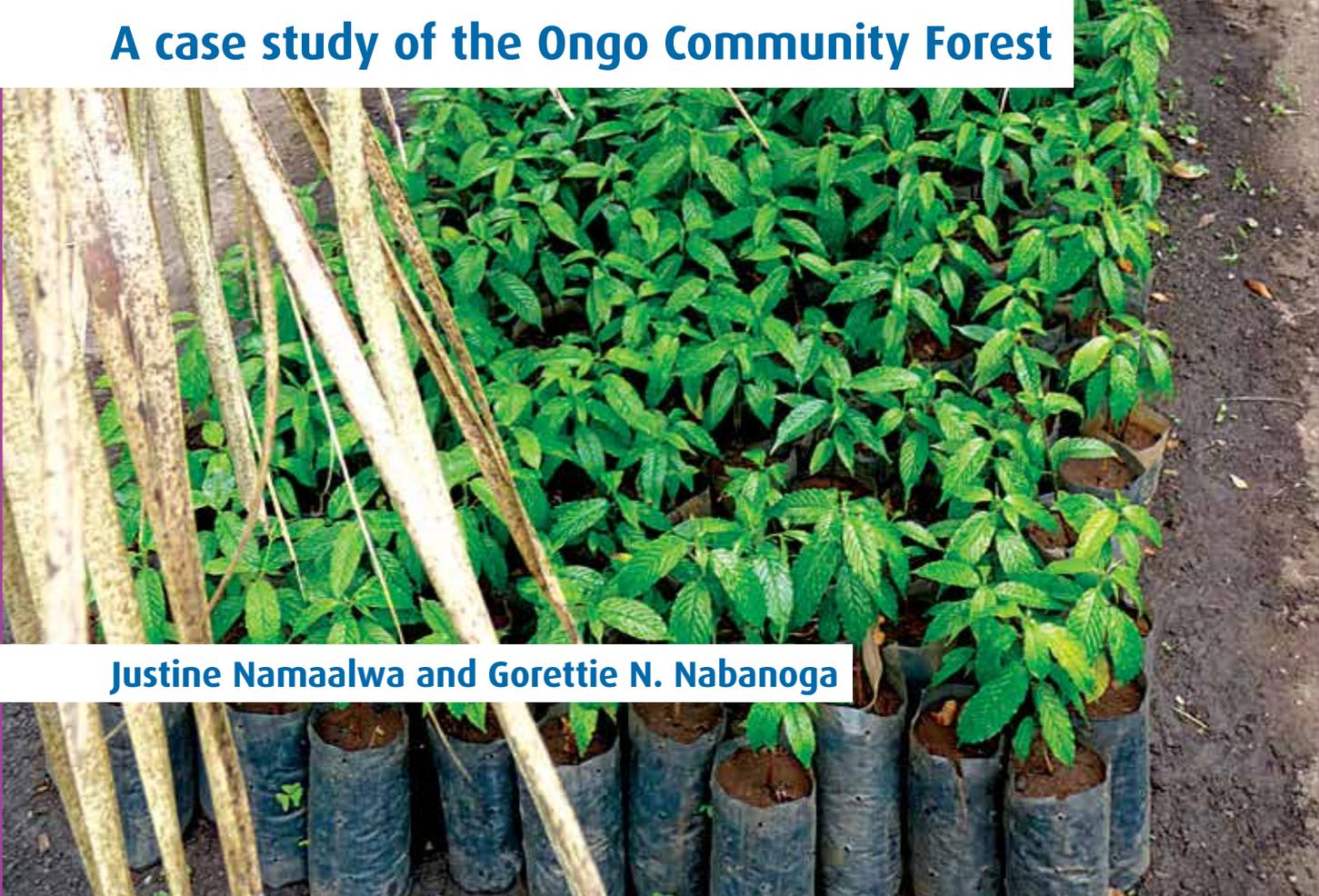




Assessing local preferences for payment formats in REDD+ interventions

A case study of the Ongo Community Forest



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Poverty and sustainable development impacts of REDD architecture; options for equity growth and the environment

About this project...

Poverty and sustainable development impacts of REDD architecture is a multi-country project led by the International Institute for Environment and Development (IIED, UK) and the Norwegian University of Life Sciences (Aas, Norway). It started in July 2009 and will continue to December 2013. The project is funded by the Norwegian Agency for Development Cooperation (Norad) as part of the Norwegian Government's Climate and Forest Initiative. The partners in the project are Fundação Amazonas Sustentável (Brazil); Hamilton Resources and Consulting (Ghana); Netherlands Development Organisation (SNV) (Vietnam); Sokoine University of Agriculture, Faculty of Forestry and Nature Conservation (Tanzania); and Makerere University, Faculty of Forestry and Nature Conservation (Uganda).

The project aims to increase understanding of how different options for REDD design and policy at international, national and sub-national level will affect achievement of greenhouse gas emission reduction and co-benefits of sustainable development and poverty reduction. As well as examining the internal distribution and allocation of REDD payments under different design option scenarios at both international and national level, the project will work with selected REDD pilot projects in each of the five countries to generate evidence and improve understanding on the poverty impacts of REDD pilot activities, the relative merits of different types of payment mechanisms and the transaction costs.

Acknowledgements

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Introduction and background

The government of Uganda has overtime been actively engaged in ensuring the sustainable utilisation of its forestry resources. This has been undertaken by different players including the national forestry sector, forest-neighbouring communities and private individuals owning forested land. Different complementary policies and legal instruments have been implemented or drafted to facilitate strategies for achieving this. For example, the Uganda forest policy for 2001 has an overall goal of using the forests for sustainable livelihoods improvement, while also recognising carbon trading as a sustainable way of utilising natural and planted forests in Uganda. Further, the draft forest regulations of 2012 emphasise tenurial rights over ecosystem services thus indicating the need for clarity on the sharing of benefits from forest products and services. Also, the 2012 draft climate change policy clearly emphasises the exploration of various payments for ecosystem services (PES) options in ensuring the sustainable utilisation of forestry resources.

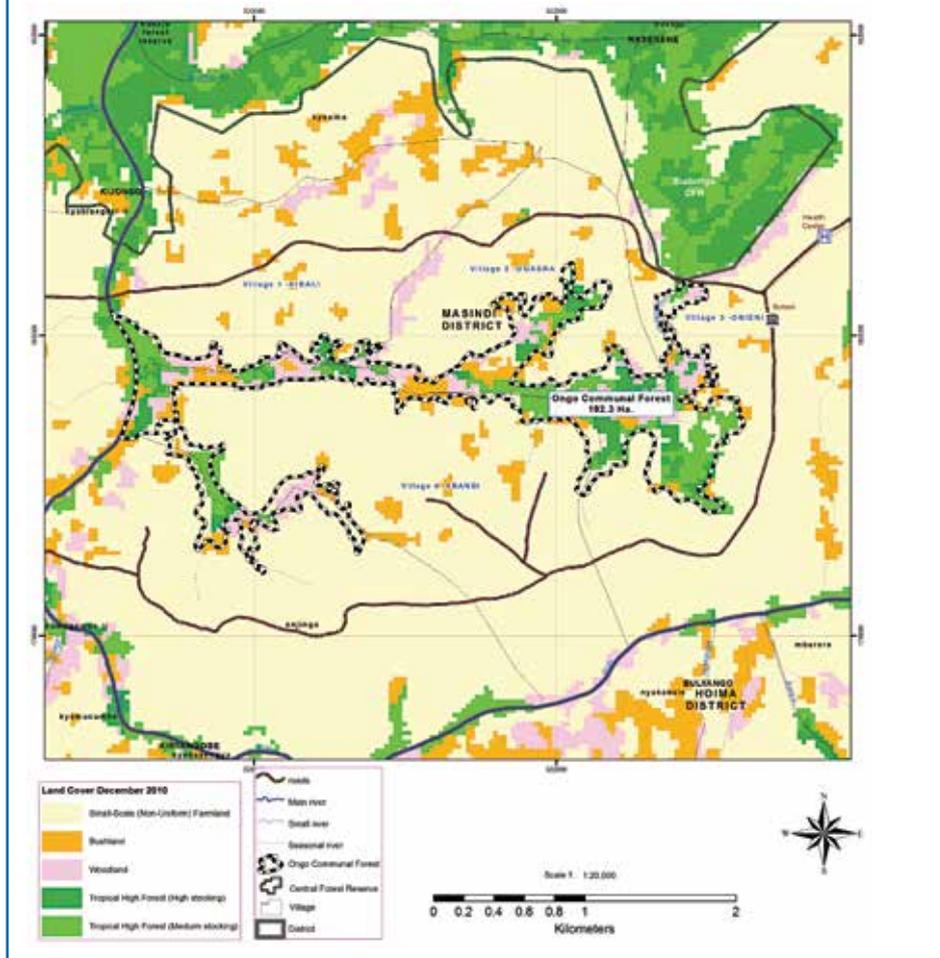
In addition to the prevailing policy/legal provisions, different initiatives are underway to explore REDD+ architecture including benefit-sharing mechanisms and the types and levels of participation by the different players in REDD+ processes. The Environmental Conservation Trust of Uganda (ECOTRUST), a non-profit environmental conservation organisation, is in the process of implementing a REDD+ pilot project in some community forests of Masindi District. This is to be partially funded (at least for the set-up phase) by Myclimate, which is a climate protection partnership categorised as a not-for-profit international initiative with Swiss origins. The carbon credits are expected to be certified under the Plan Vivo system.¹

As part of the Norad-funded project focusing on poverty and sustainable development impacts of REDD architecture, a research team from Makerere University in collaboration with ECOTRUST conducted a two-stage process to investigate payment formats and undertake choice experiments in the Ongo community. The process was guided by methodologies and field protocols developed by the International Institute for Environment and Development (IIED) and the University of Life Sciences (UMB). The fieldwork was conducted during March and April 2013 across four villages found in Kasenene Parish, Budongo sub-County in Masindi District: Abangi, Onieni, Ogadra and Kibali. These villages surround a communally owned forest, the Ongo Community Forest, which is located about 54km from Masindi Town off Masindi–Butiaba Road covering an approximate area of 192 hectares (see Figure 1). The main livelihood of the community members is subsistence farming, growing mainly maize, cassava, millet, beans, rice, sweet potatoes, bananas and groundnuts. In addition, the main cash crops in the area are tobacco and rice.

Since 2007, the forest has been unofficially managed by the Ongo Communal Land Association (CLA), with around 62 members. A committee of 10 members has been in charge of regulating the use of the forest following a draft constitution and draft forest management plan. In 2012, the community members formally applied to be registered and recognised as a community-based organisation (CBO). In May 2012, the Masindi District local government granted the CLA a CBO certificate of registration, to be involved in forest conservation, tree planting, beekeeping and animal husbandry.

1. Plan Vivo is a framework for supporting communities to manage their natural resources more sustainably, with a view to generating climate, livelihood and ecosystem benefits. Plan Vivo Certificates are awarded for the long-term sequestration or reduction of one tonne CO₂e, plus other benefits such as poverty reduction and climate change adaptation. Activities eligible for generating Plan Vivo Certificates are afforestation and agroforestry, forest conservation, restoration and avoided deforestation. See www.planvivo.org.

Figure 1. Map showing Ongo Community Forest and the surrounding villages



The intention of this report is two-fold. Firstly, it will present the methodology and results from the activities, where the field findings will be analysed in terms of the differences between the different villages and between some members within each village, in an effort to illustrate the complexities involved in determining the most appropriate benefit-distribution formats at the local level. This is fundamental to ensuring the most appropriate benefit-distribution system (BDS) is designed to help incentivise future compliance under REDD+ at the local level. Secondly, the report will review the experiences from these activities and highlight the likely implications for the implementation of local-level BDS for REDD+ in Uganda.

Stage I: The focus group discussions for payment formats

2.1 The approach

The implementing agent ECOTRUST was engaged to solicit the communities' views and plans in relation to payment formats. Further, given its current carbon-related activities, it was expected that there would be some anticipated or pre-planned choices in relation to the implementation of the REDD+ pilot.

A series of focus group discussions (FGDs) with community members were conducted and information triangulated using local resource persons as key informants (KIs). The purpose of the FGDs was mainly to solicit views from community members themselves, rather than a prescribed survey, which would bias the respondents and lead to missing out on important aspects of people's motivations and incentives to participate in the REDD+ project. A focus group discussion, in contrast to a survey, provides people with more freedom to express their views. Further, given that the forest resource is communally owned, FGDs are a more appropriate approach compared to individual interviews.

A two-stage disaggregation process was undertaken. First, the communities were disaggregated based on their proximity/dependency on the forest (Abangi is closest to the forest, and Onieni furthest away). The decision to combine Ogadra and Kibali for the FGDs was based on the fact that these two villages were quite similar in relation to their proximity/dependency on the forest. In each community, mobilisers were asked to invite all the CLA members and any other village members interested to the village-based meetings. All those who turned up were further disaggregated based on their association membership status (CLA and non-CLA members) and gender.

Although wealth status was another key criterion for consideration, it was disregarded given that no significant differences in wealth categories were reported by the individuals during the registration. Other considerations when seeking and recording responses to the different questions included age categories i.e. elderly or youth. Knowing that there exists an association for the use/management of Ongo forest, it was necessary to investigate the differences in perception between members and non-members of the CLA. The non-members were of specific interest given that enrolment into the CLA is ongoing and it would be interesting to know their expectations.

Based on the above stated criteria, the composition of the different FGD sessions were as presented in Table 1 below. The size of the groups for the male participants was purely dependent on who turned up on the day and their willingness to participate. Up to 20 individuals per category had been invited hoping that we would achieve a range of 10–15 participants per category. However, the majority of the community are not registered CLA members. In addition, although the target was to have CLA and non-CLA members considered differently for both male and female participants, the number of women enrolled in the CLA and their overall attendance at community meetings was low. As a result, all of the women were placed in one group, although responses from CLA and non-CLA members were recorded differently.

Table 1. Participation in the focus groups discussions

Village (proximity to the forest)	Category of participants			
	Male		Female	Total
	CLA members	Non-CLA members		
Abangi	18	20	10	48
Onieni	16	22	8	46
Ogadra and Kibali	17	25	15	57
				151

For each FGD session, the stage was set by explaining to the participants the purpose of the exercise. It was highlighted that the major aim was to learn about the community's preferences, emphasising that not all preferences will be implemented by ECOTRUST. The key areas of focus outlined in the methodology included:

- major deforestation and forest degradation activities
- activities that require compensation
- commitment activities to be undertaken by community members
- participation in the commitment activities
- compensation types and levels
- distribution and governance arrangements for the compensation packages
- sustainability

4

Given that the majority of the participants were Lugbara, the languages most spoken/understood are Lugbara and Swahili. The research team guided the discussions in English and translators were used in the process. For most of the issues, both languages were used for clarification. When a question was posed, different opinions were sought from individual participants and the most-reported views/similar views were presented by the moderator to seek the majority opinion. Further, consensus on whether it should be the recorded response was sought. It is, however, important to note that in some instances, some levels of disagreement were identified especially in the men's groups.

Some of the responses from the FGDs were triangulated and clarified through interactions with KIs including CLA leaders (at least one male and one female from each village), village leaders and youth representatives.

2.2 Focus group discussions: the findings

2.2.1 Major deforestation and forest degradation activities

The discussions started by asking for information about which forest activities are undertaken in the forest for both extractive and non-extractive purposes. It was evident that a good number of the community members were heavily dependent on the forest for their livelihoods, mainly to cater for their energy needs and to provide construction materials, income generation and a source of land and various non-timber forest products (NTFPs).

In line with the local understanding of deforestation, the men and women were asked to list the activities driving deforestation in Ongo Forest. According to the men of Abangi village (irrespective of whether they were CLA members or not) the activities leading to deforestation and/or degradation were cultivation of crops, charcoal burning/making, and the harvesting of timber and construction poles (Figure 2). The men mentioned tobacco, rice and vegetables (especially cabbages) as the main crops grown in the cleared areas. However, the women of Abangi mentioned that although they harvest vegetables, herbs for medicine and tree seedlings for planting on their farms, these activities are not regarded as degrading the forest.

On the other hand, the men and women of Ogadra/Kibali and the men of Onieni cited the harvesting of poles for tobacco nurseries and tobacco barn construction as well as encroachment to access fertile soil for agricultural production (mainly growing crops such as rice, tobacco and maize) as the main deforestation and forest degradation activities. Further, sand mining was an activity mentioned by the male youth in Onieni village, while the women of Onieni reported charcoal burning as the main forest degradation activity. The activities most associated with driving deforestation and forest degradation in Ongo Community Forest by the men and women with whom FGDs were held are presented in Table 2.

Figure 2. Clearing land for cultivation and extraction of poles for construction



2.2.2 Activities that require compensation

Although the methodological guide used the term 'activities to be compensated', the interpretation in the local language implied that the individuals involved in the different activities would be rewarded. However, it was clarified that the compensation would be for the loss of access to a given forest product or use. In other words, they would receive an incentive to deter them from deforestation and forest degradation activities that they currently practice and to engage in other activities that sustain their livelihoods. The majority of the groups interviewed mentioned land clearance for agriculture and harvesting of poles for the construction of houses, tobacco barns and stakes as the main activities that should be immediately addressed in order to curb deforestation and forest degradation (Table 3).

Table 2. Deforestation and forest degradation activities in Ongo Forest

Deforestation/degradation activity (considering harvesting of both timber and NTFPs)	FGD groups (frequency)		
	Men (n=6)	Women (n=3)	Total (n=9)
Land clearing for agriculture: tobacco nurseries, tobacco, rice, cabbages, bananas	6	2	8 (89%)
Harvesting poles for housing construction, tobacco burnings and stakes	6	1	7 (78%)
Charcoal burning	4	1	5 (56%)
Timber felling	4	1	5 (56%)
Firewood collection for mainly subsistence use	2	1	3 (33%)
Collection of seedlings of trees and wild coffee		1	1 (11%)
Harvesting climbers for ropes (construction)	2		2 (22%)
Wild fires (uncontrolled fires resulting from hunting and sterilising tobacco nurseries)	2		2 (22%)
Sand mining	2		2 (22%)

Table 3. Deforestation/degradation activities that require compensation

Deforestation/degradation activity	FGD groups (frequency)		
	Men (n=6)	Women (n=3)	Total (n=9)
Land clearing for agriculture: tobacco nurseries, tobacco, rice, cabbages, bananas	6	2	8 (89%)
Harvesting poles for housing construction, tobacco burnings and stakes	6	1	7 (78%)
Charcoal burning	4	1	5 (56%)
Timber felling	4	1	5 (56%)

Table 4 shows the differences in perceptions as to what activities required an intervention to curb deforestation and forest degradation.

Table 4. Activities that require compensation according to different groups

Activity	FGD group					
	Abangi		Onieni		Ogadra and Kibali	
	Men	Women	Men	Women	Men	Women
Land clearing for agriculture	√	√	√		√	√
Harvesting building poles	√	√	√		√	
Charcoal burning	√		√	√		
Timber felling	√		√			√
Sand mining			√			

Almost all the deforestation and forest degradation activities were reported as compensable by the men's groups in Abangi and Onieni villages. Charcoal burning/making and timber harvesting were reported by women in Onieni and Ogadra/Kibali villages respectively. Sand mining was only reported by the men of Onieni village.

All the groups affirmed that compensation should be provided because local people need the goods and services provided by the Ongo Community Forest and have been dependent on the forest for a long time. However, they also acknowledged that if the current levels of activities are not addressed, the forest could be completely destroyed and their livelihoods threatened.

2.2.3 The commitment activities to be undertaken by community members

Having identified the activities driving deforestation and forest degradation, the group members were asked to suggest what activities they would be interested in participating in, in order to address the drivers (Table 5).

Table 5. Commitment activities to be undertaken

Deforestation and forest degradation activity	Commitment activity	Groups (frequency)		
		Men (n=6)	Women (n=3)	Total (n=9)
Land clearing for agriculture	Sourcing alternative land (purchase/rent)	1		1
	Stopping cultivation in forest		1	1
	Law enforcement and patrolling		2	2
	Using organic manure to improve productivity on private land	1		1
	Using <i>taungya</i> system in reforesting the forest boundary		1	1
	Diversifying household income by engaging in other activities	1		1
	Shifting to growing perennial cash crops on private land	1		1
	Practicing sustainable agricultural practices	1		1
Harvesting poles for housing construction, tobacco burning	Planting trees on farm	2	2	4
	Replanting/enrichment planting of degraded patches of the forest	1		1
	Providing seedlings to plant (fast-growing species)		1	1
	Law enforcement and patrolling	1	2	3
Charcoal burning	Planting trees on farm	6	3	9
	Replanting/enrichment planting of degraded patches of the forest	2		2
	Law enforcement	2		2
	Diversifying household income by engaging in other income-generating activities	2	1	3
Timber felling	Planting trees on farm	6	3	9
	Replanting/enrichment planting of degraded patches of the forest	2		2
	Stopping timber harvesting		2	2
	Law enforcement and patrolling	2	3	3

All nine groups engaged in the discussions identified the planting of trees on private farms by community members as a key commitment activity. Almost all respondents recognised that there would be limited or no other source of timber or forest products if access to Ongo Community Forest was limited. Both the men's and women's groups identified the need to diversify household incomes by engaging in animal husbandry as well as increasing enforcement of the by-laws established by the CLA to protect the forest. The groups consisting of only women were the only ones that mentioned intensified patrolling of the forest boundary to ensure that illegal activities are halted.

It is important to note that of all the groups with whom discussions were held, only groups with male members identified replanting/enrichment planting of the degraded patches in the forest. This was mainly because the men perceived this activity as a source of employment, while the women believed that this activity was highly labour-intensive and thus unattractive to women. Also, only the all-male groups in Ogadra and Kibali villages mentioned the need to purchase/rent private land for cultivation and for planting trees given the scarcity of land in the area as a key commitment activity. It should also be noted that only all-women groups identified commitment activities such as stopping timber harvesting and the cultivation of crops in Ongo

Forest. Further, it was only the women's groups that mentioned the use of the *taungya*² system for farming during reforestation of the degraded areas.

2.2.4 Participation in the commitment activities

When asked who should participate in the different commitment activities, several views emerged (Table 6). These included people who have land closest to the forest; those who are highly dependent on the forest; members of the CLA committee; and people who have independently planted trees on their own land in order to reduce pressure on the forest. Further, some men who were mainly non-CLA members reported that all community members should be able to participate, without discrimination.

Table 6. Participation in the commitment activities

Deforestation and forest degradation activity	Commitment activity	Who should participate/be compensated?
Timber felling, charcoal burning and harvesting poles for housing construction and tobacco burnings	Planting trees on farm	1. People who reserve some part of their land for tree planting 2. Those willing to intercrop trees on cropland
	Replanting/enriching planting of degraded forest patches	All CLA members
	Stopping timber harvesting	All those harvesting timber illegally
	Law enforcement and patrolling	CLA committee members
	Diversifying household income by engaging in other activities	All community members
Land clearing for agriculture: tobacco nurseries, tobacco, rice, cabbages, bananas	Sourcing alternative land (purchase/rent)	Those cultivating in the forest
	Planting trees on farm	1. People who reserve some part of their land for tree planting. 2. People willing to intercrop trees on cropland
	Stopping cultivation in forest	Those cultivating in the forest
	Law enforcement and patrolling	CLA committee members
	Using organic manure to improve productivity on private land	All community members
	Using <i>taungya</i> system in reforesting the forest boundary	Those who would have participated in enrichment planting
	Diversifying household income by engaging in other activities	All community members
	Shifting to growing perennial cash crops on private land	Interested community members
Practicing sustainable agricultural practices	All community members	

2.2.5 Compensation types

In terms of the types and timing of compensation, both in-kind and cash compensation were mentioned. Based on the reported commitment activities, compensation types were discussed at length and the responses are reported in Table 7. However, in almost all of the groups, there was disagreement as to the preferred kind of compensation.

2. The *taungya* system is a form of agroforestry. It consists of growing annual agricultural crops with the forestry species during the early years of establishment of a forestry plantation. Farmers are required to tend the forestry seedlings and, in return, retain a part or all of the agricultural produce, thus promoting afforestation. Source: www.worldagroforestry.org/units/Library/Books/Book%2032/an%20introduction%20to%20agroforestry/html/6_taungya.htm?n=29

Table 7. Commitment activities and forms of compensation

Deforestation and forest degradation activity	Commitment activity	FGD group					
		Abangji		Ogadira/Kibali		Onieni	
		Men	Women	Men	Women	Men	Women
Timber felling, charcoal burning, harvesting poles for construction and tobacco burnings	Planting trees on farm	Tree seedlings					
	Replanting/enrichment planting of the degraded patches	Cash for buying seedlings and tending them for a year			Cash for buying seedlings and tending them for a year		
		Access to soft loans from village bank to facilitate other income-generating activities					
	Stopping timber harvesting	Cash for labour and time should be based on performance			Cash for labour and time should be based on performance		
		Constructing a school block on performance					
	Law enforcement and patrolling	Cash payment for time invested					
	Diversifying household income by engaging in other activities	Provide livestock (goats and/or heifers)			Provision of livestock (goats, pigs)		Provision of livestock (goats)
		Access to soft loans from the village bank					
	Land clearing for agriculture: tobacco nurseries, tobacco, rice, cabbages, bananas	Sourcing alternative land (purchase/rent)					
		Stopping cultivation in forest					
Law enforcement and patrolling		Cash payment for time invested					
Using organic manure to improve productivity on private land		Training in making manure/compost			Training in making manure/compost		Training in making manure/compost
		Improved seed			Improved seed		Improved seed
Provision of farm inputs							
		Training in making manure/compost			Training in making manure/compost		Training in making manure/compost
Using taungya system in reforesting the forest boundary		Improved seed			Improved seed		Improved seed
		Provision of livestock (goats and/or heifers)			Provision of livestock (goats, pigs)		Provision of livestock (goats)
Diversifying household income by engaging other activities		Access to soft loans from the village bank to facilitate other income-generating activities					
Shifting to growing perennial cash crops on private land							
	Coffee seedlings						
Practicing sustainable agricultural practices							

Generally, there was preference for both cash and in-kind compensation given that no single commitment activity was preferred but rather a combination of several. It was also noted that generally, the non-CLA members were more in favour of in-kind compensation at community level. An example specific to one group highlighting the diversity of responses is given in Box 1.

In-kind compensation through the provision of farming inputs was favoured by all nine groups (Table 8). Also, four groups favoured the provision of livestock as an alternative source of income as the second type of in-kind compensation. Further, four groups mentioned training in improved farming and other income-generating activities as another in-kind compensation type. Four groups also favoured cash payments for their labour and time should they get involved in commitment activities such as enrichment planting.

Box 1. Preferred types of compensation: an example

During the men's FGDs at Ogadra/Kibali, the type of compensation preferred was in-kind compensation made to individuals. There was also mention of cash compensation to individuals for certain categories of CLA members. However, there was a general agreement that cash compensation was not good because the money might be mismanaged. Participants also mentioned that the type of compensation would ultimately depend on practicality. According to the group, a large proportion of the community is involved in activities other than farming (e.g. small businesses). For this category, paying them in-kind compensation would not be practical; they would prefer to receive individual compensation in the form of credit access at a village bank facilitated by the compensating organisation (ECOTRUST). The members argued that if support was through a village bank, beneficiaries would be compelled to use the cash wisely, since almost every member of the community is familiar with how a village bank operates.

Table 8. Compensation activities and types by village

Kind of compensation (cash/in kind)	Men (n=6)	Women (n=3)	Total (n=9)
In kind			
Provision of farming inputs	6	3	9 (100%)
Provision of livestock	2	2	4 (44%)
Training	4		4 (44%)
Infrastructure development	2		2 (22%)
Cash payments			
Cash for labour and time: this should be based on performance	2	2	4 (44%)
Cash for buying seedlings and tending them for a year	4	2	6 (67%)
Village bank revolving fund/soft loans	6	2	8 (89%)

The individuals that preferred cash compensation reasoned that each member would find a way of using the money to their greatest benefit. They also reasoned that they preferred cash compensation because of previous bad experiences with schemes that provided in-kind development assistance. For example, the prime minister's office under the Northern Uganda Social Action Fund (NUSAF) programme provided heifers and tree and coffee seedlings to community members. The compensation items provided were often of poor quality (one example given was that of poor-quality tree seedlings that usually did not survive). They also mentioned that in-kind individual assistance/compensation did not usually take into consideration the other costs involved in making the intervention work. For instance, where people were provided with tree seedlings, there was no consideration of the other costs of tending the trees. The other category of participants that preferred cash compensation consisted mainly of those involved in off-farm income-generating activities like small retail businesses, or those who operated a *boda-boda* (motorcycle taxi) service. They would require a cash income to sustain their businesses. However, the same group agreed that this support should be in the form of a loan from a village bank or savings and credit cooperative society (SACCO), which would require a seed fund from the REDD+ pilot implementing agent.

Further, the respondents that were in favour of in-kind compensation preferred that the beneficiaries should be from both individual and community levels. Some members preferred that the whole community should benefit from the compensation and that the compensation should be in the form of either constructing a new community school or improving the existing schools. Those in support of this compensation type reasoned that it was very important that each and every member of the community should clearly see the benefit of conserving the forest. In addition, they reasoned that a major driving factor of forest degradation was poverty, accentuated by low literacy levels. They reasoned that if their children were able to attend school, they would have a better understanding of the benefits of conserving the forest and future generations would not be locked into the vicious cycle of poverty that the participants had found themselves in.

Other in-kind individual compensation types mentioned included the provision of tree seedlings, especially to individual community members who have the land to plant trees. Some members mentioned the provision of coffee seedlings as a way of diversifying and engaging in permanent and more rewarding crop enterprises to boost household incomes. Training in practical skills for producing organic manure and the provision of heifers and goats to the beneficiaries was also mentioned.

The reason these types of in-kind compensation were preferred was the fear that some people would use their cash compensation for buying alcohol or other luxury assets such as mobile phones while continuing to degrade the forest. In addition, the supporters of in-kind individual compensation formats expressed a fear that cash payments might encourage some people to strategically use their unsustainable forest use as a bargaining chip to access free cash handouts from environmental conservation agencies such as ECOTRUST. However, if the compensation was in kind, community members would also be required to help conserve the forest, which, according to them, is acceptable as the forest also benefits the local community.

The issue of the village bank was relatively controversial. In the groups where it was discussed, CLA members argued that only they should be able to subscribe to this facility as a compensation for their engagement in restoration and management activities. The groups with non-CLA members argued that this facility should be accessible to anyone who can pay in a monthly contribution, so that all community members can benefit.

2.2.6 Compensation levels

Considering the appropriate level/volume/amount of compensation for a particular activity which reduces deforestation and forest degradation, the groups indicated different levels depending on the commitment activity and who would participate (Table 9). In addition to the in-kind payments discussed by the community members, the CLA leaders also mentioned other forms of compensation, including apiary projects which should include training and packages to initiate the projects, such as providing beehives. This was specifically mentioned by the Abangi community, citing the fact that their village covers the longest side of the forest and should therefore make good use of that advantage.

With regards to livestock projects, there were variations between the levels of compensation specified by CLA and non-CLA members. The CLA members felt that they should receive more benefits since they would be directly involved in restoring and managing the forest. For example, where a CLA member was to receive three goats, a non-CLA member should receive only one. Alternatively, the CLA members felt they should be the first beneficiaries in cases where phased distributions are planned.

Some of the reasons for the chosen levels of in-kind compensation included the fact that agriculture is the primary form of livelihood and a major source of income, yet privately owned lands have low fertility. Continuing production would require improved planting materials to improve yields. With regards to frequency, participants indicated that they would prefer to receive tree seedlings once a season for at least two seasons, while agricultural farm inputs should be offered once a season for at least four cropping seasons. For receiving improved agricultural seed, different seed should be given to each household for each season.

Members in favour of in-kind individual compensation types reasoned that the amount of tree seedlings given as compensation should be based on the amount of land possessed by each individual, because this would determine how much land was available for tree growing over and above what is used for crop cultivation and settlement. While the groups indicated that this should be sufficient to start them off, the CLA leaders reasoned that the specified amounts should serve as starter packages and individual farmers should use some of the proceeds from the harvest to attain more seed. This would also reduce their dependency on handouts.

In relation to infrastructure development, it is important to note the variations in the forms and levels reported by the different groups. The Abangi group requested a classroom block (to benefit the whole community) because the community currently has a very small school (two rented rooms) (Figure 3). The nearest well-furnished school is approximately 2.8km from the community, located in Onieni village. Kibali and Ogadra villages are located about 1.5km from the same school and therefore indicated that they would prefer to be compensated in the form of school materials, as mentioned by the village leaders. This arrangement would benefit the children of individuals who participate in restoring and protecting the forest. Besides the in-kind payments, cash payments were also proposed for some commitment activities. However, although some preferences for amounts and frequency levels were discussed, several individuals also indicated that they believed the implementing agency should have the mandate to determine the appropriate values (Table 10).

Figure 3. Abangi community school (left) and the school located in Onieni village (right)



While most of the groups mentioned the village bank as one avenue for cash compensation, they could not state the preferred amount to be offered by ECOTRUST in order to initiate the fund. However, they felt that the implementing agency should contribute a seed fund and that members should also contribute at least 10,000 Ugandan shillings per month. The subscribed members would then be able to access loans at an affordable interest rate, with the repayment period depending on the amount borrowed. Members would only be able to borrow again after making payment in full for the previous loan. The men in Abangi village indicated that they would be able to operate this facility using their experience of the existing SACCO programme in the area.

Table 9. Level, volume and amount of in-kind compensation

Activities for in-kind compensation	Abangi		Ogadra/Kibali		Onieni	
	Men	Women	Men	Women	Men	Women
Training			Continuous training on how to make and use organic fertilisers		Provide continuous training on starting up income-generating activities, management projects, making manure/compost	
Provision of tree-planting inputs	Provide 150–200 tree seedlings depending on one’s capacity to plant and facilitate their tending for the first year of planting	Provide tree seedlings depending on one’s capacity to plant i.e. availability of land	Provide tree seedlings to plant under <i>taungya</i> system depending on one’s capacity to plant		Provide tree seedlings for at least one acre of land but maximum value should depend on one’s land availability	Provide tree seedlings depending on one’s capacity to plant i.e. availability of land
Provision of agricultural farming inputs	Provide improved seeds/planting material	Should be provided depending on the crop demands of each household	Provide seedlings for coffee Provide fertilisers and improved seed		Provide fertilisers	
Provision of livestock (goats, heifers)	Provide 2–3 goats to households as a one-off activity		Provide one heifer and/or 3–5 goats to individuals as a one-off activity	Goats		Provide 2–3 goats to households as a one-off activity
Infrastructure Development	Construct a classroom block as a one-off input		Initiate a scholastic support programme – continuous until end of project life			

Some members wanted compensation for their loss of forest access to grow crops in the form of a loan, equivalent to the market price for land (i.e. UGX 1.5million per acre). However, there was no consensus as to what amount would be appropriate for each individual member or what formula could be used to calculate compensation.

The groups in all of the villages also expressed that if compensation were to involve income-generating alternatives, the responsibility for these activities should remain in the hands of the community. The compensating organisation/individual should only play a supportive role, such as providing technical assistance at least once a year until the activities come to an end. One member requested that anyone receiving heifers should be offered technical support until the cows started milking.

What should happen when the forest cover is thought to have adequately regenerated was also investigated – although local perspectives on how much forest cover was ‘enough’ was very

contentious and the issue was not resolved during the Abangi focus group discussions. The Abangi respondents did mention that if the implementing agency ECOTRUST fulfilled their obligation to compensate people, attaining sufficient forest cover would only be a matter of time, especially with enrichment planting. They anticipated that forest cover would be restored within 10 years.

On the other hand, the Ogadra/Kibali FGDs came up with two criteria which would indicate when the forest cover became sufficient. For example, they reasoned that before the forest was degraded, the rainfall season started in February but that this had since changed. Therefore, a good indicator that the forest cover has been sufficiently restored would be if the rainy season began in February once again. The second indicator would be the restoration of biodiversity in the forest. This would be as a result of the forest becoming closed once more (with the trees forming a continuous canopy)

Table 10. Level, volume and amount of cash compensation

Activities for cash compensation	Abangi		Ogadra/Kibali		Onieni	
	Men	Women	Men	Women	Men	Women
Law enforcement and patrols		Provide cash to CLA individuals of UGX 150,000 monthly over the project period		Provide cash to CLA individuals of UGX 300,000 monthly over the project period	Provide cash to CLA individuals of UGX 20,000 per patrol day over the project period	
Enrichment planting in degraded parts of the forest	Provide cash for the labour/time: this should be based on performance			Also provide cash to individuals of UGX 80,000/year/acre for planting trees under <i>taungya</i> system until the tree canopy closes		
Tree planting on private land	Cash for buying seedlings and to meet tending costs for the first year	Provide cash to individuals of UGX 500,000 annually for 5 years for tending trees planted on farmland		Provide cash to individuals of UGX 600,000 annually for 5 years for tending trees planted on farmland	Provide cash to individuals of UGX 300,000 to buy seedlings and for tending trees	
Seeking alternative land	Cash to individual in form of a loan of UGX 1,500,000 to purchase land – should be a one-off payment					
Village bank			Provide a loan of about UGX 500,000 to each individual to facilitate establishment of an income-generating activity of their choice			

and recolonised by wild animals such as chimpanzees. The women's group in Onieni could not comprehend the issue of 'enough forest cover' and did not therefore provide answers.

The CLA leaders commented that the target forest cover could be derived from the CLA vision which is stated in their forest management plan and constitution. The respondents from all villages further argued that compensation should continue even when forest cover is thought to be sufficient, because if compensation stopped, people might revert to cutting down the forest.

2.2.7 Distribution and governance arrangements for the compensation packages

The issue of distribution of compensation was also discussed during the FGDs. In the case of cash payments, the groups suggested that the payments should be differentiated according to the efforts of the individuals in the community. This would reinforce that they are collectively responsible for the forest, given that conserving the forest ultimately will require the effort and support of every member of the community. For instance, those who planted private woodlots should be given more compensation than those who have not. In addition, they felt that members of the CLA who have been very active in protecting the forest should be rewarded with commensurate compensation. On the other hand, they felt that in-kind payments should be distributed to all members of the four villages. Further, the group members insisted that compensation should be differentiated according to effort, because the compensation for their work would encourage the beneficiary to do more in future. The respondents who advocated for in-kind compensation at the individual level said this should be based on the ability of the beneficiary to manage the compensation. For instance, tree seedlings should only be given to those members with the land to plant the trees and were able to prove beyond reasonable doubt that they would implement the enterprise.

Compensation should be differentiated according to effort, because it makes the beneficiary realise the benefit of his/her effort and makes them work harder. In addition, effort-based compensation is immediate, whereas results-based compensation takes time since results have to first be observed. For a forest, activities like enrichment planting may start immediately yet the results can only be realised after several years.

Key informant interview

Considering who should be in charge of payments, most groups recommended that the CLA committee should manage most of the compensation packages (with the exception of the village bank) and that local council (LC) leaders should help in the distribution of compensation packages and verification of the beneficiaries. For example, verifying the beneficiaries in terms of their ability to manage the compensation (i.e. if the compensation is dependent on whether the beneficiary possesses enough land for tree planting or has the capacity to manage the livestock). This recommendation was mainly attributed to the fact that the CLA committee had already done a good job in conserving the forest and was responsible for all the achievements in Ongo Forest so far and should thus be trusted to handle the subsequent activities.

However, one of the men's groups attributed their trust of ECOTRUST to the way the organisation manages the Trees for Global Benefit (TGB) carbon project in the area.³ The group suggested that ECOTRUST should be in charge and that CLA members should be involved in monitoring the activities in the forest. They further mentioned that since the project was an initiative by ECOTRUST, it should see the scheme through to its conclusion so that if anything did not go

3. Trees for Global Benefit in Uganda enables farmers and small-scale land holders to use their land in a sustainable but profitable manner by creating sustainable forestry and protecting the land for reforestation. See e.g. www.climatepath.org/projects/fairtrade/treesforglobalbenefit. The individuals engage in tree-planting activities and cash payments are made based on contract schedules.

as planned, other entities outside of ECOTRUST would not take the blame. However, one CLA member from Ogadra reported that ECOTRUST had disappointed some people involved in the TGB carbon project, because it had not provided money within the timescales agreed in the contracts.

2.2.8 Sustainability

Considering the issues of sustainability, a common understanding of the term 'sustainability' was sought. The local working definition for 'sustainability' was the intention to have continuity with respect to forest resource management and alternative livelihood activities, after the expiry of the project period. It was, however, interesting to note that the respondents understood the need for continuity, citing reasons such as the 'forest has many benefits to the community'. The CLA members also stated that they had to manage the forest according to the Ongo forest management plan in order to ensure this continuity. Further, the male group from Ogadra believed that there would be continuity because the forest would provide tradable carbon which other organisations would be able to purchase.

The groups also felt that the sustainability of the compensation packages would be affected by the ability of community members to make optimal use of the packages, so that they would not need to return to accessing the forest for products or services they use at present. They also believed that by the end of the project, the community would be capable of looking after the forest because ECOTRUST would leave in place a fully functional and empowered management committee. In addition, because Ongo Forest has a management plan and a constitution (and will soon also receive a land title) these would ensure that the forest is used sustainably since ownership and management would be clear. In the groups' opinion, factors that might also affect the intended/desired continuity relate to corruption and the unfair distribution of compensation to all members. In addition, continuity would be affected if ECOTRUST did not fulfil the expectations of local people, an issue which had already been raised, and if the project benefits did not reach the target beneficiaries in an equitable manner, those who felt left out might continue degrading the forest.

The CLA leaders reported that only the people who participated in the development of the management plan and the constitution understand the concept of sustainability. Therefore, during the implementation of the compensation project, more sensitisation would be needed as new members continue to enrol in the CLA.

In terms of achieving the desired continuity of forest resource management activities and the compensation packages, some challenges were anticipated. These included:

- Lack of commitment by some members.
- The impacts of any untimely planting and weeding and poor post-harvest handling. This would affect yields even if people have received improved planting materials.
- Lack of sufficient care of livestock such as goats and pigs as a result of owners being given the animals for free.

Some suggestions to address these challenges included:

- Continuous sensitisation.
- Adopting a system similar to that used in the prime minister's office pre-stocking livestock programme, where penalties included farmers having their livestock taken away.
- Tackling issues related to pests and diseases for both crops and livestock. This would require frequent technical support.
- Dealing with marketing challenges, given that the community is located at some distance from larger markets.

Stage II: the low-cost choice experiments

3.1 The approach

Choice experiments (CEs) involve evaluating communities' and individuals' preferences regarding compensation measures. These may consist of either direct payments and/or targeted capacity-building or livelihood welfare programmes. The objective was to map people's compensation preferences as well as understanding why people chose particular compensation alternatives. Often CEs require a large random sample and an experimental design to select a sub-set of possible alternatives in a statistically efficient manner, which could be costly. Therefore, an alternative 'low-cost' approach was designed, not by using individual surveys but rather by consulting smaller groups of people. The CEs were designed to build on the data generated from the payment format FGDs on the community members' preferences and expected activities by the implementing agent ECOTRUST.

Based on the findings of the payment formats FGDs, the team produced an overview of different compensation scenarios which were then presented to the community. As a result, the regulation of the driving factors for deforestation and forest degradation was provided for in the CLA constitution and forest management plan. The actions for those activities were uniform for all options except the status quo option. For the deforestation and forest degradation activities, several commitment activities were reported (Table 7). To create alternatives and facilitate the making of individual choices, the possible permutations were generated for the commitment activities and incentive packages. A total of six scenarios were generated, including the status quo option (Table 11). Although some levels and the frequency of payments had been generated for some incentives, the values were quite arbitrary, and mentioned only by a few individuals. Most participants often cited that the implementing agent should have the mandate to determine the appropriate values. However, in preparation for the CE exercise, the implementing agent was not comfortable with assigning monetary values, as this would not only bias the choices to be made but would also make managing expectations difficult. The information was prepared using appropriate visual aids to help the community members develop a clear understanding of the compensation options available (Figure 4).

Table 11. Descriptions of the different compensation packages

Deforestation and forest degradation activities: (1) Land clearing for agriculture (2) Harvesting poles (3) Timber felling (4) Charcoal burning						
Compensation Packages						
Attributes	Package 1	Package 2	Package 3	Package 4	Package 5	Package 6
Commitments made by households/communities	Seek (purchase/rent) alternative land for cultivation Plant trees on private land Enforce the laws and patrol	Plant trees in degraded forest patches Enforce the laws and patrol	Plant trees in degraded forest patches Plant trees on private land Enforce the laws and patrol	Plant trees in degraded forest patches Plant trees on private land Enforce the laws and patrol	Plant trees in degraded forest patches and forest boundary Use improved agricultural practices Enforce the laws and patrol	Status-quo option: no change
Target beneficiary/group	Individuals close to the forest and CLA members All community members CLA leaders	Individuals planting trees CLA members participating in forest activities CLA leaders participating in patrols	All community members CLA leaders participating in patrols	All community members CLA leaders participating in patrols CLA members participating in forest activities	All community members CLA leaders participating in patrols CLA members participating in forest activities	No specific target
Who to pay	Individuals	Individuals	Individuals	Community and individuals	Individuals	No payment
Payment in cash or in kind	Cash for patrols Cash for seedlings raised in the community nurseries In kind: seedlings for planting on private land	Cash for patrols Cash for seedlings raised In kind: seedlings for enrichment planting Cash (seed fund for revolving fund/village bank): to use for income-generating activities	Cash for patrols Cash for seedlings raised In kind: seedlings for enrichment planting and planting on private land Cash (seed fund for revolving fund/village bank)	Cash for patrols Cash for seedlings raised In kind: seedlings for planting on private land In kind: infrastructure development (two classroom blocks/school materials and improved water sources)	Cash for patrols Cash for seedlings raised In kind: seedlings for planting on private land Cash (seed fund for revolving fund/village bank): to use for agricultural inputs and other income-generating activities	No payment
Frequency of payment	Cash for raised seedlings: all seasons Cash for patrols: instalments for the project period Seedlings: once for two planting seasons	Cash for raised seedlings: all seasons (enrichment planting only) Cash for patrols: instalments for the project period Seed fund: a one-off payment	Cash for raised seedlings: all seasons (enrichment planting and tree planting on private land) Cash for patrols: instalments for the project period Seed fund: a one-off payment	Cash for raised seedlings: all seasons Cash for patrols: instalments for the project period In-kind (new classroom block and improved water sources): one-off payment In kind (school materials): every academic term over the project life	Cash for raised seedlings: all seasons Cash for patrols: instalments for the project period Seed fund: a one-off payment	No payment

Payment level	Monitors/patrols: UGX 10,000/visit Seedlings: quantity required per individual (land availability)	Monitors/patrols: UGX 15,000/month Seed fund: determined by the implementing agent	Monitors/patrols: UGX 5000/trip Seed fund: determined by the implementing agent	Monitors/patrols: UGX 15,000/month Cash: determined by the implementing agent Livestock projects: at least 2 pigs and 2 goats per household	Monitors/patrols: UGX 15,000/month Cash: determined by the implementing agent	No payment
Contract length	Cash for patrols: over the project period	Cash for patrols and seed fund (renewed every 2 years)	Once (a one-off payment) Cash (renewed every 2 years)	Once (a one-off payment)		
I prefer...	[]	[]	[]	[]	[]	[]

With regards to the selection of participants for the CE exercise, some of the individuals that had earlier participated in the payment formats exercise were invited to the sessions. The characterisation of the individuals present based on the criteria used during the payment formats FGDs is presented in Table 12.

Table 12. Classification of the participants for the choice experiments

Gender	CLA membership	Village		
		Abangi	Ogada/Kibali	Onieni
Male	Non-member	11	16	12
	Member	19	17	17
Female	Non-member	4	16	1
	Member	9	9	10
Total		43	58	40

During the group meeting, the facilitator explained to the participants the content of each of the packages, highlighting what would be foregone and the anticipated benefits (Figure 5). After ensuring that the participants understood the contents of each package, the individual participants were asked to vote for which package they preferred (Figure 6). Each of the participants was given a unique number in the registry which was marked on the voting paper(s). At this point, the socio-economic characteristics of the respondents were captured including their age, proximity to the forest boundary, whether they were a member of CLA and their wealth status (poor, rich and average).

Although the methodology prescribed repeating the voting exercise three times (the first two rounds would not be counted and only the third round announced), only two rounds of voting were conducted. This was because after the first voting session, participants discussed their individual choices and it was evident that some individuals were trying to influence others to make a particular choice during the second round. Thus, it was anticipated that having a third round of voting would not provide added value or that participants would change their choice. Hence, the results for the second round were announced and the community members explained some of the reasons for the most/least preferred scenario(s).

Figure 4. A visual aid for one of the compensation packages

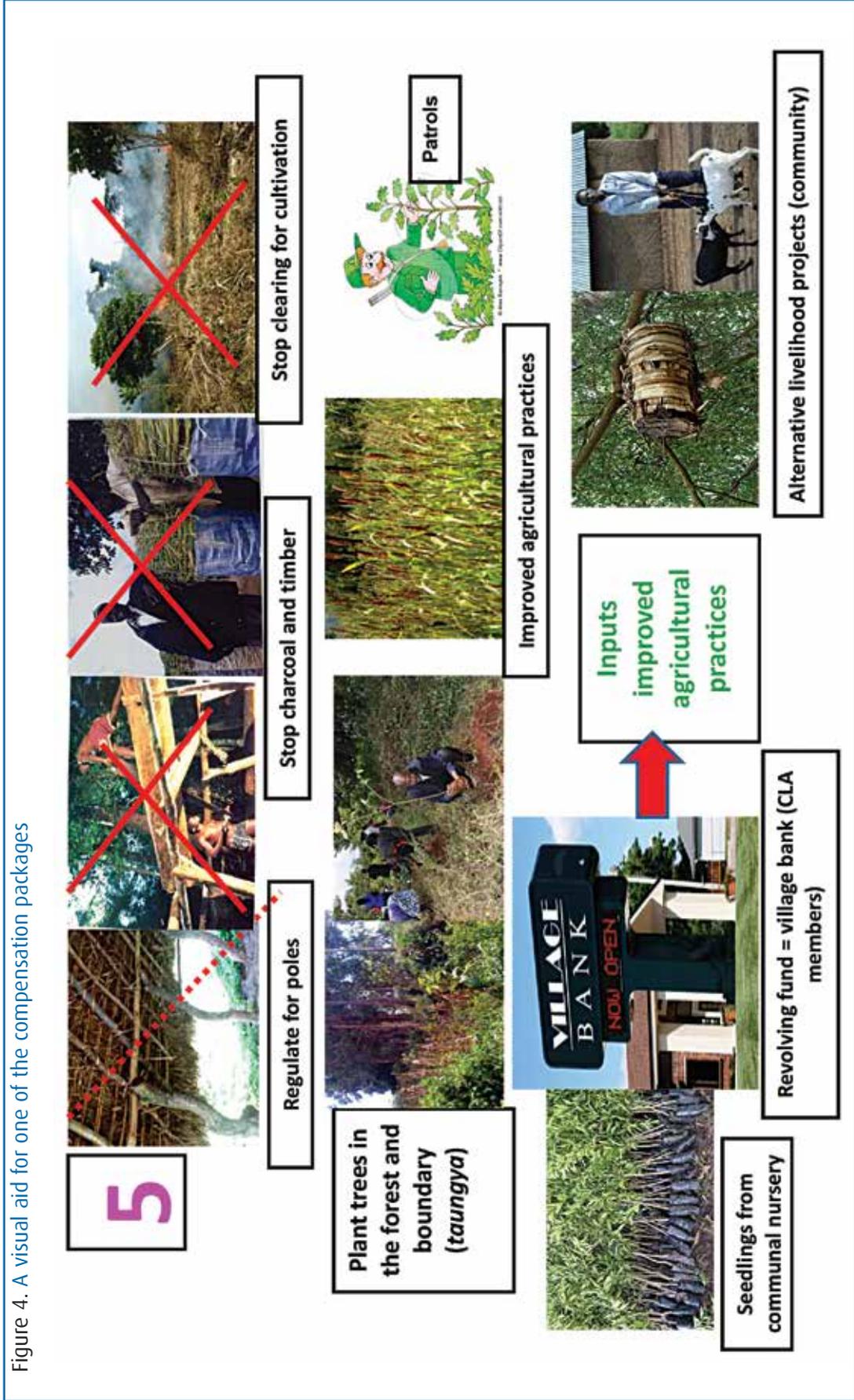


Figure 5. Sessions for explaining the compensation packages



Figure 6. Voting for individual choices



3.2 The people's choices

After the two rounds of voting were conducted, the number of votes per package was recorded. Although package 5 seemed to have the best composition in terms of commitment activities and benefits, it was interesting to note that the majority of participants selected package 3 (Table 13).

This was attributed to the fact that while package 5 included improved agricultural activities through the use of improved seed and fertilisers to boost production levels, the existing marketing challenges such as poor market access, lack of storage facilities and fluctuating produce prices posed a big disincentive for choosing package 5. According to the participants, this package would be favourable only if farming inputs and activities to address marketing challenges were addressed in a manner similar to what is done by the tobacco companies.⁴

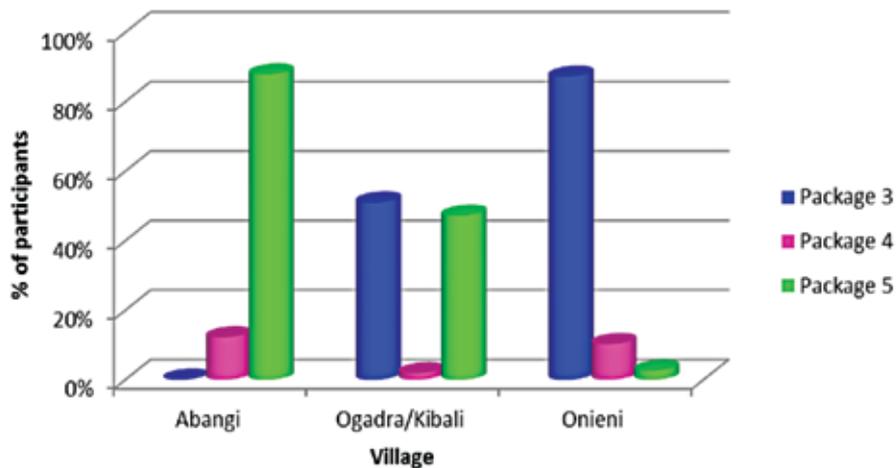
Table 13. Voting for the compensation packages

Compensation package	Vote 1	Vote 2
Package 1	2	1
Package 2	2	6
Package 3	61	73
Package 4	10	12
Package 5	62	47
Package 6	1	
Invalid	3	2
Total	141	141

4. The tobacco companies provide farmers with a loan in the form of farm inputs including seed, fertiliser and pesticides. The farmers collect their tobacco at one marketing point within the community and the tobacco company staff weigh and grade the tobacco. The farmers receive a net value less the costs of the farm inputs that were offered in the form of a loan.

At the village level, Abangi (which is the most rural and claims to have a better-conserved forest frontier) opted mainly for package 5 (Figure 7). It is important to note that during the payment formats exercise, only the participants in Abangi preferred infrastructure development in terms of a classroom block, while the participants in Ogadra/Kibali opted for support in the form of school materials. Further, the community members in Abangi claimed to have abundant land available for undertaking tree-planting activities as well as improved agricultural practices.

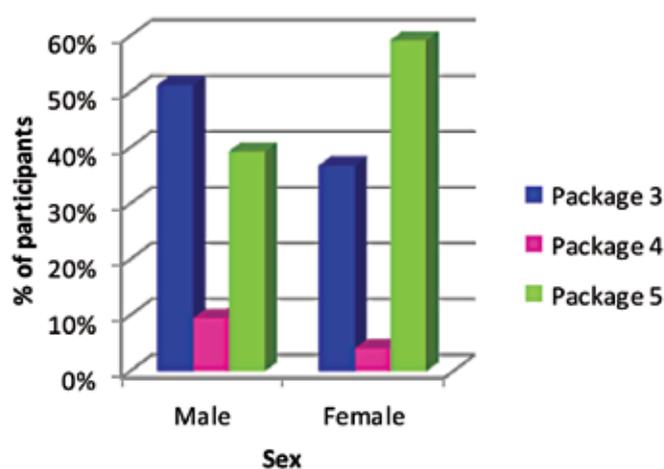
Figure 7. Distribution of choices by village



The participants' votes were matched against their socio-economic characteristics to further investigate any possible correlations between individual characteristics and choices made. However, it is noted that there were no significant variations in wealth characteristics as almost all the participants identified themselves as poor.

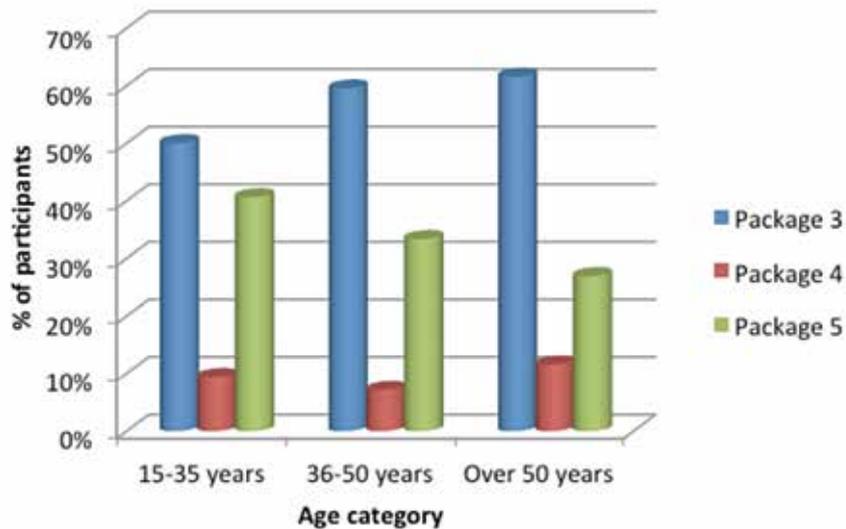
Considering the sex of the respondents, while the majority of the men preferred package 3, the majority of women preferred package 5 (Figure 8). This could be attributed to the fact that package 3 includes raising seedlings for generating income as well as access to a revolving fund, both of which are probably more interesting and more easily accessible to the men as compared to the women. Package 5, in addition to the raising of tree seedlings and access to a revolving fund, includes improved agricultural practices, which is a daily income-generating activity for women. A higher proportion of men compared to the women preferred package 4.

Figure 8. Package preference by men and women in the three villages



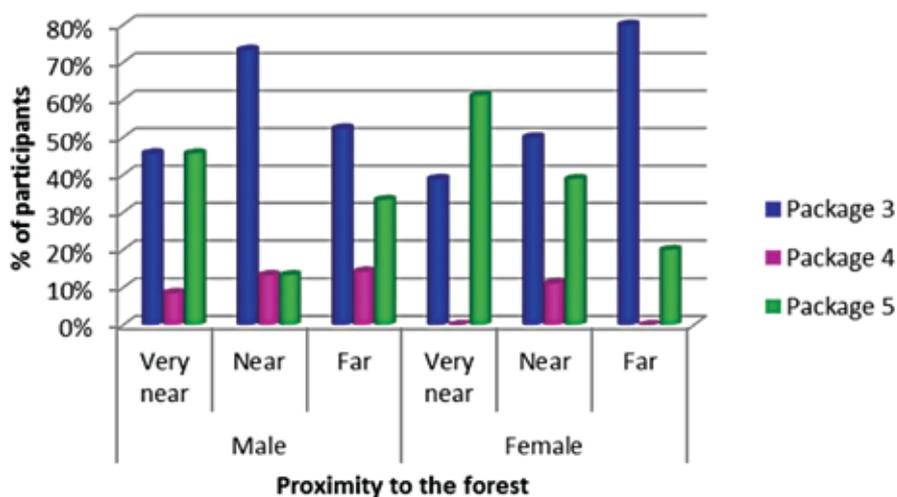
It was also anticipated that the age of a participant would influence their choice of package. The results show that as age advanced, there was an increasing preference for package 3 and decreasing preference for package 5 (Figure 9). This could be attributed to the fact that package 5 requires engagement in improved agricultural activities.

Figure 9. Package preference by age category



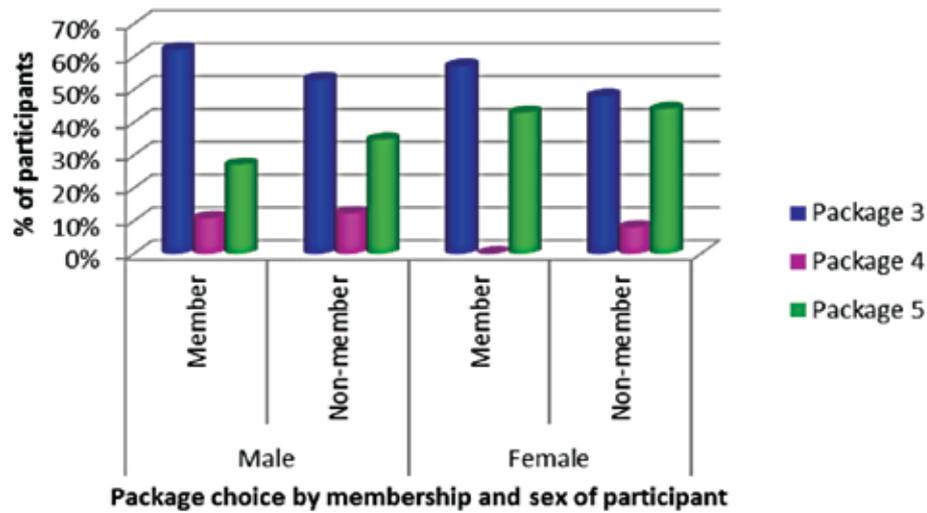
Considering the proximity of the participants to the forest, the votes indicated that more participants who reported to be far from the forest boundary preferred package 3 (Figure 10). This could be explained by the fact that those individuals living close to the forest were more likely to be engaged in agricultural activities along the forest boundary. It should also be noted that there were proportionately more women than men who live very near the forest who preferred package 5.

Figure 10. Package preference by participants' proximity to the forest



A further investigation of whether membership to the CLA had an effect on the choice of packages found that proportionately, more male members preferred package 3 compared to package 5 (Figure 11). On the other hand, the difference between package 3 and 5 for the female members was not as big. Further, of those who preferred package 4, the proportion was higher for male non-members compared to the other categories. It was also noted that women who were non-members were the only ones that preferred package 4.

Figure 11. Package preference by participants' CLA membership



Conclusions and recommendations

Following the two-stage exercise of conducting payment formats FGDs and low-cost choice experiments, some key conclusions can be made. Recommendations are made with the aim of contributing to the ongoing discussions and attempts at the national level to design pro-poor benefit-distribution schemes. The aim is to inform the upcoming formulation of a national REDD+ strategy and several REDD+ pilot activities.

The form of tenure security greatly influences people's participation in conservation projects. Despite the fact that legal resource rights have been granted to the Ongo community under a leasehold arrangement, community members do not feel that they 'own' the resource. The bundle of rights granted to them indicates full user rights over the resources, but the land is only leased to them by the local government. Thus, the community members are concerned that the government will attempt to reclaim this land at some point in the future. As a result, their interest and willingness to engage in forest restoration activities was relatively low, unless a payment scheme was put in place for those participating in these activities. This was evident from discussions about providing incentives for participation in enrichment planting of degraded forest patches in the form of payment for labour and time used.

It was observed that phrases such as 'compensation for loss of access' was often misinterpreted as rewarding the 'bad guys'. This, to some extent, may create perverse incentives and as a result some individuals may rush to participate in deforestation and forest degradation activities before the pilots are implemented in order to benefit from the compensation process. In this respect, discussions were focused on receiving incentives to participate in commitment/mitigation activities during the investigation, rather than on compensation for loss of access.

The two activities revealed that communities are not homogeneous. Even for communally owned resources, individuals expressed specific preferences. This is evident from the responses obtained from the disaggregated groups (based on gender and CLA membership) as well as the cross tabulation of individual preferences in relation to age and proximity to the forest. This implies that even if the approach is assumed to be pro-poor, specific interest groups should be considered in the design and implementation of a given approach.

Compensation packages preferred by the different individuals revealed an interest in continuing with current livelihood activities although in different settings. For example, those cultivating within the forest were prepared to commit to renting/leasing or purchasing alternative land, but they required some financial support. This implies that if REDD+ does not deliver 'over time', the status quo activities will resume. Thus, REDD+ must deliver benefits to ensure sustainability.

Agricultural support would be appreciated only if the value-chain approach is adopted. Given that these communities' livelihoods are mainly agriculture based, the assumption was that a compensation package providing agricultural support in the form of improved planting materials and other inputs would be the most preferred. However, according to the participating communities, previous support of this kind only proved beneficial at one stage of the agricultural production process. They shared concerns that they would produce bumper harvests but with no or poor market access. The community members mentioned that such a package would be favourable only if farming inputs and activities to address marketing challenges are addressed in

a manner similar to what is done by the tobacco companies i.e. taking a value-chain approach by addressing challenges and harnessing opportunities at the production, post-harvest handling, value addition and marketing stages.

The existence of PES-related activities or any other developmental programmes may affect the expectations (preferred forms, levels and frequency of compensation) and thus choice of compensation packages by individuals. Because ECOTRUST has been implementing a TGB carbon project in the pilot area, this greatly influenced the expectations of the people. This was evident from their preferred levels of cash payments as well as the duration for such payments. Nonetheless, the existence of other PES-related activities may create opportunities to work with existing institutional structures, thus reducing transaction costs in the planning phase.

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