**International Institute for Environment and Development (United Kingdom)**

**Norwegian University of Life Sciences (Aas, Norway)**

**Poverty and sustainable development impacts of REDD architecture: options for equity, growth and the environment**

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**Women in Uganda queue to vote for their preferred form of REDD+ compensation ( Credit Justine Namaalwa)**

**PROJECT SUMMARY: WHAT WOULD IT TAKE TO MAKE REDD+ PRO-POOR?**

Working in Brazil, Ghana, Tanzania, Uganda and Vietnam, this project examines how REDD+ can be designed to deliver poverty reduction benefits. It is investigating whether and how pro-poor approaches to REDD+ that focus on smallholder farmers and forest-dependent communities could be cost-effective. It is also working with REDD+ pilot projects to improve understanding of their poverty impacts, track their implementation process, estimate their transaction costs and explore in what form the communities affected would like to be compensated for avoiding deforestation.

**PROJECT INFORMATION:**

**Support period:** July 2010–December 2013. **Budget**: NOK 12.3 million. **Expenditures to date:** NOK 10.1 million (to June 2013).

**The goal of the project:** To understand how different options for designing REDD+ schemes could promote sustainable development and alleviate poverty as well as reduce greenhouse gas emissions.

**Target group:** REDD+ policymakers at national and subnational level, but also international as well as implementers of REDD+ pilot projects and local communities in project areas.

**Local partners and their responsibilities:** Fundação Amazonas Sustentável (Brazil), Hamilton Resources (Ghana), SNV (Vietnam), Sokoine University of Agriculture (Tanzania) and Makerere University (Uganda) coordinated and conducted research in each country.

**Activity profile:** Research on pro-poor models of REDD+ and their cost-effectiveness, focusing on opportunity costs and costs of safeguard measures. Work with selected REDD+ pilot projects in each country to survey baseline socioeconomic conditions (livelihoods, income sources, assets, etc.), to track the process of implementation and estimate transaction costs, and conduct focus group discussions and choice experiments to explore the relative merits of different kinds of payment mechanism.

**PROJECT JUSTIFICATION: WHY PRO-POOR REDD+ MATTERS**

REDD+ could provide important social and development benefits to forest countries and forest-dependent communities. But REDD+ is a paradox. While the logic is clear, the logistics are not. While the environmental benefits will be hard to measure, the social goals will be even harder to meet. This matters because more than one billion people, often from very poor communities, depend on forests for their livelihoods. If REDD+ schemes do not include well-designed systems to share benefits with such communities, new problems could arise in the future. For REDD+ programmes and projects to succeed, they must understand – and address – people’s concerns about how REDD+ will affect their livelihoods.

This project aims to assess opportunities for REDD+ incentives to benefit poor, small-scale farming communities and promote changes in land-use that reduce deforestation. It has assessed different ways to design schemes to transfer REDD+ payments to communities and different forms of incentives, such as cash, farming subsidies or investments in institutions, infrastructure or social services. It has calculated the costs of such pro-poor REDD+ schemes, including the opportunity costs of different land-use options and the transaction costs of different incentives as well as the safeguards needed to ensure that genuine benefits reach poor communities and are shared fairly.

**RESULTS**

This project has demonstrated a practical, low cost methodology for enabling poor communities to participate in the design of REDD+ schemes and identify incentives that suit them. And it has generated important baseline data that will enable REDD+ projects to measure their poverty impacts after they have been in operation for some time. The project’s findings will help policymakers make choices at national and international levels to ensure that REDD+ programmes and projects are pro-poor.

The project is still underway and will produce its final reports in December 2013. What follows are partial results from the pre-REDD+ baseline surveys, the cost analysis of pro-poor REDD+ models and research on community preferences for different forms of compensation. These results – and outputs from other parts of the project – are being published in various reports, available on the IIED website, and have been shared at side events to the UN climate change negotiations in Durban (2011) and Doha (2012), as well as a conference on Options for National REDD+ Architectures at UMB in 2013.

**Socioeconomic conditions in REDD+ pilot areas:** Baseline surveys revealed that agriculture was the main source of income in all countries other than Brazil, where households made money from a diverse mix of fishing, wage labour, forest products and remittances. Forests provided between 21.7 and 31.1% of total incomes in the four pilot areas other than Vietnam, where the figure was just 4.3%. People there still depended heavily on forests to expand agriculture, and deforestation was fast. In each country people used forests for firewood, charcoal and poles, and in Vietnam, Ghana and Uganda they collected fuel-wood from what will become REDD+ pilot forests. The proportion of people who felt they had sufficient income ranged from 12.7% in Vietnam to 33.3% in Brazil. REDD+ will impose limits on how each of these communities can use local forest resources, including for agricultural expansion. This points to the need for REDD+ schemes to improve agricultural productivity and develop systems of energy use that depend less on forests, as well as providing more direct forms of compensation.

**What people wanted most from REDD+:** The surveys showed that, in Brazil, people felt that direct cash payments could not fully compensate them for not using forest resources. They wanted investments in alternative sources of income instead. In Vietnam, direct payments were most popular but people also wanted new job opportunities. In Uganda and Tanzania people were more opposed to direct cash payments. In Tanzania they suggested support for irrigation, alternative cropping to suit extreme climatic variation, and training. In Uganda they favoured support for alternative livelihoods and improved social services, such as hospitals and schools. In Ghana, people rated such social services as the most important form of compensation. Most people in Vietnam (over 75%) and Uganda (over 80%) said a measure of REDD+ success would be if the overall wellbeing of the village improved. In Tanzania, people were mostly positive about the idea of stopping deforestation but were cautious about endorsing the concept without a clear idea of how they would be compensated.

The project teams followed up with focus group discussions to explore in more detail the form people would most want REDD+ benefits to take. From these discussions, we developed a set of scenarios for each pilot project that described options for REDD+ schemes, with different types of restriction on people’s use of forests and different forms of compensation. Members of each focus group then voted for their favoured options in a choice experiment. In Uganda, the most popular option involved a mix of cash payments, tree seedlings, and a revolving fund for income generating activities. In Vietnam, there was a clear preference for payment in-kind, with the most popular option emphasising agricultural extension and training.

**What would pro-poor REDD+ cost?** Preliminary results show that costs of pro-poor REDD+ models vary greatly between locations. In most of Vietnam REDD+ will not be able to compete with high value crops. But in areas of low-return smallholder agriculture, it should be possible to both reduce deforestation for agricultural expansion and improve local livelihoods, by providing compensation at prevailing carbon prices in the voluntary market. In Ghana, the research showed how the ‘plus’ activities of REDD+, in this case, tree planting on farms, could be attractive for cocoa farmers. However, without support to cover the upfront costs of planting trees — which are more than 90% of the average annual household income — few farmers could participate. Tree planting would be more likely to succeed if combined in the early years with alternative livelihoods, such as beekeeping, to help finance the transition.

In Tanzania, the team has analysed a pro-poor REDD+ model in the arid and semi-arid cropping system, to examine whether promoting conservation agriculture practices such as terracing and minimum tillage could reduce deforestation. Preliminary results show that the potential returns from such practices were so high compared to conventional agriculture that they could constitute an attractive alternative to expanding further into natural forest. Communities there also ruled out payments in accordance with individuals’ opportunity costs — as they felt the individuals who earned most from forests were those who prospered at the expense of the other villagers. Instead they wanted an equal amount of payment for each person.

These opportunity costs and land use related costs are only part of the picture. These analyses assume that benefits from REDD+ will be channelled to those who bear the costs. Supporting structures and safeguards are needed to make sure this happens, and they can be costly. Project partners in Vietnam have worked on estimates of a benefit distribution system, designed to ensure that the livelihoods of the poor are not compromised. These early results suggest that the upfront costs will be high but that, once running, operational costs would be much lower. Over time, costs could come down as experience is gained and economies of scale achieved.

**LEARNING EXPERIENCES**

Something that became clear through this study was that communities in all of the pilot project areas had low levels of education and they perceived this to be a key constraint for improving their main livelihood – agriculture. REDD+ schemes that encourage people to avoid deforestation will need to help fill this educational gap to ensure both that alternative livelihoods are viable and sustainable, and that communities can fully understand and benefit from a potentially very complex system of compensation.

We can’t assume that providing compensation to poor communities will be sufficient for REDD+ to be pro-poor. The form and timing of that compensation, as well as who manages it, will have a big effect on whether REDD+ projects can alleviate poverty at the same time as limiting deforestation. Projects will also need to examine the drivers of deforestation and degradation and design incentives that counter them. In all countries, other than Brazil, the people’s need for energy (fuel wood and charcoal) was a major driver of forest loss. This suggests improved energy access can be an important component of compensation. In most settings, people cut trees to expand agriculture, so better agricultural policies, technologies and extension services will be key to benefit sharing schemes. But in Uganda, the farmers said there was little point in receiving fertilizer to boost farm outputs if there was not an improvement in the way they could access markets. REDD+ interventions need to be multi-faceted, going beyond land use to the whole value chain.

While this project aimed to aid REDD+ implementers in making choices about how to design schemes that can benefit the poorest communities, there is a challenge to ensure that decision-makers will heed its findings. To help encourage this and to help ensure that the views of community members who took part will not be ignored, IIED will work with the local partners to invite journalists to the final workshops in each country, and will provide printed briefings to our 465 media contacts in those countries. These documents will explain REDD+ and the project’s findings and will also provide guidance to journalists on what questions they can ask when reporting on the pro-poor aspects of REDD+.

The project has highlighted the need for REDD+ to be designed with the participation of local communities, and it confirms that local priorities will vary from community to community. If REDD+ is to work for poor forest-dependent communities, their voices need to be heard in policymaking. Local evidence of what works, and what doesn’t, for these communities, needs to influence decisions on REDD+ architecture at national and international level.