detail on local level equity impacts of REDD+ below the level of communities, except where specific interest groups (e.g. indigenous peoples) may be affected[6].

Connections between equity impacts at these different scales are relatively poor. Clearly, the establishment of an international REDD+ system will have impacts on local level implementation and equity. These impacts are difficult to predict, which is probably part of the reason that they have not been investigated in more depth, but increased effort in this area will likely be required in order to determine whether implementation of REDD+ at local levels is likely to be viable from environmental, efficiency or equity perspectives.

Distributional equity appears to be the main concern in REDD+, perhaps because it relates more to actual outcomes of the policy process and the fact that REDD+ has long been associated with potentially large volumes of finance for developing countries and the forest sector (Stern, 2006; Stern, 2008; Eliasch, 2008). The limited academic work on equity in REDD+ has also tended to frame equity more in terms of distribution than procedure (CIFOR, 2008; CIFOR, 2009). The same core set of issues drives actors’ concerns about distributional equity at all scales. For example, the distributional implications of reference emissions levels or capacity to build systems to implement REDD+ are similar at global, national or local scales.

Despite the attention given to distributional equity in REDD+ the question about ‘the distribution of what?’ has not yet been adequately answered. There are now a number of studies on benefit sharing in REDD+, but many are confused about what is being shared (e.g. is it just carbon finance or other financial benefits linked with REDD+?) and who benefits are being shared between (Peskett, 2011). The fact that they are studies on benefit sharing, rather than studies on costs and risks, illustrates a further problem which has

[5] This is based on a brief review of key UNFCCC text; World Bank and UN-REDD policy documents; a sample of five country REDD+ plans and WRI reviews of all country plans (WRI, 2011); and project documentation from a small sample of REDD+ projects.

[6] Note that this is based on insights from a limited review of country plans

probably been driven by the high expectations that have been raised in REDD+ as a new financial mechanism (Streck, 2009).

There is considerable variation between actors and processes in terms of the basis on which distribution should occur. Underlying most REDD+ proposals is the theory that it should at least compensate the opportunity costs of activities driving deforestation, which implies distribution based on opportunity costs. In practice this is complicated by difficulties in evaluating the opportunity costs of different actors and targetting them effectively. There are also difficult ethical questions about the appropriate balance between compensation and rewards, which result from concerns that REDD+ finance will support the 'culprits' in deforestation and not sufficiently reward the 'custodians' of forest protection.

Procedural equity is the other explicit dimension that has received attention at all levels of the debate. It is particularly prominent in relation to the role of indigenous peoples and local communities. This is probably because, like other international processes, it is easier to agree in the REDD+ process on the recognition of certain procedural rights rather than more substantive rights (Meridian, 2009). The extent to which these debates about procedural equity are actually enabling affected communities to set the benchmarks for the development of REDD+ and are being effective in terms of increasing distributional equity, has been little studied. It is also unclear whether processes to enhance procedural equity in REDD+ are building and improving on previous forest governance processes. Some of those involved in the Forest Law Enforcement, Governance and Trade (FLEGT) process suggest that REDD+ planning processes have not taken on board many of the lessons learnt in the last ten years, and in some cases it is interfering with existing and delicate multistakeholder processes (Reisco and Opoku, 2009).

How are equity issues in REDD+ similar/distinct from those in other sectors?

At this early stage in the ESPA project, it is difficult to compare equity issues in REDD+ to those of other sectors in a systematic way. This section gives a few brief reflections on possible areas for discussion.

Because avoided carbon emissions are effectively an intangible commodity, trading mechanisms are effectively created by the 'rules of the game' being debated at the international level or being invented by trading systems primarily being designed in the north. This may give rise to stronger links between international processes and local level equity impacts, compared to more tangible commodities that have both local and international markets. It also raises questions about how avoided emissions are defined within countries implementing REDD+. For example, carbon credits could be treated like intellectual property or like more tangible commodities, which could have distributional implications within countries (Climate Focus, 2010).

Because markets for REDD+ do not exist, and will probably emerge in a relatively fragmented fashion (as carbon markets have done in general), the relationships between global values and local equity are likely to be relatively complex in market based approaches. There is unlikely to be a single global price for carbon, so changes in value may be hard to predict. Price fluctuations may also be dramatic because it is a market in a 'learning' phase, as has been the case with the EU ETS. The Cambodia project described in Box 1 illustrates how this could have major implications at local levels. It is also possible that REDD+ will not be linked to carbon market mechanisms at all, which will require a different basis for comparison in terms of how 'values' for REDD+ are created.

There are theoretical differences between the use of REDD+ as an offset mechanism and other emissions sources, which have implications for intergenerational equity. This is particularly the case if REDD+ is interpreted broadly to include sequestration relating to tree planting or regeneration. The requirement for 'permanent' sequestration means that schemes need to function over long time frames compared with renewable energy offset projects, for example, in order to make a measurable difference to greenhouse gas concentration in the atmosphere. This may not be unique to REDD+ or a good argument for not doing REDD+, but it is worth considering these differences when linking findings from other sector case studies to lessons for REDD+.

REDD+ raises issues around the concept of global financial additionality in addressing climate change. This is linked to wider questions about whether investments in mitigation in the forest sector are diverting a finite source of funds away from other pressing development issues, or other important areas of the climate change debate.

References

Angelsen, A., Brockhaus, M., Kanninen, M., Sills, E., Sunderlin, E.D., and Wertz-Kanounnikoff, S., ed. 2009. *Realising REDD+: National strategy and policy options.* pp. xxiv + 362. Indonesia: CIFOR, available at: http://www.cifor.cgiar.org/publications/pdf_files/Books/BAngelsen0902.pdf

Angelsen, A. (ed.) 2008 Moving ahead with REDD: Issues, options and implications. CIFOR, Bogor, Indonesia.

Bond, I., Grieg-Gran, M., Wertz-Kanounnikoff, S., Hazlewood, P., Wunder, S., and Angelsen, A. 2009. 'Incentives to sustain forest ecosystem services: A review and lessons for REDD'. UK.: International Institute of Environment and Development.

Boyd, E. and Goodman, M. K. 2010. Tripping the Carbon Fantastic: The Clean Development Mechanism as Ethical Development? Environment, Politics and Development Working Paper Series Department of Geography, King's College London

Brown, D, and Peskett, L. (2009) 'International Forest Policy: Integrated Climate and Forestry options', report prepared for the European Parliament. Available at: http://www.europarl.europa.eu/activities/committees/studies.do?language=EN

Bradley, A. 2009. 'Communities and carbon: Establishing a Community Forestry-REDD project in Cambodia.' Focali, Gothenberg, Sweden.

CCBA, 2008. CCB Standards Second Addition. Available at: http://www.climate-standards.org/

Chatre, A. and Agrawal. A. 2009. Trade-offs and synergies between carbon storage and livelihood benefits from forest commons. PNAS 106(42): 17667-17670.

Dooley, K., Griffiths, T., Martone, F. and Ozinga, S. (2011) 'Smoke and Mirrors: A critical assessment of the Forest Carbon Partnership Facility', FERN and Forest Peoples Program.

Lee, Mohanty, 2008. 'Payments for Environmental Services and poverty reduction: Risks and Opportunities', RECOFTC, Thailand.

Ekins, P., Kesicki, Smith, 2011. 'Marginal abatement cost curves; a call for caution'. UCL 2011

FCPF, 2010. FCPF Charter and Rules of Procedure. World Bank, Washington, D.C.

FCPF, 2010b. Partnership lessons from the FCPF.

Forest Carbon Portal, 2011. Forest Carbon Project Inventory. Available at http://www.forestcarbonportal.com/projects

Merger, E., Dutschke, M., Verchot, L. 2011. 'Options for voluntary REDD+ certification to ensure net GHG benefits, poverty alleviation, sustainable management of forests and biodiversity conservation', Merger, Dutschke, Verchot, Forests 2011, Vol 2 pp 550-77

Meridian, 2009. Reducing Emissions from Deforestation and Forest Degradation (REDD): An Options Assessment Report." Prepared for the Government of Norway, by Arild Angelsen, Sandra Brown, Cyril Loisel, Leo Peskett, Charlotte Streck, and Daniel Zarin. Available at: http://www.REDD-OAR.org.

Parker, C. 2009. The Little REDD+ Book. Global Canopy Programme, Oxford, UK.

Pagiola, S., Arcenas, A. and Platais, G. 2004. 'Can Payments for Environmental Services Help Reduce Poverty? An Exploration of the Issues and the Evidence to Date from Latin America', The World Bank, Washington, DC, USAWorld Development, Volume 33, Issue 2, February 2005, Pages 237-253.

Peskett, L. 2011. Carbon rights in REDD+. REDD-net and World Bank (forthcoming)

Peskett, L. 2011. Benefit sharing in REDD+. REDD-net and World Bank (forthcoming)

Peskett, L., and Yanda, P., 2009. The REDD+ outlook: how different interests shape the future, background note. London: Overseas Development Institute.

Peskett, L., Brockhaus, M., 2009. When REDD+ goes national: a review of realities, opportunities and challenges, in: Angelsen, A., (Ed), Realising REDD+. CIFOR, Bogor, Indonesia.

Peskett, L., Brown, J., Schreckenberg, K., 2010. Carbon offsets for forestry and bioenergy: researching opportunities for poor rural communities. London: ODI - Report to Ford Foundation.

Phelps, J., Webb, E.L., Agrawal, A. 2010. Does REDD+ Threaten to Recentralize Forest Governance? *Science* 16 April 2010: Vol. 328. no. 5976, pp. 312 – 313.

Olsen, K.H. & Fenhann, J., 2008. Sustainable development benefits of clean development mechanism projects: A new methodology for sustainability assessment based on text analysis of the project design documents submitted for validation. *Energy Policy*, 36, 2819-2830.

Osafo, Y. 2010. Carbon rights in Ghana and their implications for poor people. REDD-net briefing paper.

Riesco and Opoku, 2009. Is REDD undermining FLEGT? FERN, London. http://www.fern.org/sites/fern.org/files/FLEGT%20and%20REDD.pdf

RECOFTC, 2011. 'Forests and climate change after Cancun; An Asia-Pacific perspective'; RECOFTC, 2011

RECOFTC, 2010a. 'REDD+ 2010; Moving forward for people and forests'. RECOFTC, Thailand.

RECOFTC 2010b, 'First Regional Forum for People and Forests; Carbon Financing and Community Forestry', RECOFTC/FAO/FSSP

Ryan, 2010. 'COP15 and Pacific Island States: A collective voice on climate change'; Ryan, Pacific Journalism Review, 16 (1) 2010

Seymour, F. and Forward, E. 2010. Governing sustainable forest management in the new climate regime. Wiley Interdisciplinary Reviews: Climate Change. Vol 1 (6), 803-810.

Skutsch, M., Vickers, B., Georgiadou, McCall, M., 2011. Alternative models for carbon payments to communities under REDD+', Skutsch, Vickers, Georgiadou, McCall, ESP Vol 14, pp 140-51.

United Republic of Tanzania. 2009. National Framework for Reduced Emissions from Deforestation and Forest Degradation (REDD).

UN-REDD, 2010a http://www.un-redd.org/NewsCentre/Collaboration_Press_Release/tabid/6383/Default.aspx

UN-REDD, 2010b.UN-REDD Programme Strategy 2011-2015. United Nations, New York.UN-REDD, 2010c. 'Design of a REDD-compliant benefit distribution system for Viet Nam'; UN-REDD, GIZ 2010.

UN-REDD, 2010d. UN-REDD Rules of procedure and operation guidance. United Nations, New York.

Zwick, 2010. Steve Zwick on Ecosystem Marketplace: http://www.ecosystemmarketplace.com/pages/dynamic/article.page.php?page_id=7757&section=home

Annex 1: Summary of the 'how, why and what' of equity in REDD+

	How	Goal	Scale	Content	
				Distribution	Procedural
International (UNFCCC)	• Decisions between states (with observer) • Consensus	• Maximise equity between countries • Do no harm at the local level	• Global/ National • Community level	• Based on opportunity costs and country needs	• Mainly Indigenous Peoples/Local Communities are recognised • Civil society participating through lobbying
FCPF	• Established by World Bank/donors • Donor decisions in policy board • Some observers and recipient country representation	• Safeguard (do no harm) approach • But underlying objective of poverty reduction/ improve equity	• National, local and community scale • Value chain	• Based on opportunity costs and country needs • Some reference to distribution based on poverty indicators	• Country civil society groups, governments, private sector • FPI 'consultation'
UN-REDD	• Established by UN countries • Policy board	• Improve equity • Safeguard (do no harm) approach	• National, local and community scale • Value chain	• Based on opportunity costs and country needs • Some reference to distribution based on poverty indicators	• Country civil society groups, governments, private sector • FPIC
National processes	• Established by national governments	• Explicit in most cases is to improve equity • Implicit in many cases is do no harm	• Equity explicitly considered relevant at all levels below national • Implicitly less attention to sub-community level in many cases • Value chain (national vs. local) is prominent debate	• Depends on how scheme is established – some focus more on net social welfare and others on emissions reductions • Stronger focus on benefit distribution rather than risk distribution	• Consultation processes
Projects	• Varies with project, although usually driven by project developer	• Varies with project • CCBA project standard (gold level) aims to	• Communities, households and individuals • Varies with project	• Opportunity costs is primary concern (in theory) • In practice not all subjects and their costs	• Whether marginalised groups are recognised depends on project • Process for recognition usually includes at least

	• SIA may help decide who, why and how • CCBA or other standards	maximise local equity		seem to be covered	two consultations and sometimes a democratic governance structure • Projects under CCBA standard need to recognise marginalised groups (in theory)