TUNING IN

Community Benefits through Jurisdictional REDD+

The Nature Conservancy

Acknowledgments

This report was authored by Kelley Hamrick (kelley.hamrick@tnc.org) and Kim Myers (kimberly.myers@tnc.org).

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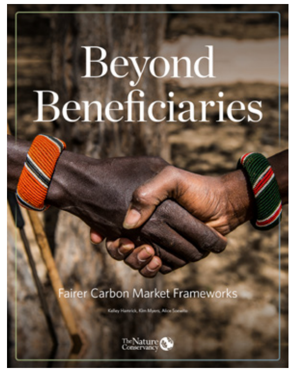

Beyond Beneficiaries: Fairer Carbon Market Frameworks: Since carbon credit projects first appeared, there have been concerns about "carbon cowboys", a term used to describe firms driving the reckless development of carbon projects for financial gain without regard to the rights of Indigenous Peoples and Local Communities and/or other local landowners. Carbon credit standards (including both "voluntary" standards such as Verra and "compliance" standards like the Clean Development Mechanism) have generally tried to address these risks through a combined approach of avoiding negative outcomes ("do no harm") and ensuring positive social outcomes. Most requirements to date have focused on safeguarding against negative impacts; more work is needed to ensure positive results and to bolster foundational aspects around the rights of IPs and LCs and local landowners to own and transact carbon credits – or to opt out of carbon markets if they wish. The Beyond Beneficiaries report identifies (1) current frameworks and key considerations in the benefit-sharing of today, (2) gaps and shortcomings in current benefit-sharing approaches, (3) a snapshot of current guidance by standards, and (4) new solutions to achieve robust IP and LC partnerships.

Glossary

Guidelines or requirements: an institution or framework for developing REDD+ results that often includes guidelines (not required) or requirements around the estimation, review, and assessment of a program's emission reductions and removals, as well as additional accounting rules, safeguards, and other programmatic elements.

Jurisdictional: a governance level that covers an administrative area for which public authorities can take decisions, such as the national or federal level or subnational states.

Market-based: REDD+ results that deliver carbon credits that can be traded, transferred, and claimed by a buyer.

Nested: the coordinated and harmonized implementation of REDD+ programs and activities at multiple accounting scales and governance levels within a country.

Non-market-based: REDD+ results that allow countries or jurisdictions to receive payments without having to transfer the title of their results (oftentimes called "units" or something other than a carbon credit).

Projects: site-specific REDD+ activities. If this is a voluntary transaction, most sales currently occur outside of government knowledge or approval.

Standard: an institution or framework for developing REDD+ results that mandates the verification of a program's emissions reductions and removals by an independent third-party.

Acronyms

ART	Architecture for REDD+ Transactions
BSP	Benefit-sharing plans
COP19	19th Conference of the Parties
CORSIA	Carbon Offsetting Reduction Scheme for International Aviation
EnABLE	Enhancing Access to Benefits while Lowering Emissions
FCPF	Forest Carbon Partnership Facility
GCF	Green Climate Fund
HFLD	High Forest, Low Deforestation
IPs and LCs	Indigenous Peoples and Local Communities
ISFL	Initiative for Sustainable Forest Landscapes
JNR	Jurisdictional and Nested REDD+
JREDD+	jurisdictional REDD+
NDC	nationally determined contribution
REDD+	Reducing Emissions from Deforestation and Forest Degradation
REM	REDD+ Early Movers
TREES	The REDD+ Environmental Excellence Standard
UNFCCC	United Nations Framework Convention on Climate Change

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Introduction

After over a decade of preparations and groundwork, countries and jurisdictions are beginning to implement their **Reducing Emissions from Deforestation and Forest Degradation (REDD+)** programs. The timing is critical: this decade offers a rapidly closing window to keep global warming below 1.5 degrees Celsius, and the protection of tropical forests offers a low-cost and scalable pathway to limit warming by 2030.

While increased scale is needed (both in the volume of emissions reductions and/or removals and finance to pay for these results), jurisdictional programs must also respect the rights of the Indigenous Peoples, Local Communities, Smallholders, Youth, Women, and others and ensure that implementation of program activities fully recognize and reward these groups. One important form of recognition comes from benefit-sharing: that is, recognizing and rewarding groups for results from the **jurisdictional REDD+ (JREDD+)** in the form of non-monetary or monetary payments.

This report seeks to highlight JREDD+ **benefit-sharing plans (BSP)** by analyzing case studies and common traits across operational benefit-sharing approaches. However, it is important to note that while many BSPs have been designed, fewer JREDD+ programs have received and disbursed payments to beneficiaries to date. Additional insights and lessons learned may be gleaned as more JREDD+ programs move from implementing BSPs to disbursing results-based payments.

REDD+ at a Distance

While some country negotiators first raised the idea of REDD+ under the **United Nations Framework Convention on Climate Change (UNFCCC)** negotiations in 2005, this concept only became operational with the adoption of the **Warsaw Framework at the 19th Conference of the Parties (COP19)** in 2013. Funding for REDD+ appeared before the Warsaw Framework from both public and private sources, which led to a patchwork of guidance, requirements, and standards around REDD+ that have continued to this day. While the Warsaw Framework came after some standards, guidelines, or requirements, it is now a common baseline for nearly all approaches. Generally, these initiatives differ by:

SCALE

Jurisdictional: refers to a governance level that covers an administrative area for which public authorities can take decisions, such as the national or federal level or subnational states.
Nested: refers to the coordinated and harmonized implementation of REDD+ programs and activities at multiple accounting scales and governance levels within a country.
Projects: refer to site-specific REDD+ activities. If this is a voluntary transaction, most sales currently occur outside of government control and/or approval.

OUTCOME

Market-based: These REDD+ results deliver carbon credits that can be traded, transferred, and claimed by a buyer. These credits are generated under standards that have developed REDD+ methodologies, which detail the requirements that REDD+ programs must meet to receive carbon credits.
Non-market-based: These REDD+ results allow countries or jurisdictions to receive payments without having to transfer the title of their results (oftentimes called "units" or something other than a carbon credit). Oftentimes, these results are generated according to guidelines or requirements around the estimation, review, and/or assessment of emission reductions and removals, as well as additional accounting rules, safeguards, and other programmatic elements.

These different scales and outcomes are not mutually exclusive and can change over time and/or converge. For example:

Projects are becoming "nesting-ready". In late 2023, Verra (who approved the first project-based REDD+ methodology in 2011) released a new, consolidated REDD+ methodology that will align *all* of its REDD+ projects better into jurisdictional accounting approaches.

Market-based standards can tighten their criteria to meet new or emerging "meta-standards". Both the **Forest Carbon Partnership Facility's (FCPF)** Methodological Framework and BioCarbon Fund's **Initiative for Sustainable Forest Landscapes (ISFL)** Emission Reductions Program Requirements developed additional rules and requirements to better align with other market-based standards to meet the requirements under the global **Carbon Offsetting Reduction Scheme for International Aviation (CORSIA).**

Prerequisites to Benefit-Sharing

Ensuring that benefit-sharing identifies and recognizes all the key rightsholders, stakeholders, and other participants can be complex and time-consuming: this is especially true for JREDD+, which is conducted at a much larger scale than project-based REDD+.

Both market and non-market approaches to JREDD+ recognize that engaging with stakeholders and rightsholders is critical – and benefit-sharing is only one approach in a basket of other safeguard mechanisms meant to protect and empower these groups. This report does not dive into these additional guardrails, but it is worth mentioning them here:

- **Safeguards:** ensure programs do not have negative impacts (do no harm).
- **Sustainable development criteria:** requiring programs to report on positive social impacts. Most programs align reporting on this criterion with the Sustainable Development Goals.
- **Stakeholder consultation:** require programs to consult with Communities or Indigenous Peoples affected with Free, Prior, and Informed Consent (this is required for benefit-sharing plans and other aspects of the program).
- **Grievance Mechanisms:** if harm occurs or is perceived to have occurred, ensure stakeholders can raise these grievances easily and anonymously (see page 45 for an example of when a grievance mechanism is used).
- **Monitoring, reporting, and assessment and/or verification:** require monitoring, reporting and verification of outcomes with the use of either pre-defined or self-defined metrics.

To complicate matters, JREDD+ programs must navigate unclear legal structures around ownership (e.g. land tenure and carbon rights), which are embedded in broader forestry and land use policies in a country. Ownership structures include:

- **Leasing/concessions:** Assets may be conditionally transferred to a third party through legal agreement. Often these agreements take place on publicly owned land.
- **Customary tenure:** In many countries, **Indigenous Peoples and Local Communities (IPs and LCs)** are not fully recognized by the government, but rights are secured through informal agreements. This system increases the risks of unclear land tenure and/or competing claims on the same land.
- **Formal tenure:** Rights are formally recognized by the government and have a much lower risk of disenfranchisement.

Finally, ownership is complicated by the fact that many countries have not yet defined carbon rights. In many cases, ownership over the project and/or land is deemed sufficient, but this could change if and as countries begin to legislate carbon rights (see Box 1).

Box 1: Carbon Rights and National Circumstances

Countries may structure REDD+ approaches differently based on carbon ownership rights, or in anticipation of carbon rights in the case where there is not yet a legal framework. Typically, carbon rights are either: a) tied to land or timber ownership, b) a separate right, decoupled from asset ownership, or c) nationalized and owned by the government. Many countries lack specific guidance around carbon rights altogether, leading to uncertainty around the interpretation of existing laws; other countries have changed their understanding of carbon rights over time. Examples of various carbon rights approaches include:

- **Government rights:** Many countries, including Côte d'Ivoire and Guyana, have opted for a state-owned approach over carbon rights. This does not necessarily mean that private projects are disallowed: in Lao PDR, for example, the private sector can enter into sub-agreements with the government to receive payments and/or non-monetary benefits (but Lao PDR will retain legal title).
- **Mixed rights:** Some governments, like Indonesia, have defined carbon rights as state-owned, but also allow for the sale of carbon credits by private, non-profit and/or communities under certain circumstances.
- **Private rights:** In other countries, like Chile, carbon rights are linked to land ownership rights. In Chile's case, the state owns about half (48%) of the country's territory, but the rest is privately owned. Landowners (including private landowners, IPs and LCs, and others), must opt-into the JREDD+ program and transfer their rights. This makes the country's BSP plan critical for ensuring buy-in and support.
- **Unclear rights:** Finally, many countries have not officially defined carbon rights. In Ghana, for example, carbon rights remain undefined, so the government has asked customary landowner representatives to authorize the transfer of carbon (while retaining their forest and land ownership rights).

In the context of carbon rights, it is also important to understand that countries regulate the export of goods – including carbon. Thus, while landowners may have the right to carbon on their land, the ability to sell carbon across international borders may be restricted by a separate country policy.

Guidance, Requirements, and Standards for Benefit-Sharing

Below is a summary of the relevant guidance, requirements, and standards around benefit-sharing at the jurisdictional level. Only FCPF's Methodological Framework, ISFL's Program Requirements, and Verra's **Jurisdictional and Nested REDD+ (JNR)** require evidence of a benefit-sharing plan before issuance of credits; only the FCPF and ISFL provide clear guidance and indicators around how to draft and finalize a benefit-sharing plan, which Verra points to in its JNR requirements.[1] Other guidance, requirements and standards allow more flexibility – but less structure – for JREDD+ programs.

ARCHITECTURE FOR REDD+ TRANSACTIONS (ART)'S THE REDD+ ENVIRONMENTAL EXCELLENCE STANDARD (TREES)

Type: Market-based standard.

Benefit-Sharing Guidance: JREDD+ programs must conform with the Cancun Safeguards and provide details around *how* the Cancun Safeguards are operationalized via a set of structural, process, and outcome indicators. This approach allows JREDD+ programs flexibility in designing safeguards, while ensuring there is transparency around program activities and allocation of resources.

Benefit-Sharing Requirements: While additional indicators are listed for Cancun Safeguard C, none of these indicators mention the "right to share in benefits, where appropriate." While TREES does not prescribe any specific requirements for BSPs,[2] there is some guidance around BSP development and implementation.[3]

Benefit-Sharing Review: All program submissions must be validated and verified by an independent third-party; however, the level of detail about benefit-sharing may differ as TREES does not prescribe any specific requirements for benefit sharing plans.

Timeline: JREDD+ programs must have a BSP in place at the start of the program's crediting period or by validation, whichever comes first.

ART
Architecture for REDD+ Transactions

ARTICLE 6.2

Type: Market-based standard.
Benefit-Sharing Guidance: None.
Benefit-Sharing Requirements: None.
Benefit-Sharing Review: None.
Timeline: Not required.

ARTICLE 6.4

Type: Market-based standard.
Benefit-Sharing Guidance: To be determined. Article 6.4 guidance is still being developed, and it's possible that BSP guidance will appear in the Sustainable Development Tool. The draft version of this tool current recognizes the Cancun Safeguards and includes an assessment question about equitable benefit-sharing (though the question only pertains to activities with Indigenous Peoples and/or that impact Cultural Heritage and does not encompass other rights or stakeholder groups).
Benefit-Sharing Requirements: To be determined.
Benefit-Sharing Review: To be determined.
Timeline: To be determined.

GREEN CLIMATE FUND (GCF) REDD+ SCORECARD

Type: Non-market requirements.
Benefit-Sharing Guidance: Country proposals to the GCF REDD+ pilot must include a description of how the country will use the proceeds from the REDD+ payments in its **Nationally Determined Contribution (NDC),** national REDD+ strategy or low greenhouse gas development strategy. This description "*may* also include a benefit sharing plan".[4]
Benefit-Sharing Requirements: None.
Benefit-Sharing Review: None.
Timeline: Not required.

REDD+ EARLY MOVERS (REM)

Type: Non-market requirements.
Benefit-Sharing Guidance: REM provided advisory support around gender-sensitive benefit sharing and recommended the use of a "stock-and-flow" approach to ensure the distribution of funds across both activities that maintain conservation ("stock") and activities reducing deforestation ("flow").
Benefit-Sharing Requirements: Jurisdictions must have quantifiable benefit sharing that includes women, with at least 50% of the funds benefitting forest owners and/or users.[5] This is required for all REM ex-ante incentive payments, which means all ex-post performance-based payments would also require this.
Benefit-Sharing Review: Unclear what degree of review is required by REM.
Timeline: Unclear.

UNFCCC'S CANCUN SAFEGUARDS

Type: Non-market requirements.
Benefit-Sharing Guidance: Prior to the Warsaw Framework, negotiators at COP16 agreed to a set of seven protections needed for JREDD+, called the Cancun Safeguards. In addition to recognizing many other rights of Indigenous Peoples and Local Communities, Safeguard C specifically mentions the "Right to share in benefits when appropriate."
Benefit-Sharing Requirements: None.
Benefit-Sharing Review: None.
Timeline: Not required.

VERRA'S JURISDICTIONAL AND NESTED REDD+ STANDARD SCENARIOS 2 AND 3[6]

Type: Market-based standard.
Benefit-Sharing Guidance: JREDD+ programs must have an equitable, transparent, and legally binding benefit-sharing system that is developed through a transparent and participatory process (with special emphasis on participation from Indigenous Peoples, Local Communities, women and the most marginalized and/or vulnerable).
Benefit-Sharing Requirements: JREDD+ programs must have a benefit-sharing plan in place; otherwise, Verra does not provide specific guidance, but recommends programs look to the FCPF for more guidance.
Benefit-Sharing Review: All program submissions must be validated and verified by an independent third-party; however, the level of detail about benefit-sharing may differ as JNR does not prescribe any specific requirements for benefit sharing plans.
Timeline: Required before issuance.

WORLD BANK'S FOREST CARBON PARTNERSHIP FACILITY – CARBON FUND METHODOLOGICAL FRAMEWORK

Type: Both market and non-market.[7]
Benefit-Sharing Guidance: All eligible JREDD+ programs must use "clear, effective and transparent benefit-sharing mechanisms with broad community support and support from other relevant stakeholders."
Benefit-Sharing Requirements: Criteria 29-33 provide specific requirements, documentation, and indicators that JREDD+ programs must provide about their benefit-sharing plans. In addition to specific requirements, the World Bank has also developed supplementary resources around benefit-sharing best practices and guidelines.[8]

- **Criterion 29:** The program must provide a description of the benefit-sharing plan.
- **Criterion 30:** The benefit-sharing plan must elaborate on both monetary and non-monetary benefits; categorize potential beneficiaries inclusive across the benefit types (include ensuring women and intergenerational beneficiaries are included); and detail the criteria, monitoring, timelines, and other processes for the distribution of benefits.
- **Criterion 31:** The benefit-sharing plan must be consultative, transparent and a participatory process, especially including Indigenous Peoples and broad community support.
- **Criterion 32:** The benefit-sharing plan must be transparent and made publicly available.
- **Criterion 33:** The benefit-sharing plan must comply with relevant national and international laws.

Benefit-Sharing Review: All BSPs are first reviewed by the World Bank's Facility Management Team, Technical Advisory Panel, an independent third-party validation and verification process, and other Carbon Fund Participants.
Timeline: Draft benefit-sharing plan is required before signing an Emissions Reduction Payment Agreement; final benefit-sharing plan is required before issuance of credits.

WORLD BANK'S BIOCARBON FUND'S INITIATIVE FOR SUSTAINABLE FOREST LANDSCAPES

Type: Both market and non-market.
Benefit-Sharing Guidance: All eligible programs must develop a BSP that is "designed in a consultative, transparent, and participatory manner appropriate to the country context and that reflects inputs and broad community support by relevant stakeholders."
Benefit-Sharing Requirements: Section 3.6 provides requirements for all BSPs. In addition to specific requirements, the World Bank has also developed supplementary resources around benefit-sharing best practices and guidelines.[9]

- **Section 3.6.1:** All programs must develop a BSP and outline how both monetary and non-monetary benefits will be distributed.
- **Section 3.6.2:** The BSP must contain categories of potential beneficiaries; the criteria, processes, and timelines for the distribution of benefits; and monitoring provisions for the implementation of the BSP.
- **Section 3.6.3:** The BSP must comply with national and international laws.
- **Section 3.6.4:** The program must monitor and report on progress and implementation of the BSP.

Benefit-Sharing Review: The World Bank will appraise and assess all documents for compliance with program requirements; these documents are later validated and verified by an independent third-party.
Timeline: Draft benefit-sharing plan is required before signing an Emissions Reduction Payment Agreement; final benefit-sharing plan is required before issuance of credits.

BioCarbon Fund
Initiative for Sustainable Forest Landscapes

While guidelines, requirements and standards are a useful starting point to assess BSPs, many non-market approaches are limited by donor government funding and/or philanthropy. Market-based approaches to JREDD+ have the potential to scale, but, in contrast, have only begun to finalize their BSPs and issue verified carbon credits. For instance, Mozambique's BSP first appeared in 2019 under the FCPF, while the majority of other JREDD+ market-based programs have been finalized in the last two years (see Annex 1 for more detailed information).

Box 2: To Regulate or Not to Regulate?

For most countries, benefit-sharing plans are designed according to the frameworks set by REDD+ guidance, requirements and/or standards. However, Viet Nam and Argentina are two countries that created their own national legislation around benefit-sharing:

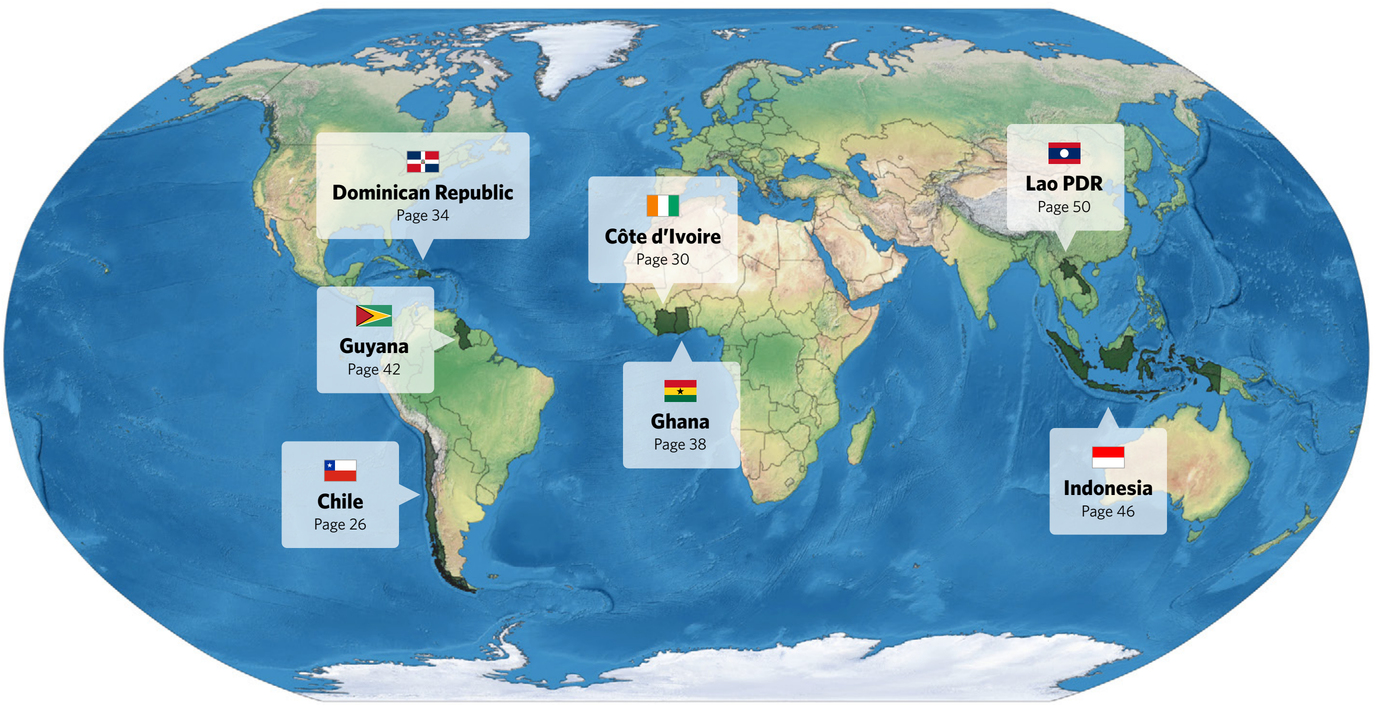
- Viet Nam established its Forest Protection and Development Fund in 2008 as the backbone of a national payment for ecosystem services program. Through this program, Viet Nam already had a transparent and efficient approach towards monitoring and evaluating forestry activities, paying for results, and addressing any grievances: it was then an easy choice for Viet Nam to build its REDD+ BSP off this program.
- Argentina enshrined benefit-sharing for “environmental protection” under Law 26331 in 2007. The legislation required sub-national jurisdictions to establish sustainable forest management strategies to be financed by the National Fund for the Conservation of Native Forests; jurisdictions that do not comply could face large fines or be suspended from the program after facing legal due process. Each jurisdiction must apply 70% of its funds to compensate forest landowners, whether public or private. The remaining 30% is allocated to the jurisdictional authority, who use the funds to develop a monitoring system and/or deploy technical assistance.

Few other countries have national laws related to benefit-sharing. However, this is changing; increasingly, countries are looking regulate carbon credit safeguards and/or benefit-sharing plans. This is especially true of African countries: Tanzania has formalized guidance around benefit-sharing, while Kenya, Zambia, and Zimbabwe are still working on finalizing this guidance as of March 2024.

Case Study Review

Case studies are an especially useful tool to understand benefit-sharing at the jurisdictional level, given the wide range of contexts that REDD+ countries operate in. **To capture this range, we focused on market-based programs with finalized BSPs and strove to showcase a diversity of geographies and beneficiary types.**

Figure 1: BSP Case Studies, by Country



Who recieves benefits?

JREDD+ programs occur in a myriad of political, ecological, and social contexts, and thus involve different stakeholders. That is why every approach includes a **stakeholder consultation process,** definitions about the **types of beneficiaries** of the program, and instructions how to define the **participation process** for current and future beneficiaries.

Stakeholder consultation process

Consultations are often local and iterative; on average, consultations typically spanned 2-3 years before concluding and frequently revisited the same areas or participants to provide updates about the state of the BSP. The format of consultation ranged from group discussions to interviews to larger in-person workshops.

With the scale of jurisdictional programs, one-on-one engagement with beneficiaries is often not possible. Lao PDR estimated having 250,000 direct and 400,000 indirect beneficiaries, of which 15,000 participated in consultative meetings. So, how have countries maximized the reach of their consultations?

One common approach was to host workshops regionally, making it easier for beneficiaries to attend. Chile, for example, conducted consultative workshops in each of its 6 regions of the JREDD+ program – one in 2019 and then a second in 2020 once the BSP was finalized. In many cases, JREDD+ programs prioritized discussions with representatives who have the authority to represent larger groups of beneficiaries, like local elected officials, cooperatives, and Indigenous leaders. Guyana, which needed to develop a national BSP, utilized pre-existing governance structures set up by the National Toshaos Council (Toshaos are directly elected from all of Guyana's villages). Villages wishing to participate in Guyana's BSP must use the already-established village decision-making process set out in the National Toshaos Council Policy Statement of 2019.

Finally, it is important to note that stakeholder consultations often do not end with a JREDD+ program finalizing the BSP; instead, stakeholder engagement continues to be an iterative process. For example, Indonesia's East Kalimantan JREDD+ program has continued to consult with stakeholders throughout implementation of the program and continues consultations up to today.

Types of beneficiaries

Different stakeholder groups from all walks of public, private, community, and non-profit life provided feedback during stakeholder consultations. Typically, however, the final list of beneficiaries within a JREDD+ BSP fell into one of the following categories:

- IPs and LCs
- Landowners (including non-profit and community landowners)
- Small and medium enterprises (usually representing forestry and agricultural businesses)
- Sub-national government agencies
- National government agencies

The inclusion of government stakeholders is the biggest change between JREDD+ programs and site-specific, project-based REDD+ approaches. All these stakeholders can be either a direct or indirect beneficiary of the JREDD+ program.

Table 1: Types of Beneficiaries in JREDD+ Program Case Studies

Direct Beneficiaries	Indirect Beneficiaries
National government Typically, JREDD+ programs only included national agencies with a direct impact on the program's success, such as the forestry and/or parks agencies.	**National government** Nearly every BSP recognized that other national agencies (such as the Ministries of Environment, Agriculture or Finance) played a key role in overseeing the implementation of the JREDD+ program. Oftentimes, these were the only indirect beneficiaries that received direct monetary payments (usually to cover transactional or operational costs of the program).
Sub-national government Not every BSP recognized the role of sub-national governments; those that did typically represented sub-national, not national, JREDD+ programs.	
Private sector BSPs often restricted private sector beneficiaries to those that met certain qualifications, such as a maximum production volume (e.g. Dominican Republic), business size (e.g. Chile), or businesses going above business-as-usual in their actions (e.g., Indonesia).	**Private sector** Some BSPs did not include the private sector as an eligible direct beneficiary but will consider it in the future. Ghana's BSP, for example, only recognizes the private sector as an indirect beneficiary but says that they will consider including the private sector as a direct beneficiary as the program grows.
Landowners Individual landowners received limited recognition in BSPs, with programs strongly preferring to recognize larger community groups such as farmer groups or IPs and LCs. In cases that allowed for landowner participation, like Chile, there were additional income restrictions on who could qualify. However, many BSPs did include requirements around land tenure to qualify for participation in the BSP *or* offered alternatives to recognize groups in the absence of land tenure (such as the Dominican Republic, which recognized formal or customary land tenure for anyone implementing a JREDD+ activity).	
IPs and LCs Every BSP recognized IPs and LCs as a direct beneficiary, though the exact language varied (Indonesia, for example, highlighted the importance of *adat* communities while Ghana recognizes Traditional Authorities).	

Participation process

Finally, while many stakeholders *could* benefit from JREDD+ programs, they often needed to take additional steps to *register* with said programs. Table 2 provides an overview of these requirements, which often include various equity or diversity requirements.

Table 2: Participation Process and Criteria for Eligible Stakeholders by Case Study

Chile	**Individuals** must hold title to property and their assets/income must not exceed a certain level and can only benefit from projects that align with the national goals of the program. **Groups** must be at least 60% small forest owners or IPs and LCs and can benefit from projects that align with the national goals of the program *or* submit their own via a competitive process.
Côte d'Ivoire	**Communities** and **cocoa organizations** must opt-in through a call for interest available each reporting period and provide proof of their activities and compliance with the program's safeguards.
Dominican Republic	**Landowners** must first demonstrate formal or customary property rights, then can opt-into the program and meet requirements around environmental and social safeguard compliance, implementing activities, etc. **Forestry or agricultural producers** can only apply if they operate below a maximum volume of production or land area per productive unit and then can opt-into the program and meet requirements around environmental and social safeguard compliance, implementing activities, etc.
Ghana	Beneficiaries must be active within six "Hotspot Intervention Areas", selected based on prioritization of areas with cocoa production, forests under threat, and key stakeholders. Only **farmers** (registered in HIA groups), **communities** (registered in HIA groups) and **Traditional Authorities** are eligible to participate, though the HIA groups can expand to new regions over time.
Guyana	**Amerindian and hinterland communities** via villages are eligible as direct beneficiaries; the rest of the Guyanese population benefits indirectly through the national program. Villages can opt-in by developing a Village Sustainability Plan and approving it within the community (with a 2/3rds majority). There is no deadline for village participation.
Indonesia	All **villages** are potentially eligible for performance or reward payments (an estimated 618 villages could be eligible to receive performance benefits and 89 villages and ***adat* communities** meet the reward payments criteria).
Lao PDR	Payments to each province will be based on qualitative data but allocations to specific **villages** will be prioritized depending on which **communities** already have access to other projects or funding. Additionally, pilot initiatives by other groups (including **private**, **non-profit** and **academic** sectors) can apply for grants via a call for proposals. If selected, sub-agreements will then be signed to transfer funding, and pilot initiatives must report back every 3 months.

What are the benefits? How are they distributed?

Types of benefits include both **monetary** payments and **non-monetary** benefits. Monetary cash payments can be directed to individuals, households or allocated to a community fund where the collective decides how to use the money; meanwhile, non-monetary benefits, like a community health center, are often used as a public good that benefits the wider community.

JREDD+ programs almost always allocate monetary payments to government beneficiaries (both national and/or sub-national) to cover the **administrative, technical and/or operational costs** of the program. This amount ranged from 0% (Guyana) to 25% (Côte d'Ivoire).

Many governments prefer non-monetary payments to reward IPs and LCs, farmers, and other stakeholder groups for their **implementation** and **performance.** That's because payments for performance vary depending on the actual emissions reduced and/or removed by the many stakeholders and market conditions for carbon credits. In addition, depending on the total number of beneficiaries opting into a program, the actual benefits per participant could be too small to incentivize performance of the mitigation activity. That said, some programs like Côte d'Ivoire and the Dominican Republic do allow beneficiaries the option to ask for cash payments. However, most payments are conditional on the beneficiary using the funds toward implementation activities and/or non-monetary benefits (e.g. local employment, agricultural inputs, training).

Overall, IPs and LCs, farmers, landowners, and other beneficiaries typically received at least 50% or more of REDD+ payments. Within this bucket, payments were further divvied up according to the type of recipient, mitigation performance, and financial need, with default amounts for participation also set aside. Various equity considerations include:

- **Côte d'Ivoire** bases performance-based payments on the complexity of the intervention and how well the beneficiary adheres to social and environmental safeguards. This means that more difficult and/or less profitable activities will receive more payments via the JREDD+ program.
- **Chile** split payments by the principles of "equity, efficiency, and solidarity," with 50% of total payments are divided equally among regions and 20% is based on mitigation results.
- The **Dominican Republic** weights payments to beneficiaries, in part, on the inclusion of small landowners/holders and implementation of a Gender Action Plan.
- **Ghana** bases payments on weighted social and climate factors, then by a pre-determined proportion by beneficiary type (58% to farmers, 39% to communities and 3% to Traditional Authorities).
- **Guyana's** approach is particularly unique: the country designates 85% of payments to national sustainable development objectives, essentially designating every Guyanese as a beneficiary, whether direct or indirect.

- **Indonesia's** East Kalimantan program bases initial payments to various areas on the forest size (30%) and the decrease in deforestation (70%) – then each area determines how to allocate benefits to the villages within the space based on financial needs, existing institutions, and spatial and development planning documents.
- **Lao PDR** will determine benefits allocated to villages not only based on performance, but also on whether villages and communities have received other sources of funding from pre-existing projects or institutions (prioritizing JREDD+ funding to those that need it to the most). They will continually adjust this list after initial payments are made.

Finally, many JREDD+ programs included **buffer, contingency or other funds** meant to help beneficiaries who don't meet their expected performance due to force majeure (such as a forest fire, or something else outside of their control) or who have historically protected their forests and thus don't have many activities available to them to reduce existing deforestation (since the rates of deforestation in their area are already very low).

- **Chile**, the **Dominican Republic**, **Ghana**, and **Lao PDR** have all created a buffer or contingency fund, which is meant to provide payments to regions or beneficiaries impacted by unexpected disasters or other underperformance reasons.
- Meanwhile, both **Guyana** and **Indonesia** have created payments specifically for IPs and LCs that have historically protected the forests (these are often called **High Forest, Low Deforestation** or **HFLD**) regions. The entire country of Guyana qualifies as an HFLD country, but specific payments (15%) are allocated to Amerindian and hinterland communities for the maintenance of good practices. Indonesia's East Kalimantan JREDD+ program is not an HFLD area, but there are communities and villages (especially *adat* communities) that have historically protected their forests. Communities with net-zero or low deforestation rates from 2006-2016 are eligible to receive up to 10% of "reward" payments for historical preservation.

Box 3: Non-Carbon Benefits Critical to Long-term Success

While JREDD+ program only pay for *results* (reducing and/or removing emissions), the policies and activities behind the programs may have a transformational impact beyond the shelf-life of those payments.

In Ghana's case, much of the country's deforestation is caused by rising demand for cocoa (as evidenced by the JREDD+ program's name, the Ghana Cocoa Forest REDD+ Program.) The program plans to implement climate-smart cocoa practices in areas with forests under threat and existing cocoa production. These practices, in addition to reducing deforestation, could also double yields for farmers harvesting cocoa.

That means that, if successful, the program could generate an estimated $50M from FCPF carbon credit payments from 2019-2025… but farmers and others involved in cocoa production could earn an estimated additional $305M from simply selling higher volumes of cocoa during that same time.

Table 3: Types of Payments by Case Studies

	Administrative, technical, and/or operational costs	Performance and/or implementation payments	Buffer or contingency fund	Other
Chile	20%	50% of payments are split equally across regions 20% of payments are allocated according to performance	10% of payments are saved for regions impacted by catastrophic events impacting their performance.	
Côte d'Ivoire	25%	25% to government 50% to all other beneficiaries *Payments are weighted based on the profitability and complexity of the implementation activity.*		
Dominican Republic	Up to 15%	80% (30% retained to incentivize future participation; 70% to beneficiaries). *Payments are weighted, in part, based on the inclusion of small landowners/holders and implementation of a Gender Action Plan.*	5% set aside for beneficiaries who cannot meet the expected performance in each period due to force majeure.	
Ghana	4%	27% to government 69% to all other beneficiaries *Payments are weighted by social and climate indicators, then by the proportion allocated to the beneficiary type.*	3%	
Guyana	0%	85% for implementation of the national Low Carbon Development Strategy 2030 (with additional opportunities for Amerindian and hinterland communities to participate)		15% for historical protection by Amerindian and hinterland communities
Indonesia	Up to 13%	12% to government 65% for performance of other beneficiaries		10% for historical protection by communities
Lao PDR	18%	77% (5% to subnational governments, 5% to pilot initiatives, 90% to communities) *Priority is given to communities and villages that have not already received funding from other projects or institutional funds.*	5%	

Readiness Funding Key to Scaling Market-based Approaches

Finally, designing and implementing benefit-sharing plans takes time and resources. To help meet this need, REDD+ "readiness" funding and capacity building has played a critical role in helping JREDD+ programs design their benefit-sharing plans. All the case studies mentioned in this report received some form of readiness funding, often iteratively (Chile, Côte d'Ivoire, Dominican Republic, Ghana, Indonesia, and Lao PDR all received for additional funds after exhausting initial readiness funding to develop benefit-sharing plans).

Designing jurisdictional REDD+ programs can take years, as countries must first develop prerequisite processes before they can generate REDD+ results. For example, Lao PDR first submitted its Readiness Project Idea Note to the FCPF in 2008 and only recently signed an ERPA with the FCPF Carbon Fund in 2020, which will result in payments for Lao PDR's emissions reductions from 2019-2024. If market-based approaches to JREDD+ are to scale, then it is important to keep these timelines (and the need for readiness funding) in mind. Figure 2 illustrates the often-lengthy timelines JREDD+ programs face from readiness to payments for results.

The two main sources of funding and expertise are the FCPF's Readiness Fund and the **United Nations Collaborative Programme on Reduced Emissions from Deforestation and Forest Degradation (UN-REDD).** While UN-REDD continues to help countries with REDD+ readiness approaches, including assistance for benefit-sharing under their Forest Tenure, Governance and Carbon Rights program, the FCPF Readiness Fund closed in 2022 and no longer offers funding.[10] A new World Bank program launched in late 2020, **Enhancing Access to Benefits while Lowering Emissions (EnABLE),** is looking to raise up to $200M to support the inclusion of beneficiary marginalized communities and disadvantaged groups – however, this program will be limited only to World Bank-related programs.[11]

New JREDD+ programs may find it difficult to access new upfront readiness funding for stakeholder engagement with IPs and LCs and designing BSPs, depending on which standard the program would like to implement.[12] As more countries and sub-national jurisdictions look to develop JREDD+ programs, it is important that readiness funding remains available for JREDD+ programs at an earlier stage of development.

Box 4: Price Discovery for JREDD+ Credits

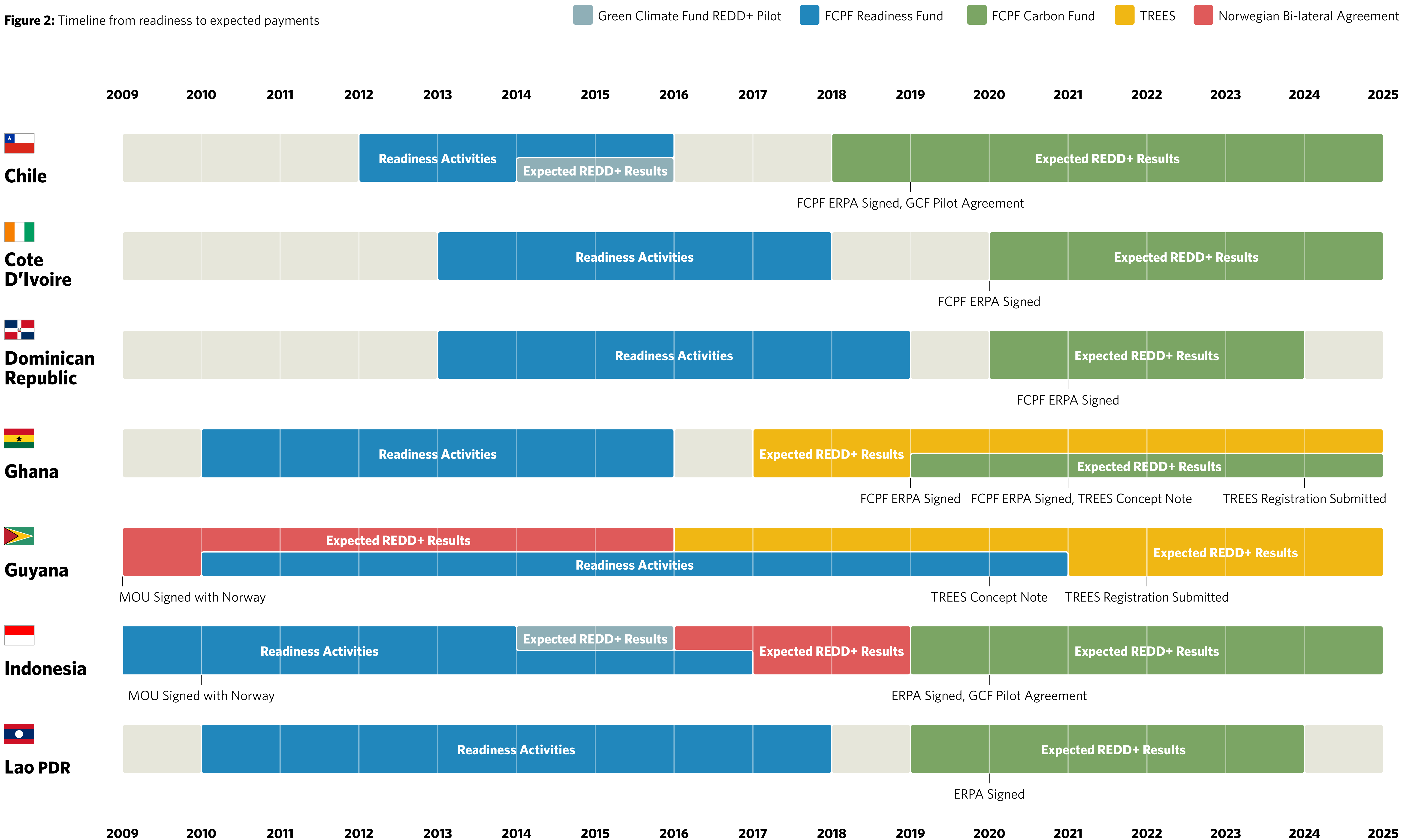
While all REDD+ standards issue carbon credits that can be traded, transferred, and claimed by a buyer, most REDD+ standards are linked to a REDD+ financing mechanism that offers a fixed price per tonne. Thus, there has not been much price discovery for JREDD+ credits in a competitive market to date. Examples of fixed pricing include:

- **FCPF Carbon Fund** has a fixed price of $5/tonne. If countries generate additional REDD+ results that go beyond the agreed contract volume, the World Bank can choose to buy these additional credits ("call options") in some cases for $6/tonne. If the World Bank does not exercise these "call options", the host country may opt to transact these credits with a third-party.
- The **LEAF Coalition** is a public-private partnership, administered by Emergent, that aims to channel finance for jurisdictional REDD+ from approved standards (currently, ART-TREES is the only approved standard). LEAF guarantees a floor price of $10/tonne; however, based on demand within the Coalition, corporate buyers can offer to pay a higher price.

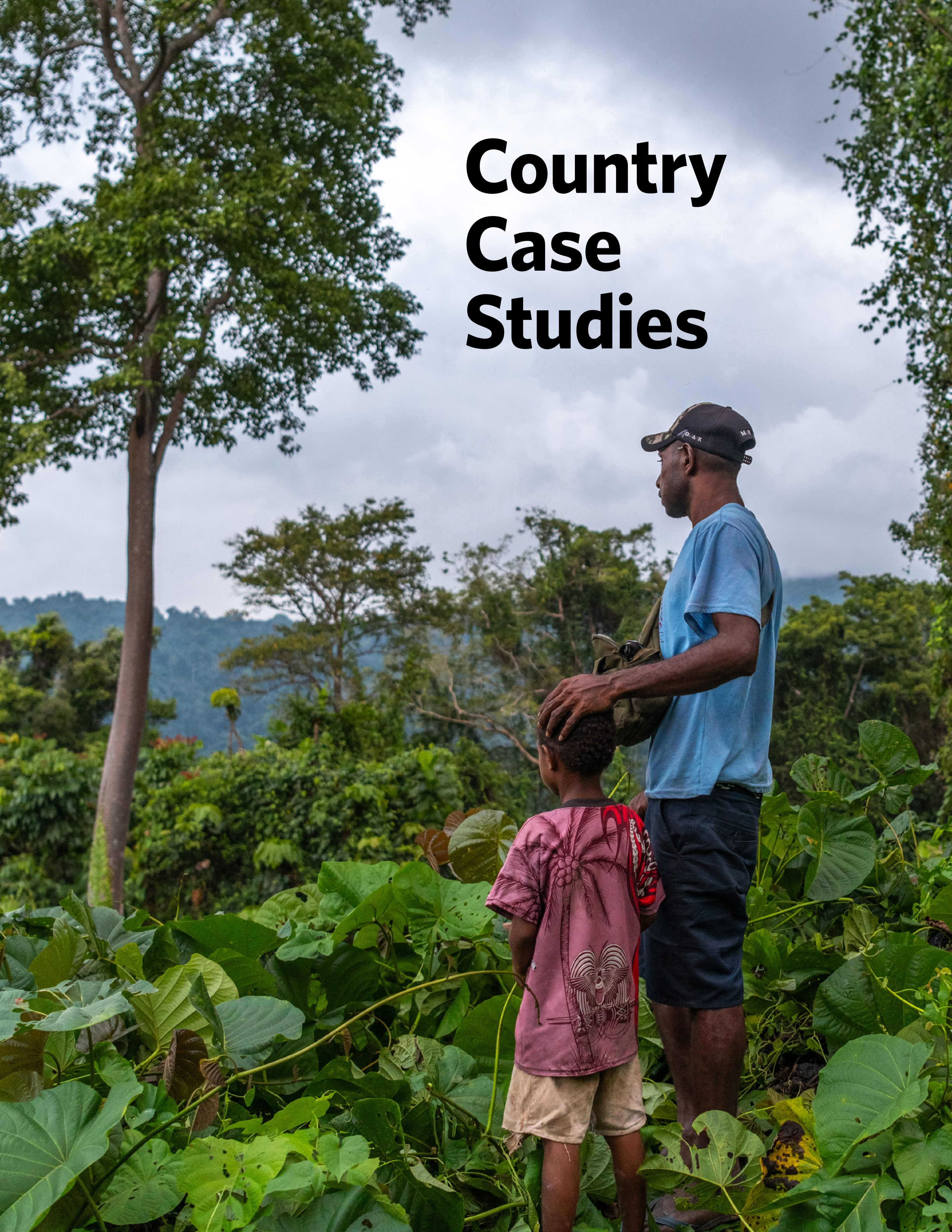
As of the date of publication, Guyana is the only country to produce JREDD+ credits that have been available for sale on the voluntary carbon markets, which allowed the country to explore various offers to buy and discover the price of their credits. In early 2022, Guyana launched a request for proposals to understand what prices buyers might be willing to pay for their upcoming ART/TREES credits.

As a result of this price discovery process, Guyana ultimately agreed to sell credits to Hess Corporation for an average of $20/tonne. These prices are double to quadruple other known rates for JREDD+ credits. Previously, Guyana had received only $5/tonne from a non-market agreement with Norway, so this price discovery approach was an advantageous move for the small forest country.

Figure 2: Timeline from readiness to expected payments



Country Case Studies



Chile

STANDARD(S) AND FINANCE

GCF
Scale: Subnational (6 administrative regions)
Program Duration for Results: 2014-2016
Funding/Volume: $63.6M for 18.4 Mt

FCPF
Scale: Subnational (6 administrative regions)
Program Duration for Results: 2018-2025
Funding/Volume: $26M for 5.2 Mt

RELEVANT POLICIES

Carbon Rights? Per the National Strategy for Forests and Climate Change (ENBCC), forest owners maintain carbon rights on their land.
Benefit-Sharing Plan? Sistema de Distribución de Beneficios (SDB) (4th edition). This BSP applies to all REDD+ Programs in Chile under the National Climate Change and Vegetational Resources Strategy (ENCCRV).

ACRONYMS

CONAF	National Forestry Corporation
ENBCC	National Strategy for Forests and Climate Change
ENCCRV	National Climate Change and Vegetation Resources Strategy
MINAGRI	Ministry of Agriculture
SDB	Chile's Benefit-sharing Plan
PTN	National Technical Plan
PTR	Regional Technical Plan

TYPES OF BENEFICIARIES

Direct

Sub-national Government (state-owned properties, municipalities)
Non-profits (legally recognized organizations with land title who do not perform activities for profit)
Communities (primarily small and medium forest owners, especially indigenous peoples)

Indirect

National Government (the Government of Chile receives funds from the REDD+ program for administrative, technical, and operational costs)

TYPES OF BENEFITS

Monetary

20% of the full payment will cover the administrative, technical, and operational costs of the REDD+ program for the national government (i.e. the indirect beneficiary).

Non-monetary

The remaining 80% of funds will be delivered to direct beneficiaries as non-monetary benefits (e.g., farming inputs, employment, fire protection, technical assistance). These benefits are targeted at populations with higher levels of vulnerability to climate change and projects that generate positive, large-scale environmental impacts.

FUNDING FLOWS

Under the FCPF JREDD+ program, once the emission reduction results have been independently validated and verified, CONAF submits a request for payment to the World Bank. Payments will be disbursed to the Chilean receiving entity in a designated bank account. Funds are then transferred to an administrative entity, who will follow pre-established steps in the Annual Operational Plan to disburse payments for non-monetary benefits and program management.

The Annual Operational Plan includes a project-by-project budget and tracks the expenditures and remaining finance for each activity.

PARTICIPATION PROCESS

The SDB states that participation must be voluntary, and beneficiaries must willingly report on land conditions prior to project development and agree to comply with program safeguards.

Beneficiaries can be individuals or groups. Individuals must hold title to the property, earn most of their income from agriculture or forestry, and their assets and income must not exceed a certain level (this varies depending on the region). Beneficiary groups must be comprised of at least 60% small forest owners, or other select groups, such as an indigenous community or communities on common property.

Only small and medium forest owners/associations can participate in the Public Tender Projects (i.e. REDD+ projects that apply for funding).The program allows any type of beneficiary to participate in the Prioritized Projects (i.e. REDD+ projects automatically prioritzed by CONAF), excluding large companies and forestry consortia. State properties, municipalities, and non-profit organizations are therefore eligible beneficiaries.

UNIQUE INSIGHTS: PLANNING AT ALL SCALES

Chile's REDD+ Strategy places strong emphasis on the importance of recognizing regional contexts. This is evidenced in their parallel use of national and regional plans. The country's National Technical Proposal (PTN) defines broad guidelines for the development of REDD+ activities and financial flows. Using the PTN as a foundation, each region must develop its own Regional Technical Proposal (PTR), which adds local context and its own set of criteria and weight for project selection. The PTR is developed by the regional CONAF team, reviewed, and strengthened by other REDD+ groups, including public, private, and civil society stakeholders, who are also responsible for determining the modalities of benefit distribution at the sub-national level.

PAYMENT CALCULATION

Among all beneficiaries

80% of total payments for results will be allocated toward implementation at the regional level, while 20% will cover administrative, technical, and operational costs at the national level.

Among direct beneficiaries

Of that 80%, 50% will go toward a Public Tender modality and the other 50% toward the Prioritized Projects modality, which essentially represent two different approaches to project selection.[13] The even split between modalities may be adapted according to regional needs but cannot fall below 20% for either.

For each payment period, the allocation of funds per region will be determined according to equity, effectiveness, and solidarity. This means that 50% of the payments to regions will be split evenly, another 20% will be distributed according to REDD+ performance, and the final 10% will be distributed to regions impacted by catastrophic events impacting REDD+ performance.

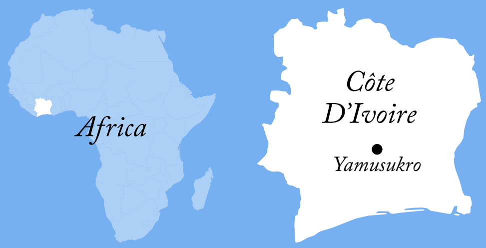
SPOTLIGHT: THE RIGHT TO TRANSFER TITLE

While most country governments have claimed carbon rights and/or the right to transfer the title of carbon credits, in Chile, land or forest owners maintain carbon rights. The state only owns about half (48%) of the country's territory, while the rest is privately owned, which means there is a large contingency of private landowners with the right to transfer or trade carbon credits.

How, then, do private carbon rights fit within Chile's jurisdictional REDD+ program? To date, Chile does not have a specific regulatory framework related to establishing ownership of jurisdictional emissions reductions. However, CONAF conducted a legal study in 2014 to determine whether and how private carbon rights could work within Chile's broader ENCCRV strategy. The study found the following:

1. **The scale of the ENCCRV strategy makes it difficult to pinpoint specific emissions reductions on specific lands.** Since the ENCCRV strategy affects both private, public, and mixed lands, this makes it nearly impossible to tell if an action on a single private land has made an "incremental" difference in the overall ENCCRV outcomes. While some emissions removals activities (such as afforestation or reforestation) can be specificized to a particular piece of land, these actions are too small to be considered as additional on a regional scale.
2. **Specific agreements can ensure no double counting.** Since there still may be a risk that landowners participate in other carbon markets in addition to the jurisdictional program, CONAF can sign Additional Agreements with landowners to ensure they do not sign similar transfers of carbon credits with anyone else. While this is an option, no Agreements have been signed in the JREDD+ program area to date.
3. **The benefit-sharing plan provides an important opportunity for community buy-in.** Finally, since the SDB was developed to ensure a fair, equitable and transparent distribution of resources (mostly focused on small to medium forest owners), recipients agree to the transfer of rights to transact past and future emissions reductions. As of now, no private landowners have contested the right of CONAF to transfer titles of carbon credits resulting from the JREDD+ program, so this approach seems successful.

Côte D'Ivoire



STANDARD(S) AND FINANCE

FCPF
Scale: Subnational
Program Duration for Results: 2020-2024
Funding/Volume: Up to $50M for 10Mt

RELEVANT POLICIES

Carbon Rights? State-owned (Inter-ministerial Decree 0183)
Benefit-Sharing Plan? Updated Final Benefit Sharing Plan for the Cote d'Ivoire Emissions Reduction Program. The BSP applies only to the Côte d'Ivoire Emissions Reduction Program in the southwestern region of Côte d'Ivoire, Taï National Park Area.

ACRONYMS

AFOR	Rural Land Agency
ANDE	National Land Tenure Agency
ANADER	National Agency for Rural Development Support
EOI	Expressions of Interest
ESS	Environmental and Social Safeguards
FCRES	framework program for the management of protected areas, the forest conservation, rehabilitation and expansion strategy
FPRCI	Foundation for the Parks and Reserves
MINEF	Minister of Water and Forests
OIPR	Office of Parks and Reserves
RLUDP	regional land use and development plans
SEP-REDD+	REDD+ Permanent Executive Secretariat
SODEFOR	Forest Development Agency

Photo: shutterstock.com   Maps: freevectormaps.com

TYPES OF BENEFICIARIES

Direct

Institutional beneficiaries: OIPR and SODEFOR
Non-institutional beneficiaries: communities and organizations of cocoa products and communities near national parks and classified forests (e.g. cocoa cooperatives, women's associations, and forest conservation non-profits)[14]

Indirect

Government institutions (SEP-REDD+, FPRCI, Cocoa Board, MINEF, AFOR, ANDE, ANADER, etc.)
A telephone company that will direct deposit money to beneficiaries

TYPES OF BENEFITS

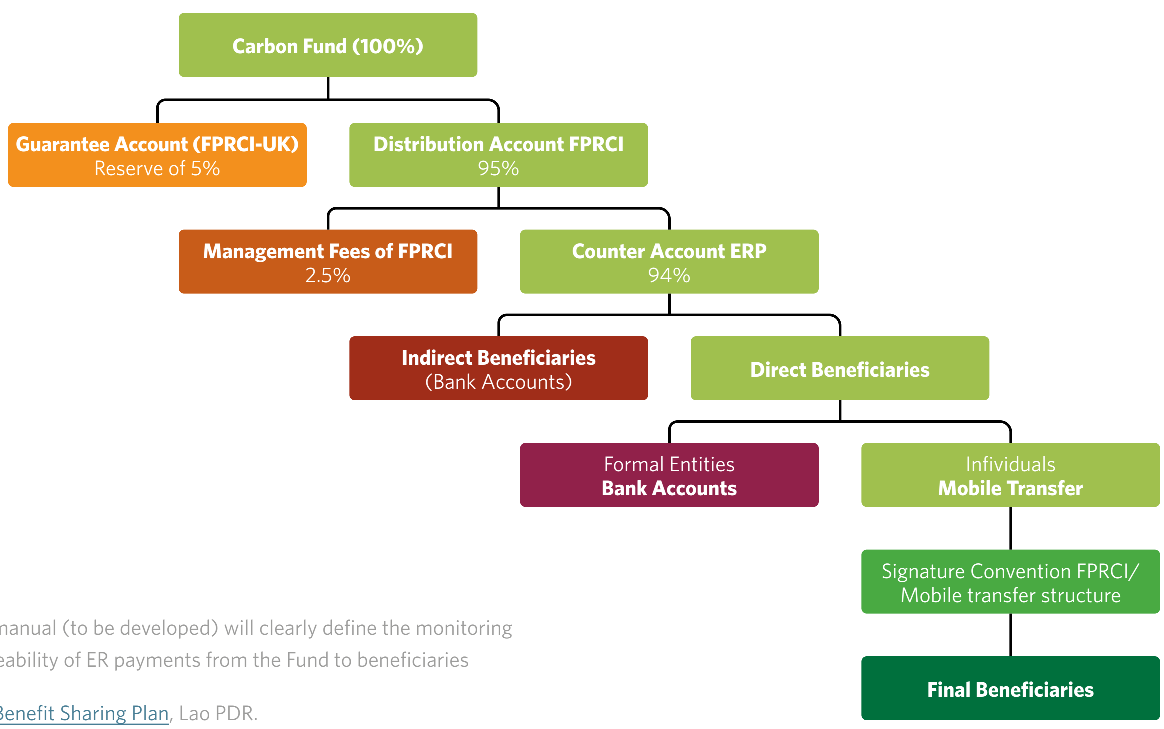
Non-monetary

Includes technical assistance, capacity building, payments or in-kind investments, access to resources or infrastructure, transfer of knowledge and good practices for direct beneficiaries.

Monetary

Direct beneficiaries receive variable payments based on emission reduction volume, level of effort, and compliance with program safeguards. Indirect beneficiaries receive fixed payments to cover operational costs.

FUNDING FLOWS



Note: a manual (to be developed) will clearly define the monitoring and traceability of ER payments from the Fund to beneficiaries

Source: Benefit Sharing Plan, Lao PDR.

PARTICIPATION PROCESS

Step 1: Expression of Interest

For *each* reporting period, there will be a call for interest; beneficiaries can submit the EOI online, through local registration, or through registration by an indirect beneficiary.

Step 2: Verification of Eligibility

The beneficiary must provide proof of activities, activity location, compliance with ESS, identification, and payment details (mobile phone or bank).

Step 3: Verification and Validation of Results

- Indirect beneficiaries evaluate performance of direct beneficiaries (e.g., OIPR, SODEFOR, Cocoa Board, and the NGOs, Traditional Authorities and MINEF *each* evaluate direct beneficiary performance against the FCRES and RLUDP strategies, ESS, and actual emissions reduced).
- ANDE completes an ESS audit.
- SEP-REDD+ analyzes the ESS and indirect beneficiary evaluations.

Step 4: Payment

UNIQUE INSIGHTS: REVISING THE BSP

After completing the original BSP, the REDD+ program evolved, and Côte d'Ivoire updated the plan to better address the new program contexts. To do this, Côte d'Ivoire received supplemental funding from the World Bank to carry out additional consultations and revise the BSP. Some of the funding also helped to pay for institutional expenses and allowed more payments to go to non-institutional beneficiaries. Key revisions included:

- Changed the funding profile (increased funding by 2.2% to non-institutional beneficiaries and decreased funding by 15.2% to direct institutional beneficiaries)
- Reclassified some direct institutional beneficiaries to indirect beneficiaries and streamlined indirect beneficiaries.
- Added a performance evaluation methodology.
- Added a new Expression of Interest process to identify direct beneficiaries and increase stakeholder engagement.

PAYMENT CALCULATION

100% of payments are delivered as monetary benefits to each beneficiary, though some of the finance received will be used toward generating non-monetary benefits (e.g. individual farmers receive trainings from SODEFOR).

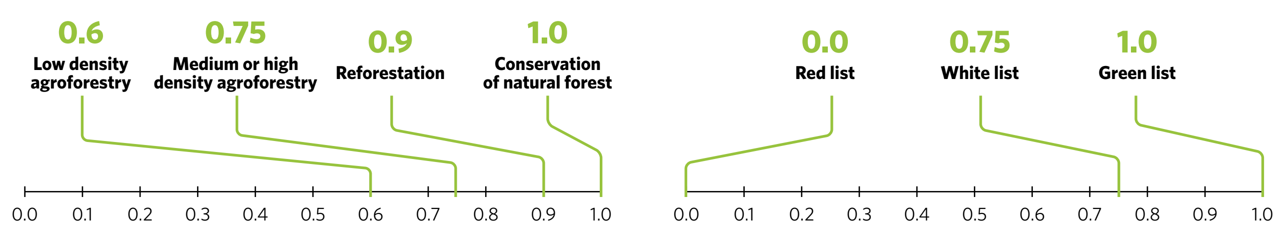
- 25% ($12.5M) to indirect beneficiaries (SEP-REDD+, FPRCI and other entities)
- 25% ($12.5M) to direct, institutional beneficiaries (SODEFOR and OIPR)
- 50% ($25M) to direct, non-institutional beneficiaries

Additional calculations determine how much specific non-institutional beneficiaries receive (see the “Spotlight: How much does a beneficiary get?” below.

SPOTLIGHT: HOW MUCH DOES A BENEFICIARY EARN?

Direct, non-institutional beneficiaries receive payments based on the activity type and compliance with environmental and social safeguards. Weights for different activity types are determined by the emission reduction impact, labor hardship, and whether the activity generates intermediate incomes.

Activity type | **Social and environmental safeguards compliance**



Using the above weights, the full equation to calculate each payment to a direct non-institutional beneficiary is as follows:

$$Rev._{benef} = \frac{Amount_{tot.cat}}{\sum_1^n Sup.act._i \times weight\ act._i} \times (Sup._{act.\ real} \times Weight_{act.real.}) \times Weight_{cs}$$

$Rev._{benef}$ amount received by the individual beneficiary

$Amount_{tot.cat}$ total amount allocated to the beneficiary group for a given reporting period

$Sup.\ act._i$ total implementation area for activity

$Weight\ act._i$ weight for all activity types carried out by beneficiary group

$Sup._{act.real}$ the individual beneficiary’s implementation area

$Weight_{act.real}$ weight for activity type(s) carried out by the individual beneficiary

$Weight_{cs}$ weight corresponding to the social and environmental safeguards compliance

Dominican Republic

STANDARD(S) AND FINANCE

FCPF

Scale: National
Program Duration for Results: 2020-2024
Funding/Volume: Up to $25 million for 5 $MtCO_2e$

RELEVANT POLICIES

Carbon Rights? Private. Rights to carbon credits are based on "effective participation" in the activities that generate emission reductions. Rightsholders therefore only need to be recognized as beneficiaries, which does not require formal land tenure.
Benefit-Sharing Plan? Benefit Sharing Plan: Final Version. This BSP is national and applies to the entire country of Dominican Republic.

ACRONYMS

CNDB National Benefits Distribution Committee
CTA Technical Advisory Committee
EE Executing Entity *(public and private entities selected to implement REDD+ activities)*
MOP Project Operations Manual
OCR REDD+ Coordination Office

TYPES OF BENEFICIARIES

Direct

Public or private landowners: Private or public entities implementing mitigation activities, with either formal or informal land tenure (including individuals and families)
Producers: Forestry or agricultural producers with a maximum volume of production or land area per productive unit, including individuals, associations, and federations.

Indirect

Ministry of Environment: Some portion of the gross payment (up to 15%) for operational and transactional costs.
Executing Entities: Some portion of the gross payment (up to 15%) for operational and transactional costs.

TYPES OF BENEFITS

While landowners and producers may choose monetary or non-monetary benefits, the latter are preferred because execution capacity is higher, relatively small monetary benefits might not provide enough incentive, and the monitoring system does not designate specific reductions to individual beneficiaries, making it difficult to determine payments. Non-monetary benefits could include things like technical assistance, agricultural inputs, and infrastructure.

Public or private landowners: May choose to receive payments in monetary or non-monetary form.
Producers: May choose to receive payments in monetary or non-monetary form.
Ministry of Environment: Monetary payments to cover transaction and operational costs.
Executing Entities: Monetary payments to cover transaction and operational costs.

FUNDING FLOWS

Step 1: From the World Bank to the Ministry of Finance

- The World Bank reviews the REDD+ results and transfers corresponding payment to a Single Treasury Account administered by the Ministry of Finance.

Step 2: From the Ministry of Finance to the EEs

- Direct beneficiaries provide EEs with a summary of performance.
- EEs consolidate performance by REDD+ activity type.
- Associations and federations validate the information and submit a report to the OCR.
- OCR submits the performance report of all EEs to the CNDB, which in turn determines the allocations of funds back to EEs.
- Ministry of Finance transfers funds to EEs, with separate bank accounts for each activity type.

Step 3: From the EEs to the direct beneficiaries

- EEs determine how the benefits are distributed, in accordance with criteria set by CNDB, unless otherwise requested by beneficiaries.
- Associations and/or federations may determine their own distribution systems in accordance with BSP minimum requirements.

PARTICIPATION PROCESS

Participation in the REDD+ program is voluntary. To participate, direct beneficiaries must:

- Demonstrate property rights (formal or customary).
- Carry out REDD+ activities coordinated by the EEs.
- Comply with the Environmental and Social Management Framework and the Environmental and Social Management Plans.
- Develop REDD+ activities on lands which have mitigation potential according to the of activity proposed, within the program's reporting period.
- Sign a transfer act of emission reductions with the corresponding EE, legally transferring the credits in exchange for benefits.

UNIQUE INSIGHTS: PAYMENTS FOR MULTIPLE ACTIVITIES

REDD+ beneficiaries in the Dominican Republic can receive payments for implementing more than one REDD+ activity at a time. The BSP stipulates that each activity must be carried out in different areas of the property which the beneficiary chooses. The beneficiary can register up to two REDD+ activities on the same property through the same or different EEs. The national registry system allows beneficiaries to do this without risk of double counting.

PAYMENT CALCULATION

Direct beneficiaries (80% or more): Once reductions for operational/transactional costs and the Contingency Fund are taken out, direct beneficiaries are eligible for at least 80% of gross payment. Of that 80%, up to 30% will go to the Vice Ministry of Protected Areas and Biodiversity (within the Ministry of Environment) to incentivize their participation in the program and incentivize future participation by other EEs. The remaining 70% is distributed according to four pillars:

PILLAR	INDICATOR	PAYMENT ALLOCATION TO EES
Potential for emissions reduction	Designated "high" or "low" reduction or removal factor per unit area	70% for high factor, 30% for low factor
Implementation cost	High implementation cost at $300 per hectare or more	100% for high implementation cost, divided by intervention area
Inclusion of small landowners/holders	High inclusion with more than 100 small producers on less than 10 hectares	100% for high inclusion EEs, divided by intervention area
Implementation of the Gender Action Plan	Verified progress implementing Gender Action Plan	100% for EEs with verified progress, divided between intervention areas

The CNDB will determine how much weight each of the 4 pillars should carry to make up the 70%.

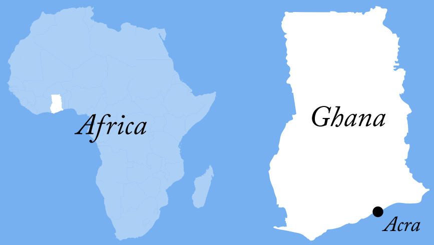
Indirect beneficiaries (15% or less): The Ministry of Environment and EEs will split the indirect benefits depending on the portfolio of projects. Costs exceeding 15% must be covered by the EEs. Any unused value of the 15% will be distributed to the direct beneficiaries.

Contingency Fund (5%): 5% of total payments are set aside for beneficiaries who cannot meet the expected performance in each period due to force majeure, as determined in the MOP.

SPOTLIGHT: MECHANISMS FOR ROBUST TRANSPARENCY

Each EE must prepare and submit a Benefit Sharing Report after each disbursement and submit it to the OCR. The report must include the results of benefit distribution (how benefits were distributed), evidence of the respective transfers, as well as information on any incidents that occurred during the distribution process and how they were resolved. The report must be publicly available and submitted within 6 months of receiving the first payment from the ERPA, then one year after subsequent payments. Each submission is also required to undergo approval and verification by the OCR and CNDB. These processes can help ensure that the benefit-sharing mechanism is fully operational and timely.

Ghana



STANDARD(S) AND FINANCE

FCPF
Scale: Subnational (6 southern regions)
Program Duration for Results: 2019-2025
Funding/Volume: Up to $50M for 10Mt

ART TREES and LEAF Coalition
Scale: Subnational (10 southern regions)
Program Duration for Results: 2017-2021
Funding/Volume: TBD, but an initial agreement of up to $50M for 5Mt for 2017-2019 vintages was announced at COP28 under the LEAF Coalition with Emergent.

RELEVANT POLICIES

Carbon Rights? Undefined. For jurisdictional REDD+, the government obtains rights to emissions reductions via Framework Agreements (contracts) with customary landowner representatives (Hotspot Management Boards) that authorize the government to transfer emission reduction titles without infringing on land or forest ownership rights.[15] Under FCPF, five HIAs have signed Framework Agreements to date. Under ART/TREES, Framework Agreements are yet to be signed as the jurisdictional scope is bigger than the FCPF area and additional HIAs will be created.
Benefit-Sharing Plan? Final Benefit Sharing Plan Ghana Cocoa Forest REDD+ Programme.[16] This BSP applies to the Ghana Cocoa Forest REDD+ Program (GCFRP).

ACRONYMS

CSC	climate-smart cocoa
FC	Forestry Commission
GCFRP	Ghana Cocoa Forest REDD+ Program
HIA	Hotspot Intervention Areas
MDAs	Ministries, Departments and Agencies
MMDAs	Metropolitan, Municipal, and District Assemblies
RDA	REDD+ Dedicated Account

Photo: shutterstock.com   Maps: freevectormaps.com

TYPES OF BENEFICIARIES

Beneficiaries must be active within six "Hotspot Intervention Areas", which represent prioritized areas with cocoa production, forests under threat, and key stakeholder engagement (investors and implementers). Additional HIAs will be added over time, especially through ART TREES, dependent on strong stakeholders or proponents in new areas.

Direct

Landscape stakeholders (farmers, communities, Traditional Authorities)
Government (FC, Cocoa Board and MMDAs)

Indirect

Government (MDAs (such as Ministry of Food and Agriculture))
Private Sector (Cocoa companies and other companies)

TYPES OF BENEFITS[17]

HIA Accounts (69%)

Non-monetary:
Farmers registered in HIA groups: support with climate-smart cocoa production **(58%)**
HIA communities: community development projects **(39%)**

Monetary:
Traditional Authorities: payments based on performance **(3%)**

Government (27%)

Non-monetary:
FC: implementation, monitoring, and enforcement activities **(85%)**
Cocoa Board: training and resource distribution for HIA activities **(7.5%)**
MMDAs: enable participation in HIAs, passage of HIA by-laws, and support FC monitoring and safeguards **(7.5%)**

Other (7%)

4% fixed costs for operation and management
3% of the total is held in a buffer account as insurance against program under-performance[18]

FUNDING FLOWS

Under the FCPF JREDD+ program, the World Bank payments will go into a "ring-fenced" account at the Bank of Ghana called the REDD+ Dedicated Account (RDA). The RDA will be managed by an independent board of 7-9 members (a mix of government, private sector, civil society, etc., with a non-profit majority).

Government beneficiaries: payments will be transferred from the RDA directly to beneficiary government agency accounts.

HIA beneficiaries: The RDA will transfer payments to approved HIA accounts, operated by an HIA Implementing Committee consisting of six to eight members (3 selected by HIA Management Board and 3 by the Consortium of civil society, private sector and government).

- **Farmers:** Since these will be in-kind, non-monetary benefits, the Consortium works with registered farmers to procure and distribute the appropriate items.
- **Communities:** communities propose projects, which will be selected by Consortium and Committee and **Traditional Council** accounts.[19]

PARTICIPATION PROCESS

Discussion groups determined the beneficiaries; farmers were most frequently mentioned, followed by Local Communities (83%), Traditional Authorities (80%), and the Forestry Commission (80%). The percentage of carbon benefits was determined through the stakeholder consultation process, in addition to review by benefit sharing experts.

UNIQUE INSIGHTS: HOW DOES GHANA'S APPROACH CHANGE ACROSS STANDARDS?

Though first created as part of the FCPF requirements, Ghana's benefit-sharing plan applies to its Cocoa Forest REDD+ Program (which is not dependent on a particular carbon standard) and thus can be used for other standards. Ghana plans to extend current FCPF BSP plans to its LEAF areas. Ghana's jurisdictional REDD+ program through LEAF may also cover a larger area, which means Ghana would need to negotiate additional HIA agreements.

Nesting: A simple case of math

Since Ghana is pursuing two different JREDD+ standards with overlapping time and geographical scope, there may be overlapping emissions reductions. Since the agreement with FCPF was signed first, Ghana intends to be issued all those credits (an estimated 10Mt) and subtract any overlapping emissions reductions from ART emissions reductions credits from the same time and area to avoid double counting. Ghana intends to do the same approach, if needed, for existing projects. However, at the moment there are only two registered afforestation/reforestation projects, and both lie outside the jurisdictional program, so this approach is not yet developed.

PAYMENT CALCULATION

Payments to HIAs are determined based on weighted social and climate indicators.

SPOTLIGHT: BEYOND CARBON BENEFITS

Non-carbon benefits are key to ensuring the program's long-term success. The biggest benefits could come from increased yields and more income from the adoption of CSC. Using these techniques, farmers are expected to double yields; if all HIA regions double yields, the total anticipated value generated from these benefits throughout the entire FCPF program period (2019-2025) is estimated at $305M – *more than six times* what the FCPF will pay ($50M) in that same period. The benefits that generate that $305M value may overlap with the carbon benefits.

Non-monetary (beyond carbon benefits)

- **Farmers registered in HIA groups:** input packages; trainings; planting materials; mapping of farms to improve land tenure and farm management; improved tree and land tenure security.
- **HIA communities and Traditional Authorities:** improved landscape governance and management
- **FC:** strengthened law enforcement and monitoring
- **Private sector:** achievement of Cocoa & Forests Initiative and Ghana Framework for Action goals; meeting sustainability targets

Monetary (beyond carbon benefits)

- **Farmers registered in HIA groups:** access to financial credit and risk reduction instruments; increased yields; increased income from better practices; diversification, price premiums and production.
- **Cocoa Board:** increased cocoa production; increased price of beans at premium prices.
- **MMDAs:** improved landscape governance and management.
- **Private sector:** improved supply chain efficiency from HIA's aggregation efforts and increased farmer loyalty; increased income from sale of sustainable beans; reduced risk to sustainability of supply.

Guyana

STANDARD(S) AND FINANCE

Norway Bilateral Partnership

Scale: National
Program Duration for Results: 2009-2015
Funding/Volume: $220M, for keeping deforestation rate below 0.056% annually[20]

ART TREES (Voluntary Carbon Market)

Scale: National
Program Duration for Results: 2016-2020 (1st crediting period), 2021-2025 (2nd crediting period)
Funding/Volume: 33.47Mt (1st crediting period), ~40Mt (2nd crediting period), comprising of approximately 8Mt annually.[21]

RELEVANT POLICIES

Carbon Rights? State-owned

Benefit-Sharing Plan? Low Carbon Development Strategy 2030. This BSP is national and applies to the entire country of Guyana.

ACRONYMS

HFLD	High Forest, Low Deforestation
LCDS	Low Carbon Development Strategy, first developed in 2009, then updated in 2022 to include goals through 2030
VSP	Village Sustainability Plan

Photo: shutterstock.com Maps: freevectormaps.com

TYPES OF BENEFICIARIES

Direct

About 98,000 Amerindian and hinterland communities live in Guyana, comprising 13% of Guyana's population and about 12% of titled land (with an estimated 15% of land once additional titling occurs). Each village elects a Toshao or Village Captain and Councilors who execute decisions made by the village quarterly.

Indirect

The entire population of Guyana stands to benefit from the LCDS, as it is a national program that will focus on transitioning to renewable energy, repairing infrastructure (like canals), protecting against climate change, etc.

TYPES OF BENEFITS

Non-monetary: 85%

LCDS 2030 strategies: renewable energy and transitioning from oil dependency, land titling, infrastructure projects (like repairing canals), job creation, circular economy creation, urban planning, protecting against climate change, making specific industries more sustainable / adding more sustainable industries, etc.
Amerindian and hinterland communities: can access relevant projects under the LCDS, including the Amerindian Land Titling and Information and Communications Technology Hubs projects.

Monetary: Direct Transfer of 15%

Amerindian and hinterland communities: will receive revenues for VSP priorities, defined by the communities in areas of food security, economic livelihoods activities, and sustainable development initiatives.

FUNDING FLOWS

For the Norwegian bilateral agreement, funds were tracked through the Guyana REDD+ Investment Fund, which the World Bank held as a Trustee (and produced annual financial documents about these funds).

For the sale of TREES, revenue shall be administered through the Consolidated Fund, which is approved by the National Assembly during the National Budget process.

PARTICIPATION PROCESS

In July 2022, the National Toshaos Council endorsed Guyana's proposed benefit-sharing approach that benefitted from 7 months of public consultation, and which includes the option for villages to participate in the revenue-sharing.

The 15% revenue is allocated in accordance with this agreed approach, among Indigenous Villages that opted in, from both forest and non-forest ecosystems. While there is no deadline for participation, Guyana invited village councils to produce a draft VSP by the end of 2022 and finalize the plan by June 2023. These plans cover activities at least through 2025. Community assistance has been, and is being, provided to develop these plans by the government and/or non-profits.

Participation from villagers is based on established village decision-making process, which includes the National Toshaos' Council Policy Statement of 2019. This lays out steps like calling a village meeting, providing requirements around how to develop a VSP in advance of the meeting, and recognizing village decisions as any decision with a 2/3rd majority vote.

UNIQUE INSIGHTS: PRICE DISCOVERY

The amount beneficiaries receive is often directly related the amount the program earns through selling carbon credits. Guyana was the first country to explore jurisdictional REDD+ credit sales on the voluntary carbon market. In February 2022, the country launched a request for proposals to understand what prices buyers might be willing to pay for their upcoming TREES credits.

As a result of this price discovery process, Guyana ultimately agreed to sell credits to Hess Corporation between 2022-2032 for $750M for 37.5Mt, which averages to around $20/t (Hess will pay a minimum of $15/t for 2016-2020 vintages, $20/t for 2021-2025 vintages, and $25/t for 2026-2030 vintages). Guyana has additional TREES credits to sell and will likely pursue a similar price discovery model for future sales.

This example with Hess also demonstrates the upward trend that countries can experience when transitioning from results-based payments to market-based credits. When Guyana was receiving RBPs from the Bilateral Norway Partnership, the rate was $5/t. The country then transitioned to generating market-based credits in the hopes of receiving a higher price for results. This resulted in Guyana quadrupling its price per tonne (to $20/t) on the VCM. Note that the LEAF Coalition only guarantees double ($10/t). For Guyana, the VCM was a far more lucrative option.

PAYMENT CALCULATION

The 15% revenue will be shared equally with any communities that opt-in, from both forest and non-forest ecosystems. All 242 villages have submitted VSPs after meeting and deciding to participate in the program.

The 85% of the revenue is being invested in priorities identified through the seven-month national consultation, and cover communities across the country in more large-scale interventions, including one of the biggest investments in climate adaptation in Guyana's history.

SPOTLIGHT: ART TREES' GRIEVANCE MECHANISM IN ACTION

Creating a national REDD+ program is complex – and it's no surprise that disagreements about the process may arise. That's why a robust stakeholder engagement process is critical *during* the creation of a BSP, and why a grievance mechanism is critical *after* the BSP has been finalized. After Guyana's program was issued credits for 2016-2020, the non-profit Amerindian Peoples Association (APA) filed a grievance with ART alleging that (among other complaints) some communities had not been consulted on the terms of the BSP (such as the 15% revenue, how funding will flow, etc.) and that the National Toshaos Council did not have authority to sanction the BSP on behalf of village councils.

The Guyana Forestry Commission and National Toshaos Council both issued rebuttals in April 2023. Specifically, the NTC pointed out that the APA had not discussed this grievance with any village beforehand. ART, following its complaints process, then assigned a lawyer at Winrock International (independent from ART) to review the matter.

The resulting report found that the standard's requirements were followed - many of the complaints were not corroborated by evidence found during the validation and verification process and/or were out of scope for the REDD+ program. However, there were a few improvements identified to make the complaints process clearer. ART decided to revise a few of their templates, update information on their website about public comment periods and complaint processes and offered more guidance to address complaints. Regarding the National Toshaos Council's decision-making authority, the report from Winrock recognized that this complaint had not been raised in time for the stakeholder engagement process for 2016-2020. Therefore, it will be considered in the 2021 assessments for Guyana. The APA appealed this decision, which was dismissed in October 2023. The APA continues to contest ART's grievance mechanism.

Overall, this experience highlights how having a grievance mechanism process is critical to promoting transparency and buy-in from beneficiaries of REDD+ programs, and that even with a robust system in place, there is always room to test and improve the process for stakeholders. Aside from the design of the grievance process itself, establishing clear land and carbon ownership before program implementation can drastically reduce uncertainty around who has the authority to approve the Benefit-Sharing Plan.

Country Case Studies

Indonesia

STANDARD(S) AND FINANCE

GCF
Scale: National
Program Duration for Results: 2014-2016
Funding/Volume: $103.8M for 20.3Mt

Norway Bilateral Partnership[22]
Scale: National
Program Duration for Results: 2016-2020; amendment will require updated methodology for 2020+ vintages
Funding/Volume: (so far, $56M has been paid for 11.2Mt from 2016-2017, $50M for 2017-2018 and $50M for 2018-2019 emission reductions)

FCPF
Scale: Subnational (East Kalimantan)
Program Duration for Results: 2019-2025
Funding/Volume: up to $110M for 22Mt, with a call option to sell an additional 20Mt at a new negotiated price (and an estimated 86.3Mt reduced in total through that time)

RELEVANT POLICIES

Carbon Rights? State-owned (Presidential Regulation No. 98/2021), though the more recent MOEF Regulation 7/2023 also allows for certain companies, communities and social forestry enterprises to sell forest carbon credits

Benefit-Sharing Plan? Benefit Sharing Plan East Kalimantan - Jurisdictional Emissions Reduction Program, Indonesia. This BSP only applies to FCPF's East Kalimantan Emissions Reduction Program in East Indonesia.

ACRONYMS

BLU-BPDLH	Environmental Fund Management Agency
FMUs	Forest Management Units
MoEF	Ministry of Environment and Forestry
MMR	measurement, monitoring, and reporting
MRV	monitoring, reporting, and verification

Photo: shutterstock.com   Maps: freevectormaps.com

TYPES OF BENEFICIARIES

Government: national government, National Park Agency/Conservation Management Unit, East Kalimantan government, FMUs, district governments, and village governments.
Private sector: estate crop companies, forestry concessions (logging, temper plantation, restoration, non-timber forest product, and ecosystem service concessions). The private sector will only benefit if business operations go beyond compliance or business-as-usual.
Local communities: communities, farmer groups, social forestry, and small holders (a total of 1,032 villages) and *adat* communities who live inside or close to the implementation activities or who implement activities.

TYPES OF BENEFITS

Non-monetary

Government: capacity building and support for implementation (national government); support for conflict identification and resolution, fire prevention, etc. (National Park Agency); capacity development for monitoring, improving data, etc. (East Kalimantan government); enhancing sustainable mangrove, peat land, agriculture, RIL and HCV practices (district governments); managing funding for the community and supervising implementation (village governments); facilitation with communities, capacity building, equipment and training, etc. (FMUs)
Private companies: improve capabilities to manage land (trainings, certifications, sustainable forest management, equipment, etc.)
Local communities: equipment and capacity building for forest and fire management; investments in sustainable farming, agroforestry, etc.; development projects (e.g. for health, education, etc.); livelihood support

Monetary

Government: operational costs (all levels of government), administrative and financial management of program (national government), strengthen policy and support for implementation (East Kalimantan, district governments, village governments, FMUs)
Local communities: cash for forest management activities (e.g. wages for community patrols, etc.)

FUNDING FLOWS

For the FCPF program, the World Bank will transfer payments to a custodian account managed by the BLU-BPDLH. The MoEF and the East Kalimantan governor will request payments; a technical team will recommend if the payments will be released or not. If recommended, BLU-BPDLH will contract with the benefit managers (other government agencies or accredited intermediary agencies) and release the funds.

Government: will be transferred directly to the government institution.
Private sector: must have contractual agreements with government agencies who administer companies and will receive benefits from those supervising agencies.
Communities: must be recognized by village government, through an intermediary agency (as benefit manager), or have their *adat* claims recognized by the district (formal land title not required but is a goal of this program). Communities receive benefits directly through the group institution or village government.

PARTICIPATION PROCESS

All villages are potentially eligible for performance or reward payments if they are recognized by the village governments or by the district. Formal land tenure is not required. The BSP estimates that at least 618 villages could be eligible to receive performance benefits, and 89 villages and *adat* communities meet the reward payments criteria.

UNIQUE INSIGHTS: SELF-SUFFICIENCY FOR PAYMENTS

The East Kalimantan program will cost an estimated ~$90.7M to operate from 2019-2025. While Indonesia relied on readiness funding to develop many aspects of the program before operation, the actual program budget will be covered almost entirely by the government ($69M), with some assistance from the private sector ($3.5M). The results-based payments from the FCPF are thus not part of the financial strategy; these payments will only be used as a reward for implementation. This gives Indonesia more flexibility than other countries that may be heavily reliant on readiness and/or results-based payments to cover program implementation costs.

PAYMENT CALCULATION

Performance will be validated using the MMR system at the sub-national level; and verified using the MRV system at the national level. There are three types of allocation: (1) responsibility allocation (25%): incentive governance of the program; (2) performance allocation (65%): incentivize reduction of emissions; and (3) reward allocation (10%): incentivize communities for historical protection. Overall, communities are eligible for approximately 51% of total payments (10% from reward allocation and 41% from performance allocation).

Performance payments
(41% of total payment)

- Each FMU or district or conservation area will receive performance based on the size of the forest area (30%) and on the decrease in deforestation in that area compared to the reference area (70%).
- Then, each FMU, district or conservation area must determine which villages receive what proportion of the benefits. This is decided based on: 40%: program financing needs; 30%: village spatial planning document; 20%: the existence of forest or natural resource management institutions in the village; and 10% the village medium term development plan document.
- Based on these calculations, 30% of benefits to village will be implemented by a supervisor on behalf of the beneficiaries while the remaining 70% will be distributed as monetary benefits.

Reward payments
(10% of total payment)

Communities with net-zero or low deforestation rates between 2006-2016, with large forest areas.

SPOTLIGHT: BENEFICIARIES BECOME MORE INDIRECT WITH SCALE

While over half of East Kalimantan's payments will directly benefit communities, Indonesia's national approach towards disbursing payments focuses more on government programs. For example, $47M of the Green Climate Fund payments went to Indonesia's Social Forestry Program (which helps local communities manage forests and develop sustainable livelihoods) and another $47M help operationalize Indonesia's Forest Management Units. The remaining funds are designated for various national REDD+ operations and architecture. Meanwhile, the Norwegian bilateral partnership requires Indonesia to use the proceeds of their agreement towards its Forest and Other Land Use Net Sink 2030 Operational Plan and its priorities (a national program).

Lao PDR

STANDARD(S) AND FINANCE

FCPF
Scale: Subnational
Program Duration for Results: 2019-2024
Funding/Volume: Up to $42M for 8.4Mt

RELEVANT POLICIES

Carbon Rights? State-owned[23]
Benefit-Sharing Plan? Governance, Forest Landscapes and Livelihoods – Northern Laos Benefit Sharing Plan. This BSP only applies to the Governance, Forest Landscapes and Livelihoods (GFLL) REDD+ Program in Northern Laos.

ACRONYMS

DoF	Department of Forestry
FPF	Forest Protection Fund
MAF	Ministry of Agriculture and Forestry
MoNRE	Ministry of Natural Resource and Environment
MPI	Ministry of Planning and Investment
NARFI	National Agriculture and Forestry Research Institute
NRTF	National REDD+ Taskforce
VDC	Village Development Committee (e.g. farmer cooperatives and women's enterprise groups)

Photo: shutterstock.com Maps: freevectormaps.com

TYPES OF BENEFICIARIES

Direct

Communities (~42,000 households, approximately 254,000 people (50% women))
Government (MAF, MoNRE, MPI, NAFRI, FPF and select sub-national government agencies)

Indirect

Communities (~412,000 people, and >280 in small and medium forestry and ag enterprises)
Government (the program will build capacity of >1,000 government workers)
Pilot initiative actors (private sector, NGO, research institutions)

TYPES OF BENEFITS

5% of funding goes into a performance buffer.
Government: 18% for operational costs, **4%** performance incentive for sub-national government agencies.
Communities: 69% for community VDCs (will not be cash payments but will pay for agreed community action plan priorities).
Pilot initiatives: 4% used as grants for implementation

Non-monetary

Government: capacity building for financial management, project management, monitoring, and implementation, etc., to support implementation of the program.
Communities: trainings, capacity building, forest law environment, development projects (like health and public facilities), livelihood support, strengthened land tenure and improved productivity from agricultural activities.
Pilot initiatives: capacity building/training; equipment and inputs to support sustainable practices, etc.

Monetary

Government: operational, administrative, coordination, implementation, and financial management costs.
Communities: operational costs for VDC.
Pilot initiatives: implementation of proposals.

FUNDING FLOWS

Funds are channeled from the World Bank to the Bank of Lao (Lao's national bank for the Ministry of Finance/ National treasury). When the funds are deposited, DoF (as fund manager) requests a transfer of the funds and the MAF endorses that request. Payments are then transferred from the Bank of Lao to regional custodian banks within two weeks, where they can be accessed by VDCs.

After each village-specific payment determination, the VDCs also conduct consultations in case community action plans need to be adjusted to the payment amount. The funds can then be used for non-monetary benefits, such as capacity building, land titling, and fund management, in accordance with the community action plans. The monetary benefits, which cover operational costs and implementation, are channeled through the VDCs in the same way.

PARTICIPATION PROCESS

Communities: Communities must be residents registered in a village (have legal status) and must hold land and forest rights authorized by a Village Authority (or they can register these rights as part of the program). The criteria for the prioritization and selection of villages to receive benefits under the BSP was decided in consultation with local governments, program development partners, and civil society organization. In October 2022, 253 villages were prioritized based on the village selection criteria. Villages then accepted participation after being fully informed about the program. An additional 56 villages were kept in a backup reserve list in case the priority villages opted not to participate.

Pilot initiatives: Six months prior to first payment, pilot initiatives can apply for grants via a call for proposals. If selected based on a predetermined set of assessment criteria, sub-agreements will then be signed to transfer funding, and pilot initiatives must report back every 3 months.

UNIQUE INSIGHTS: READINESS IS KEY FOR LAO PDR

For Lao PDR, external funding has been key to the program's continuation. In total, implementing the GFLL REDD+ program will cost an estimated $136.5M, while the FCPF Carbon Fund will only pay up to $42M for results. The remaining $94M of funding comes from a suite of underlying agriculture and forestry projects in the region, financed by Germany, Japan, the European Union, Asian Development Bank, the United Nations, and the World Bank. The initial area (six northern provinces) was chosen specifically because there were previous projects in this region already funded by these development partners.

In addition to financing by the FCPF Carbon Fund, there were/are a total of 10 readiness and implementation projects operating in the jurisdiction. One of these even involved an advance payment of $3 million from the Carbon Fund itself. Each of these projects covered a slightly different scope and geographic area within the jurisdiction. While some were focused on supporting management planning, other focused on monitoring systems, capacity building, and rural infrastructure.

PAYMENT CALCULATION

Some communities already receive funding from other projects or institutional structures; villages will be prioritized within each district based on those that need results-based payments the most, and these lists could be adjusted after initial payments.

While payments to each province will be based on verified emissions reductions, allocations to specific villages will be prioritized depending on which communities already have access to other projects or funding.

SPOTLIGHT: CAPACITY NEEDED TO ENSURE TRANSPARENT FINANCIAL FLOWS

In 2019, Lao PDR's updated Forest Law designated the Forest Protection Fund as the manager of carbon revenue. However, the FPF has limited experience managing larger amounts of money, and so the World Bank wanted to assess whether the FPF would be ready to disburse FCPF funds by 2023.

Lao PDR invited a World Bank team to conduct a capacity assessment. While the FPF had made some progress around key issues (the governance and organization of the FPF, how funds will flow through the FPF, and clarifying how payment and communication will occur), others needed much more work (hiring skilled staff; streamlining the budget approval and expense process; developing policies to ensure no overspending and closing out of the budget; creating a robust IT framework; and developing an independent, streamlined procurement process).

As a result, all FCPF payments will be handled by a different fund manager (the REDD+ Division) until the FPF has received and built more capacity. There is a roadmap developed, but more funding and – crucially – capacity building will be needed to make this a reality. In June 2022, an advance payment of $3 million was disbursed from the Carbon Fund to fill these gaps, specifically to cover operational costs of national and sub-national government entities, including VDCs.

For now, the prior FCPF Readiness Grant arrangements will be used to receive and disburse payments. While the revised Forest Law 2019 nominates the Forest Protection Fund (FPF) to manage carbon revenue, the World Bank determined that the FPF requires additional capacity building. The fund manager role will be handed from the REDD+ Division over to the FPF if/when it has demonstrated adequate management and fiduciary capacity to manage the emission reduction payments.

Conclusion

While benefit-sharing plans must always be designed with local circumstances in mind, principles around inclusive participation, equitable distribution of benefits, and transparency around financial flows are applicable to all JREDD+ programs.

These approaches serve as the critical foundation for any benefit-sharing plans, but are especially important for JREDD+ programs, many of which are just beginning to grow beyond non-market approaches and are entering various carbon markets (like the voluntary carbon markets, Article 6, and the Carbon Offsetting and Reduction Scheme for International Aviation).

These markets rely on the concept of "fungibility", meaning that any credit – no matter if it comes from a JREDD+ program or other mitigation activities – embody the same key principles and foundations. These markets have also come under scrutiny in recent years, with standards, meta-standards (requirements that multiple standards must meet) and ratings agencies developing new and evolving criteria to better understand and assess quality carbon credits.

To effectively scale and access carbon market finance, JREDD+ programs should showcase their benefit-sharing plans and continually work to improve the implementation of these plans. Market-based standards, too, should continue to improve upon their social safeguards and benefit-sharing frameworks to bolster program performance. After all, JREDD+ programs hold immense potential to scale and solve one of the world's greatest challenges: global emissions need to effectively halve by 2030, and addressing emissions from tropical forests is critical to this goal.

Annex I

Table 4: BSP Plans for Market-based Approaches to JREDD+

COUNTRY	PROGRAM AREA	PROGRAM TITLE	STANDARD, GUIDANCE OR REQUIREMENT	BSP PLAN	PUBLICATION DATE
Chile	6 of the 16 administrative regions in the country (Sub-national)	Chile's Emission Reductions Program	FCPF Carbon Fund	Final Plan	June 2021
Congo, Democratic Republic of	Mai-Ndombe Province (Sub-national)	Mai-Ndombe Emission Reductions Program	FCPF Carbon Fund	Final Plan	June 2022
Congo, Republic of	Sangha and Likouala Departments (Sub-national)	Emission Reduction Program in Sangha and Likouala	FCPF Carbon Fund	Final Plan	Sept 2022
Costa Rica	Costa Rica (National)	Costa Rica's Emission Reductions Program	FCPF Carbon Fund ART/TREES	Final Plan Registration Document*	Feb 2022 Oct 2022
Côte d'Ivoire	5 regions in the cocoa belt in southwest Côte d'Ivoire (Sub-national)	Côte d'Ivoire Emission Reductions Program in the Taï National Park Area	FCPF Carbon Fund	Final Plan	Dec 2023
Dominican Republic	Dominican Republic (National)	Emission Reductions Program of the Dominican Republic	FCPF Carbon Fund	Final Plan	Feb 2022
Ethiopia	Oromia Regional State (Sub-national)	Oromia Forested Landscape Program	BioCarbon ISFL	Final Plan	Nov 2023
Fiji	11 provinces (Sub-national)	Emission Reductions Program of Fiji	FCPF Carbon Fund	Final Plan	June 2021
Ghana	6 hot spot intervention areas in the high forest zone (Sub-national)	Ghana Cocoa Forest REDD+ Programme	FCPF Carbon Fund ART/TREES	Final Plan Registration Document**	May 2020 Jan 2024
Guatemala	92 percent of the national territory (Sub-national)	Guatemala National Program for the Reduction and Removal of Emissions	FCPF Carbon Fund	Final Plan	Feb 2023
Guyana	Guyana (National)	Low Carbon Development Strategy	ART/TREES National strategy	Registration Document*** Low Carbon Development Strategy 2030	Dec 2022
Indonesia	East Kalimantan Province (Sub-national)	East Kalimantan Jurisdictional Emission Reductions Program	FCPF Carbon Fund	Final Plan	Oct 2021
Lao People's Democratic Republic (PDR)	6 northern provinces, covering more than a third of the country (Sub-national)	Northern Lao Governance, Forest Landscapes and Livelihood Program	FCPF Carbon Fund	Final Plan	Sept 2021
Madagascar	Madagascar's eastern humid forest ecoregion (Sub-national)	Atiala Atsinanana Emission Reductions Program	FCPF Carbon Fund	Final Plan	Feb 2022
Mozambique	9 districts of Zambézia Province, in central Mozambique (Sub-national)	Zambézia Integrated Landscape Management Program	FCPF Carbon Fund	Final Plan	Dec 2019
Nepal	5 provinces and 13 districts of Nepal's Terai Arc Landscape (Sub-national)	People and Forests: A Sustainable Forest Management-Based Emission Reduction Program in the Terai Arc Landscape	FCPF Carbon Fund	Final Plan	June 2023
Viet Nam	6 provinces in Viet Nam's North Central Region (Sub-national)	Viet Nam's North Central Region Emission Reductions	FCPF Carbon Fund	Final Plan	Feb 2023
Zambia	Eastern Province (Sub-national)	Integrated Forest Landscape Program	BioCarbon ISFL	Draft Plan	April 2023

* Costa Rica will use its Emission Reduction Program developed under the FCPF; this document provides further details around its BSP than in the Monitoring Report.
** Ghana has mentioned it might update its BSP for the ART/TREES program, such as by conducting additional consultations with stakeholders both inside and outside of its existing HIAs. The ART/TREES program may also cover a larger area, which means Ghana would need to negotiate additional HIA agreements.
*** Guyana will use its Low Carbon Development Strategy 2030; this document provides further details around its BSP than in the Monitoring Report.

Notes

1 Verra JNR specifically refers to the FCPF practices, stating, "Additional guidance and information about good-practices in benefit sharing arrangements can be found at: https://www.forestcarbonpartnership.org/bio-carbon/en/index.html
2 ART notes that while it does not require a benefit-sharing plan, it does require jurisdictions to ensure stakeholders are part of a transparent, inclusive REDD+ development process, which could include the development of benefit-sharing plans during that time. https://www.artredd.org/faqs/#safeguards
3 In TREES, Cancun Safeguard B, Theme 2.2 requires, "The distribution of REDD+ benefits related to the implementation of the REDD+ results-based actions have been carried out in a fair, transparent, and accountable manner". Other requirements in TREES include ensuring that IP and LC rights are respected and fulfilled, and that a BSP is designed through a participatory process with appropriate access to information and a grievance mechanism(s).
4 Green Climate Fund's Terms of reference for the pilot programme for REDD+ results-based payments
5 Germany's Contribution to The Forest And Climate Protection Programme Redd+ (2020)
6 Scenario 1 is not included here as it is focused on REDD+ projects, which is the subject of the "Beyond Beneficiaries" report.
7 All units sold to the FCPF, whether to Tranche A (market funding and tradeable) or Tranche B (non-market funding and non-tradeable) must have a BSP before units may be purchased or receive payments.
8 See: Designing Benefit Sharing Arrangements: A Resource for Countries, and the Note on Benefit Sharing for Emission Reductions Programs Under the Forest Carbon Partnership Facility and BioCarbon Fund Initiative for Sustainable Forest Landscapes
9 See: Designing Benefit Sharing Arrangements: A Resource for Countries, and the Note on Benefit Sharing for Emission Reductions Programs Under the Forest Carbon Partnership Facility and BioCarbon Fund Initiative for Sustainable Forest Landscapes
10 Many countries have also received additional readiness funding from donor governments but because this funding can originate from so many different sources, it can be difficult to pinpoint exactly how much funding each country received.
11 This includes ISFL, FCPF and its upcoming new program called Scaling Climate Action by Lowering Emissions (SCALE).
12 Making Good on The Glasgow Climate Pact A Call to Action To Achieve One Gigaton Of Emissions Reductions From Forests By 2025.
13 The Prioritized Project modality consists of REDD+ activities that are proposed by CONAF and which are emblematic of the priorities stated in the ENCCRV. In the Public Competition modality, REDD+ projects apply to a competitive fund and are selected for financing based on their impact toward the ENCCRV. The Regional REDD+ groups determine which projects are selected for both modalities.
14 Total identified beneficiaries: 200,145 people (only 1,010 of whom are women, since cocoa agriculture is a male-dominated sector). This number may vary according to expressions of interest in each reporting period.
15 More information on this can be found in Ghana's ART TREES Registration Document.
16 More information on this can be found in Ghana's ART TREES Registration Document.
17 As emissions reductions from Ghana's REDD+ program increase, they will consider incorporating direct benefits for carbon reductions and removals achieved by the private sector.
18 If the program underdelivers (below 20% performance), but specific HIA stakeholders do meet their performance indicator (at least 50%), they will be paid using this buffer.
19 Traditional Authorities refers to the structure of traditional leaders (chiefs and queen mothers), as represented and organized under a Traditional Council (or similar body).
20 The Norwegian partnership was a "results-based payment" that did not quantify actual emissions reductions; instead, reductions were estimated by converting the number of hectares of avoided deforestation.
21 Hess Corporation has committed at least $750M for 37.5Mt of these credits.
22 Norway has funded Indonesia's REDD+ program in two phases: 1) *First agreement/Letter of Intent (2010-2021);* 2) *Memorandum of Understanding (2022).*
23 Private sector projects (like tree-planting) can enter into sub-agreements with the government to avoid any legal risk and competing claims around carbon rights; these sub-agreements will allow for payments and non-monetary benefits, but the government will retain ownership and legal title.


The Nature Conservancy