

October 2013

# Poverty and sustainable development impacts of REDD architecture



Project  
Materials

Forestry

Keywords:

Forestry; REDD+; Pro-poor.



## What would it take to make REDD+ pro-poor?



Women in Uganda queue to vote for their preferred form of REDD+ compensation. Photo: Justine Namaalwa

### Why pro-poor REDD+ matters

REDD+ could provide important social and development benefits to forest countries and forest-dependent communities but the risks of non-delivery are high. This matters because more than one billion people, often from very poor communities, depend on forests for their livelihoods. If REDD+ schemes do not include well-designed systems to share benefits with such communities, new problems could arise in the future. For REDD+ programmes and projects to succeed, they must understand – and address – people's concerns about how REDD+ will affect their livelihoods.

### About this project

Working in Brazil, Ghana, Tanzania, Uganda and Vietnam, this project aims to examine how REDD+ can be designed to deliver poverty reduction benefits. It has investigated whether and how pro-poor approaches to REDD+ that focus on smallholder farmers and forest-dependent communities could be cost-effective. It has calculated the costs of such pro-poor REDD+ schemes, including the opportunity costs of different land-use options and the transaction costs of different incentives as well as the safeguards needed to ensure that genuine benefits reach poor communities and are shared fairly.

It has also worked with REDD+ pilot projects to improve understanding of their poverty impacts, track their implementation process, estimate their transaction costs and explore in what form the communities affected would like to be compensated for avoiding deforestation.

This project has demonstrated a practical, low-cost methodology for enabling poor communities to participate in the design of REDD+ schemes and identify incentives that suit them. It has generated important baseline data that will enable REDD+ projects to measure their poverty impacts after they have been in operation for some time. The project's findings will help policy-makers make choices at national and international levels to ensure that REDD+ programmes and projects are pro-poor. The project will produce its final reports in December 2013.

**For more details about the project see:** <http://www.iied.org/designing-redd-promote-sustainable-development-reduce-poverty>

## Socioeconomic conditions in REDD+ pilot areas

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



Focus group discussion in Cat Tien, Vietnam. Photo: SNV Vietnam

## What people wanted most from REDD+

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

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



Consultation process, Brazil. Photo: Luiza Lima

## What would pro-poor REDD+ cost?

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

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

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

## Lessons learned

- Communities in all of the pilot project areas had low levels of education and they perceived this to be a key constraint for improving their main livelihood – agriculture. REDD+ schemes that encourage people to avoid deforestation will **need to help fill this educational gap** to ensure both that alternative livelihoods are viable and sustainable, and that communities can fully understand and benefit from a potentially very complex system of compensation.
- The **form and timing of compensation and who manages it** will have a big effect on whether REDD+ projects can alleviate poverty at the same time as limiting deforestation.
- Projects need to **design incentives that counter the drivers** of deforestation and degradation.
- In all countries, other than Brazil, people's need for energy (fuel wood and charcoal) was a major driver of forest loss. This suggests **improved energy access** can be an important component of compensation.
- In most settings, people cut trees to expand agriculture, so **better agricultural policies, technologies and extension services** will be key to benefit-sharing schemes.
- In Uganda, the farmers said there was little point in receiving fertilizer to boost farm outputs if there was not an improvement in the way they could access markets. REDD+ interventions need to be multi-faceted, **going beyond land use to the whole value chain**.
- REDD+ needs to be designed with the **participation of local communities**, and this project confirms that **local priorities will vary** from community to community.

## Publications

Ogonowski, M. and Enright, A. (2013). *Cost implications for pro-poor REDD+ in Lam Dong Province, Vietnam: opportunity costs and benefit distribution systems*. IIED, London.

George C. Kajembe, Dos Santos A.Silayo, Adam B.S. Mwakalobo, Khamaldin Mutabazi (2013) *The Kilosa District REDD+ pilot project, Tanzania. A socioeconomic baseline study*. IIED, London.

Amazonas Sustainable Foundation - FAS (2013) *Results of a baseline study for a REDD+ pilot area in Brazil: the Rio Negro APA and the Bolsa Floresta Programme*. IIED, London.

Grieg-Gran, M. and Rolington, L. (eds.) (2013) *What does it take to achieve pro-poor REDD+? REDD workshop report 29 November 2012, Doha, Qatar*. IIED, London.

Movik, S., et al (2012) *Socio-economic conditions in REDD+ pilot areas: A synthesis of five baseline surveys*. IIED, London.

Nabanoga, G. Namaalwa, J. Ssenyonjo, E. (2012) *The Ongo Community Forest REDD+ pilot Project, Uganda: A socioeconomic baseline survey*. IIED, London.

Enright, A (2012) *The Lam Dong REDD+ pilot area, Viet Nam: a socioeconomic baseline survey*. IIED, London.

Mohammed, E. Y. 2011. *Pro-poor benefit distribution in REDD+: who gets what and why does it matter? REDD Working Paper*. IIED, London.

Mwakalbo, A.B.S., G.c. Kajembe; D.s. Silayo; E. Nzunda; E. Zahabu; S. Maliondo; D.N. Kimaro; (2011) *REDD and sustainable development – perspective from Tanzania*. IIED, London.

Virgilio, V, Ribenboim, G, Megid, T and Salviati, V (2010) *REDD and sustainable development – perspective from Brazil*. IIED, London.

Holland, Tim & McNally, Richard (2010) *REDD and sustainable development – perspective from Viet Nam*. IIED, London.

Nabanoga, G, Namaalwa, J and Ssenyonjo, E (2010) *REDD and sustainable development – perspective from Uganda*. IIED, London.

This project is funded by the Norwegian Agency for Development Cooperation (Norad) as part of the Norwegian Government's Climate and Forest Initiative.

