

# Towards Potential Pro-Poor REDD Benefit-Sharing Mechanisms

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# What is pro-poor REDD?



- Pro-poor REDD design likely to be
  - Culturally specific
  - Context specific
  - To suit local needs
  - Depend how pro-poor and equitable objectives reconciled

# What is a REDD benefit-sharing mechanism

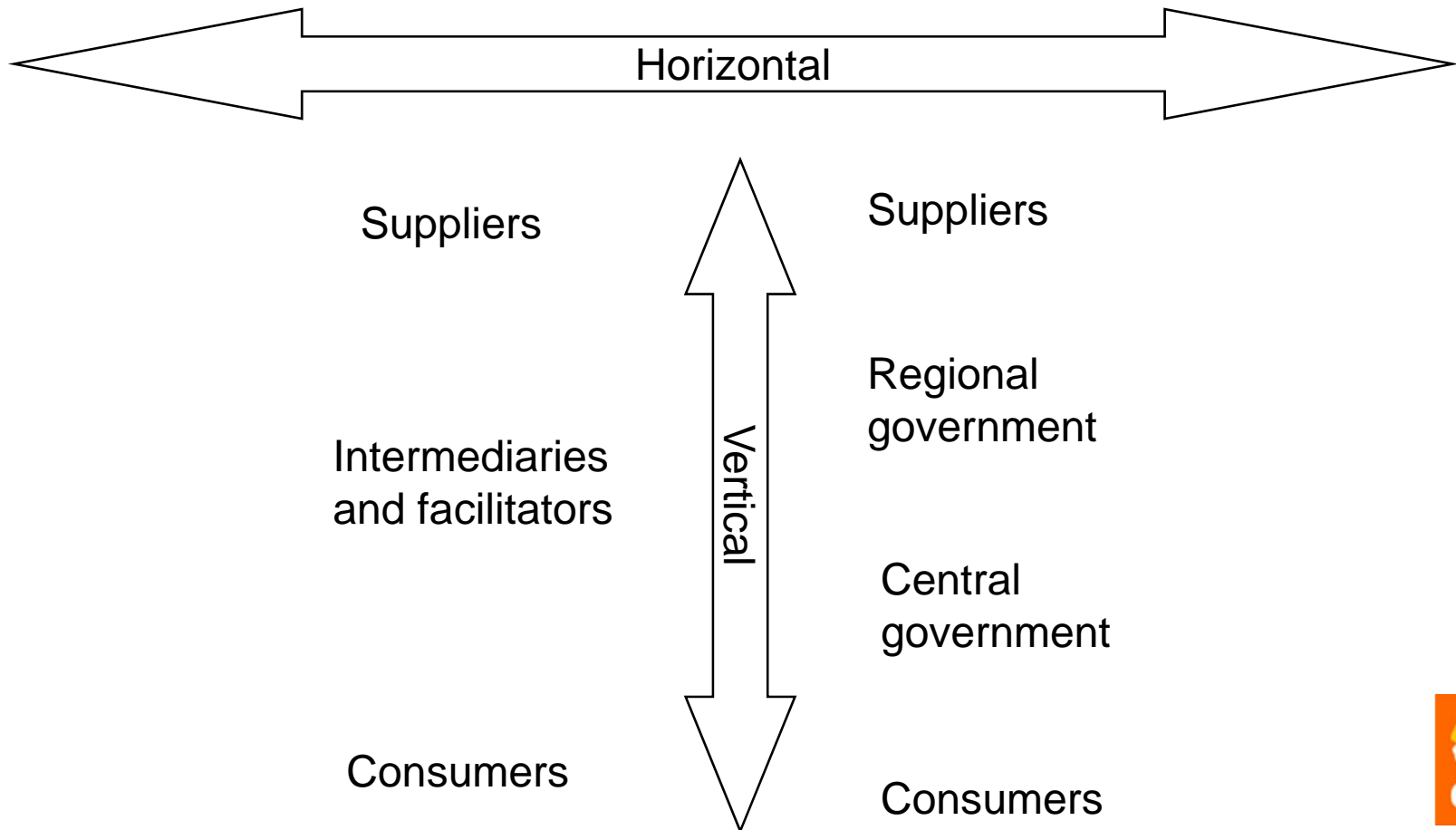
- Series of institutional and contractual arrangements under which the value arising from a REDD transaction is divided amongst parties to the transaction.
- Assumes there will be a benefit-sharing mechanism, otherwise incentives will remain in place for continued benefit sharing.
- Benefit-sharing cannot be considered without:
  - ▣ Cost sharing
  - ▣ Risk sharing

# Horizontal and Vertical Benefit Sharing

1. Between supplier communities

2. Within supplier communities

3. Within supplier community households



# Vertical Benefit Sharing:

## What works?



- Experience from CBNRM in Zimbabwe and Namibia
- Government not a conduit for funds
- Revenues accrue directly to sellers
- Community participation in framework design
- Vertical Benefit / Cost / Risk allocation dealt with in the **PES Transaction Design Guide** and **template contracts** at:
- <http://www.katoombagroup.org/regions/international/>

# Horizontal Benefit Sharing: What works?

- General:
  - ▣ Transparent, accountable, sustainable etc
  
- But how are such principles distilled into an effective mechanism which creates a sound basis for pro-poor objectives
  
- Experience from agriculture, where revenues derived from a communally-owned asset need to be disbursed to individuals.

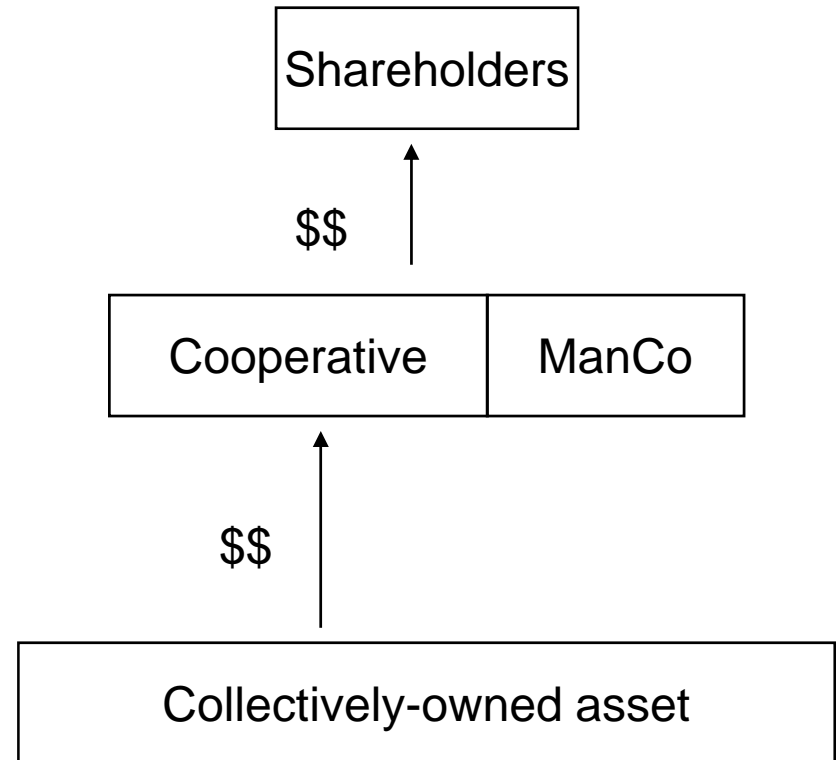


# What models exist? (1)

- Cooperative
- Unsuccessful
- Fiduciary responsibilities of executive officers interfered with by third parties
- Misappropriation
- JV between buyers and sellers
- Problematic
- Clash of interests / incentives
- Easy to share profits
- Difficult to share risks

# What models exist? (2)

- “Hub Model”
- Cooperative + professional management company (ManCo)
- Paid a professional management fee
- Use cooperative to capture other elements of the value chain



# Optimising model for effective pro-poor REDD benefit-sharing

