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How to share the potential benefits of REDD+? The case of Nepal

by

Doma Tshering Sherpa

Reducing Emissions from Deforestation and Forest Degradation (REDD) is an incentive based measure for climate change mitigation. REDD+ transcends deforestation and forest degradation and includes sustainable management of forests and enhancement of carbon stocks. Advocates suggest that its innovative approach rewards local communities’ efforts in the conservation of forest resources and preventing deforestation, while enabling them to derive benefits from international sources for contributing to mitigating climate change.

The Government of Nepal is currently planning to implement REDD+ activities in community forests already involved in sustainable forest management. However, there are unsolved questions on equitable and efficient sharing of benefits. What are the existing factors that affect the flow and sharing of benefits of REDD+ in Nepal? How can these factors be controlled to promote an equitable allocation and sharing of benefits of REDD+? Similar issues regarding equity have also been observed in community forest management. To investigate these questions, the researcher conducted a case study in one of Nepal’s REDD+ pilot project implemented in community forests to explore issues and concerns related to equity and efficiency that are vital to the adoption of a benefit sharing mechanism.

Qualitative information was collected by interview techniques through semi-structured questions. Interestingly, the results show that Nepal has decided to participate in REDD+ to bring additional
benefits, but who the beneficiaries will be is a question that has not been addressed. Also, much of the research on REDD+ has focused on advancing the technical components of REDD+. By contrast, research on benefit sharing has not been initiated by the government at any level. And questions of how the benefits will be distributed remain.

The research recommends potential mechanisms – including a normative basis for the allocation and distribution of benefits – that could help to advance equity. The issues of needs vs. contributions in determining what is equitable leads to the formulation of guidelines for how benefits should be shared at two levels in Nepal. First, the vertical distribution of benefits by the central government should be based on the determination of ownership of carbon benefits and on performance criteria. Second, at the community level, horizontal benefit distribution should be determined by the community itself based on its definition of needs. However, at both levels, issues of elite capture, transparency, and accountability must be addressed. In addition, with regard to the issue of trade-offs between the 3 Es (effectiveness, efficiency and equity) in benefit sharing of REDD+, equity was found to be the most important requirement for local acceptance of any REDD+ programme.

**Keywords:** REDD+, benefit sharing, equity, efficiency, effectiveness, benefit sharing mechanism, communities, community forestry
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# Table of Contents

Abstract ............................................................................................................................ ii  

Acknowledgements .......................................................................................................... iv  

List of Tables .................................................................................................................. viii  

List of Figures ................................................................................................................... ix  

Acronyms .......................................................................................................................... x  

Chapter 1: Introduction .................................................................................................... 1  

1.1. Background ........................................ 1  
1.2. Definition of the research problems and research objectives .......................... 3  
1.3. Thesis organisation .............................................................................................. 5  

Chapter 2: Setting the background - Nepal and REDD+ ........................................... 6  

2.1. Introduction ........................................................................................................... 6  
2.2. Community Forestry ............................................................................................ 6  
2.3. REDD+ process and institutional arrangements ................................................. 9  
2.4. Chapter summary ................................................................................................ 12  

Chapter 3: Literature Review ...................................................................................... 13  

3.1. Introduction ........................................................................................................... 13  
3.2. Benefit sharing mechanisms: a review of the literature and discussion of issues 13  
  3.2.1. Accounting and funding mechanism in REDD+ ........................................... 14  
3.3. Principles of Effectiveness, Efficiency and Equity in benefit sharing .......... 17  
  3.3.1. Equity in sharing of benefits of REDD+ ..................................................... 18  
3.4. Potential benefits and costs ................................................................................ 23  
3.5. Benefit sharing in community based forest management ......................... 26  
  3.5.1. Benefit flow ............................................................................................... 27  
  3.5.2. Benefit sharing .......................................................................................... 28  
3.6. Chapter summary ............................................................................................... 29  

Chapter 4: Methodology .............................................................................................. 31  

4.1. Introduction ........................................................................................................... 31  
4.2. Conceptual Framework ...................................................................................... 31  
4.3. Methodological approach .................................................................................. 36  
4.4. Research methods ............................................................................................... 36  
  4.4.1. Data Collection ............................................................................................ 36  
  4.4.1.1. Data analysis .......................................................................................... 43  
4.5. Advantages and limitations of the methods/research .................................. 43  
4.6. Chapter summary ............................................................................................... 44  

Chapter 5: Results ....................................................................................................... 45
List of Tables

Table 1: Categories of research participants ........................................................................................................... 41
Table 2: Potential mechanisms of sharing benefits equitably ......................................................................................... 91
List of Figures

Figure 1: Factors affecting benefit flow and sharing of the benefits in collaborative forest management (horizontal benefit distribution) ................................................................. 26
Figure 2: Conceptual Framework ........................................................................................................ 33
Figure 3: Map of Ludikhola watershed with community forests .......................................................... 39
## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>3 Es</td>
<td>Effectiveness, Efficiency and Equity</td>
</tr>
<tr>
<td>ANSAB</td>
<td>Asia Network for Sustainable Agriculture and Bio resources</td>
</tr>
<tr>
<td>CBOs</td>
<td>Community Based Organisations</td>
</tr>
<tr>
<td>CFUGs</td>
<td>Community Forestry User Groups</td>
</tr>
<tr>
<td>FCPF</td>
<td>Forest Carbon Partnership Facility</td>
</tr>
<tr>
<td>FECOFUN</td>
<td>Federation of Community Forestry Users, Nepal</td>
</tr>
<tr>
<td>HIMAWANTI</td>
<td>Himalayan Grassroots Women’s Natural Resource Management Association</td>
</tr>
<tr>
<td>ICIMOD</td>
<td>International Center for Integrated Mountain Development</td>
</tr>
<tr>
<td>INGO</td>
<td>International Non-Governmental Organisation</td>
</tr>
<tr>
<td>MoFSC</td>
<td>Ministry of Forests and Soil Conservation</td>
</tr>
<tr>
<td>MRV</td>
<td>Monitoring, Reporting, and Verification</td>
</tr>
<tr>
<td>NEFIN</td>
<td>Nepal Federation of Indigenous Nationalities</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>Norad</td>
<td>Norwegian Agency for Development Cooperation</td>
</tr>
<tr>
<td>REDD</td>
<td>Reducing Emissions from Deforestation and Forest Degradation</td>
</tr>
<tr>
<td>REDD Cell</td>
<td>REDD Forestry and Climate Change Cell</td>
</tr>
<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
</tr>
<tr>
<td>UN-REDD</td>
<td>United Nations collaborative initiative on Reducing Emissions from Deforestation and forest Degradation</td>
</tr>
<tr>
<td>WWF</td>
<td>World Wildlife Fund</td>
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Chapter 1: Introduction

As Communications and PR Associate at International Centre for Integrated Mountain Development (ICIMOD), I coordinated a field visit with the ICIMOD team along with media representatives to the Gorkha District in Nepal during a payment distribution ceremony for the Forest Carbon Trust Fund in 2011. Piloted in three watersheds and implemented within a project on REDD+ at the ICIMOD, project provided training to monitor carbon sequestration to Community Forestry User Groups (CFUGs), and their opportunities to claim rewards for carbon sequestration. REDD+, an incentive based mechanism, is one of the mitigation measures aimed at tackling climate change. It is an innovative approach involving local user groups in the conservation of forest resources, rewarding them for their mitigation efforts while assisting them to adapt to the effects of climate change.

The Forest Carbon Trust Fund is the first of its kind in the world rewarding CFUGs for their role in carbon sequestration. Upon learning about this project, I developed a keen interest to undertake research on this project and to understand people’s perceptions of REDD+. In addition, during the payment ceremony I overheard some of the recipients’ conversations wondering “why they were paid less than others”. My research on how to share the potential benefits of REDD+ originated from this moment. If not shared equitably, there is a high chance of conflicts emerging among and within communities about the proclaimed benefits of REDD+, and this may even have negative impacts on the performance and success of existing community forestry programmes in Nepal.

1.1. Background

There is growing evidence that humans are contributing to climate change during the 20th century (Intergovernmental Panel on Climate Change, 2007). Reducing Emissions from Deforestation and Forest Degradation (REDD), an incentive based mechanism, is one of the mitigation measures in tackling climate change evolving under United Nations Framework Convention on Climate Change (UNFCCC). According to the United Nations collaborative initiative on Reducing Emissions from Deforestation and forest Degradation (UN-REDD) programme, “REDD is an effort to create a
financial value for the carbon stored in forests, offering incentives for developing countries to reduce emissions from forested lands and invest in low-carbon paths to sustainable development. “REDD+” goes beyond deforestation and forest degradation, and includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks\textsuperscript{1}. Advocates of REDD+ suggest that its innovative approach rewarding local communities’ efforts in the conservation of forest resources and preventing deforestation will enable them to derive benefits from international sources for contributing to mitigating climate change.

Nepal is implementing REDD+ activities in established community based forest managements, especially community forests. Community forests are national forests handed over in perpetuity to users groups for development, conservation, management, and utilisation for the collective interest (Forest Act (Nepal) 1993). Assuming REDD+ revenues are generated, there is a question about how the benefits should be equitably distributed. The decision on the benefit sharing mechanisms inside the country is left to national government (To et al., 2012). Additionally, no international rules or guidelines for how benefits are to be shared within countries have been established. While much research is focused on getting ready for the implementation of technical requirements (Monitoring, reporting, and verification system; setting up of reference scenario, etc.) of REDD+, it is essential to investigate what kind of benefit sharing mechanism should be set up for political, ethical and practical reasons (UN-REDD & Department of Forestry Viet Nam, 2010).

Although negotiations on REDD+ under the UNFCCC are progressing to the stage of addressing issues associated with the implementation of national programs, how the potential benefits of such schemes will be distributed in the country remains unclear. Further, there are unsolved questions on how benefits should be transferred equitably as well as making benefit sharing mechanism efficient and bring effective outcomes. Therefore, the main aim of the research is to answer the question: how to share the potential benefits of REDD+ within the communities of Nepal.

Qualitative information was collected by interviewing representatives of local community forest user groups, key informants from one of the selected pilot projects being conducted under REDD+.

\textsuperscript{1} http://www.un-redd.org/AboutREDD/tabid/102614/Default.aspx
in Nepal, experts working in the field of REDD+, and officials from government bodies responsible for implementing REDD+ in Nepal. At the grassroots level, community forestry user groups that were involved in REDD+ pilot project and some that were only involved in community forestry were selected for the collection of primary data. Interviewees were chosen through purposive sampling.

1.2. Definition of the research problems and research objectives

The community forestry program that started in late 1970s improved the forest conditions significantly in Nepal, especially in mid-hills (covers 43% of the total land area). However, there are still issues in community based forest management, especially in community forestry in terms of benefit sharing. Issues such as who is eligible to get benefits from community forests would be further complicated if a REDD+ scheme is adopted. How can potential benefits be shared equitably among people involved in this sustainable forest management? Furthermore, it is feared that the adoption of REDD+ could compromise the success of the community forestry program if existing rights to manage and utilise forest products would be controlled by a central actor. With these outstanding issues, participation of communities in REDD+ scheme might aggravate the existing issues of benefit sharing. Questions also remain about what form incentives would take, and how significant the benefits accruing at the grassroots level will be? Can the 3 Es (Effectiveness, Efficiency and Equity) principles be achieved in an acceptable manner when distributing the benefits of REDD+ among local partners?

This study examines these questions about sharing the potential benefits of REDD+ in Nepal. Based on the literature review, a conceptual framework is developed to guide the research that focusses on two main components of benefit distribution systems: benefit flow and benefit sharing in the context of the community forestry of Nepal from REDD+ scheme. The goals of the study are to understand the impact of REDD+ activities on benefit sharing and provide insights into these critical questions by assessing the outcomes of case study in one of the REDD+ pilot project.

This research aims to provide more insight into: the potential adverse effects of REDD+ in Nepal, the meaning of effectiveness, efficiency and equity in benefit sharing of REDD+, the mechanisms
that could help to achieve or at least advance an equitable sharing of the benefits, the existing factors that affect benefit flow and sharing of benefits from REDD+ in Nepal, and, the way factors can be changed to promote an equitable allocation and sharing of benefits of REDD+.

The overall question of the research is how to share the potential benefits of REDD+ among communities of Nepal that are involved in the management of forests. The researcher conducted a case study in the Ludikhola watershed, which is one of the pilot projects that received funds from REDD+. More precisely, the following questions were identified to answer the overall research question of this study.

**Specific questions:**

1. What are the potential effects of the introduction of REDD+ on communities involved in forest management?
2. What are the views from different groups of people working on REDD+ and community forestry on the (relative) importance of the 3 Es (Effectiveness, Efficiency and Equity) in the allocation and distribution of benefits of REDD+ and what can be considered equitable?
3. What mechanisms could help to achieve equity in sharing the benefits of REDD+? To what extent, have these mechanisms been or likely to be considered and integrated into the design of a REDD+ scheme for Nepal?
4. What are the contextual factors that affect benefit flow and sharing of benefits from REDD+? How do these factors influence equity in the distribution of benefits?
5. What should be done about these factors to promote an equitable sharing of the benefits?
1.3. Thesis organisation

The thesis is divided into seven chapters starting with this introduction. The second chapter explains the background of community forestry program in Nepal providing the contexts for conducting the research. Furthermore, implications of implementing REDD+ in Nepal especially in community managed forests are discussed. Then, existing institutional arrangements formed to implement REDD+ in the country are described, and finally the political context of Nepal is explained briefly as the change in government might affect the REDD+ process and the institutional arrangements.

Chapter 3 describes the theoretical foundation of the research presenting the review of literatures on accounting and funding mechanisms in REDD+; principles of effectiveness, efficiency and equity in sharing of the benefits of REDD+; potential benefits and costs of REDD+ in general; and the contextual factors that affect the flow and sharing of the benefits of REDD+ in community forest management.

Chapter 4 describes the conceptual framework that guides the research to achieve the objective of this study. This chapter connects the research gaps from the literature review with frameworks and literatures that are adopted and the specific research questions of the study. Further, the selection of research methods for data collection and analysis are described.

Chapter 5 presents the results and findings of the data collected from the case study, and chapter 6 discusses the findings to provide insights into the research questions. Finally, chapter 7 concludes the thesis.

The next chapter describes the background of community forestry and institutional arrangements to implement REDD+ in Nepal.
Chapter 2: Setting the background - Nepal and REDD+

2.1. Introduction

This chapter describes the background of the community forestry program and its importance in the conservation and management of forests. Implications of implementing REDD+ in Nepal, especially in community forests are discussed. The chapter is divided into four sections starting with the background of community forestry in Nepal. Section 2.3 describes the existing institutional arrangements formed to implement REDD+, and the political context of Nepal is explained as the frequent change in government might affect the REDD+ process and the institutional arrangements. Finally, section 2.4 summarises the chapter.

2.2. Community Forestry

This section provides the background of community forestry in Nepal. In addition, this section highlights the success factors of community forestry that should be integrated in REDD+ and the existing issues that need to be taken into consideration while participating in REDD+.

The nationalisation of forests in 1950 led to huge deforestation and forest degradation in Nepal due to lack of effective monitoring and enforcement systems in the country (Agrawal & Ostrom, 2001). In the late 1970s, new steps toward decentralisation of forest control led to the launch of ‘community forestry programme’ in the country. Forests were handed over to the communities in perpetuity, where communities are designated as proprietors (having the rights to utilize, manage and transfer the forests within the group and its products) including the right to sell surplus timber (Agrawal & Ostrom, 2001). According to Agrawal & Ostrom (2001), it is one of the biggest success stories in forest management, which shows that the highest degree of decentralisation to local communities had improved the forest conditions significantly especially in the hills. Initially, the community forestry programme was launched to conserve the forest and received priority over the enhancement of forest dependent people’s livelihood in the country. However, after the
regeneration of forests and the increase in availability of forest resources, and due to pressure from forest dependent people, community access and withdrawal rights were increased. Now, the improvement of forest conditions and people’s livelihood go well together in this tenure reform (Dahal, Larson, & Pacheco, 2010).

About 1.45 million households of Nepal are involved in the community forestry programme, and 17,685 CFUGs have been formed covering 1,652,654 (1.65 million) hectares of National forest, which is over 25% of the total forest area of Nepal (Department of Forests, 2012). However, Nepal had an annual rate of 1.4 % of decrease in forest area from 2000 to 2005 (Food and Agriculture Organisation, 2005). Most of the deforestation is taking place in the plains, where high value commercial timbers are available and the success rate of the community forestry program is also low in comparison to hills. The main impulse behind the deforestation and forest degradation in the country are “weak natural resource management and administration, market failure response, rent seeking attitude, and structural socio-economic factors like poverty and limited livelihood options for forest-dependent populations” (Ministry of Forests and Soil Conservation [MoFSC], 2010, p. 40).

Through REDD+, local communities that are engaged in forest management can receive financial incentives and contribute to the global carbon market; however, the question remains whether REDD+ brings more benefits to communities that they are already receiving from the current community forestry regime (Karky & Skutsch, 2010). National actors might make changes to community forests to decrease the annual deforestation rate and forest degradation while participating in REDD+, which is also recommended as a key part of the REDD+ strategy options in the Readiness Preparation Proposal (MoFSC, 2010). However, many poor people in the villages are dependent on forest resources for fodder, fuel wood, and non-timber forest products for subsistence use. Any change to current forest management regimes may pose risks to poor people, particularly those who have few or no private forest resources to depend on (McDermott & Schreckenberg, 2009). They could be restricted in using those forest resources after participating in new carbon management regime, which would amount to high opportunity costs in terms of not only monetary benefits they are receiving from the forest, but also non-monetary benefits. The money received under REDD+ may not bring any additional benefits to communities.
Nevertheless, the study by Karky & Skutch (2010) suggests that the scenario of current system of sustainable harvesting in community forests could be continued and that carbon crediting should be done on what is left after their demands have been met. Also, there is a chance of recentralisation of forest control in community forests from REDD+, as Monitoring, Reporting and Verification (MRV) of net emissions reductions at the national level are conducted by central actors and the global fund available to the national government for participating in REDD+ would reduce the financial burden that led to decentralisation in many developing countries (Phelps, Webb, & Agrawal, 2010). According to Phelps et al. (2010), “new research is necessary to optimise REDD+ effectiveness through a combination of decentralised and centralised forest governance” in community forests (p.313). Generally, success factors of community forests should be integrated in REDD+ design to increase effectiveness, efficiency and equity, and provide more co-benefits from the REDD+ projects (Agrawal & Angelsen, 2009). However, several critical questions about community forests still remain unanswered: “Who benefits from these forests – and who gets left out? How do community forests benefit poor and marginalised people?” (McDermott & Schreckenberg, 2009, p. 158). These authors explain that benefit distribution in community forests raises “issues of equity” among forest dependent people. A similar question about how can REDD+ benefit local communities working for conservation and enhancement of carbon stocks equitably should also be addressed.

Although decentralisation and the community forestry programme have demonstrated success in terms of significant improvement in forest conditions (Agrawal & Ostrom, 2001), the livelihood of forest dependent people, who are often poor, is still affected adversely by disparities in benefit sharing. Documentation of community forestry programmes in Nepal showed that resources and opportunities related to these programmes were skewed towards upper caste and wealthier households rather than the poorest households and women (Mahanty, Guernier, & Yasmi, 2009). The authors considered elite capture to be a major issue in local benefit distribution in community forests and CFUGs since the distribution of benefits at the local level is mostly controlled by elites. Mahanty et al. (2009) explain that inequity in local benefit distribution is common in community forestry and influenced by differences in power, assets and capacity within local communities. They highlighted “strengthening the governance of local institutions, establishing mechanisms that ensure decision making is accountable, and implementing monitoring systems to review outcomes”
as critical issues that should be addressed in order to end inequities in benefit sharing from community forests. Similarly, McDermott & Schreckenberg (2009) found four fundamental factors that enhance and strengthen social equity in the community forestry program: i) the program can reduce social inequity only when the main target group of the programme are poor and marginalised people; ii) decision-making space should be expanded to include community members; iii) poor and marginalised people should be provided more space in decision making process; iv) benefit sharing should occur at the individual level rather than the community as a whole, to bring more benefits to poor and marginalised people.

Therefore, Nepal should be very cautious when implementing REDD+ within the existing structure of community forestry. No proper legal framework and mechanism at the global level have yet been established to determine how and to whom rewards (benefits) should be distributed equitably. Yet, “benefit sharing in REDD+ initiatives is necessary to convert the international donor support and any market-based financing into incentives for positive changes at the national and subnational level” (Forest Carbon Partnership Facility [FCPF], 2012). The whole scheme might fail if the benefits from REDD+ are not distributed equitably over the right beneficiaries. Moreover, the existing structure of the community forestry program, which is thriving at the moment, might get disturbed by participating in the ambitious REDD+ scheme without proper mechanisms. The following section explains the REDD+ processes and institutional arrangements to implement REDD+ in Nepal.

2.3. REDD+ process and institutional arrangements

Nepal is one of the partner countries of the UN-REDD programme and participating countries of Forest Carbon Partnership Facility, and at the preliminary stage in implementing a REDD+ scheme in the country. The Government of Nepal has submitted the Readiness Preparation Proposal as a national REDD+ strategy to the World Bank through the mechanism of FCPF in 2010, to be implemented and reach ‘readiness’ by 2013 and beyond to achieve the vision of REDD+ (Ministry of Forests and Soil Conservation [MoFSC], 2010). The proposal has already been approved by FCPF in October 2010 and the Nepal government has received a readiness grant in March 2011 to implement the proposed plan and activities at the grassroots level (Dulal, Shah, & Sapkota, 2012). The proposal recognizes that involving communities in the forest management can lead to a
decrease in deforestation and forest degradation in the country and it has great potential to contribute to the enhancement of carbon stocks (MoFSC, 2010). In the community forestry program, communities have the right to use and manage forests but land tenure rights remain with the government. The carbon rights have not yet been clearly defined in the new structure of carbon forest management. According to the report “Carbon could be treated as a forest product (or service), in which case existing benefit sharing mechanism based on currently prevailing practices would apply (at least for above-ground carbon). However, there are further complications with this” (p.46). The paper lacks concrete information on the forest land tenure rights, carbon rights and the benefit distribution mechanism; and aims to develop more knowledge on these issues in the implementation phase from 2010 to 2013.

To implement REDD+, Nepal has established a new institutional structure for REDD governance in 2009. Three new institutions: 1) An “Apex body” consisting of the REDD Multi-sectoral, Multi-stakeholder Coordinating and Monitoring Committee chaired by the Minister of the Forest and Soil Conservation (MoFSC); 2) A REDD Working Group having nine members – from Government, Non-Governmental Organisations/International Non-Governmental Organisations, Private Sector, Civil Society organisations, and the donor community at the operational level, chaired by the Secretary of the MoFSC; and 3) A REDD Forestry and Climate Change Cell (“REDD Cell”), an executive body, and coordinating entity, are working together to achieve readiness by 2013 and beyond. The Apex body comprises the National Planning Commission, members from the Ministry of Finance, Ministry of Environment, MoFSC, Ministry of Tourism and Civil Aviation, Ministry of Energy, Ministry of Agriculture and Cooperative, Ministry of Land Reform and Management, Ministry of Industries, Ministry of Local Development, Ministry of Physical Planning and Works, and the Ministry of Science and Technology (MoFSC, 2010). The main role of the Apex body is to cooperate and coordinate with multiple sectors to endorse the overall planning and implementation of REDD+ activities in Nepal. The REDD+ working group is a body ensuring representation from concerned stakeholders. At present, it has nine members representing government, indigenous peoples groups, community forest user groups, private sector, and development partners. The group provides technical, institutional and financial support, and advice to REDD Cell on the preparation of the readiness proposal plan. REDD Cell is the key institution working on the implementation of REDD+ activities at the grassroots level. It is divided into three sections: i) Policy and Program Development
(responsible for providing technical support in developing and implementing REDD+ programs and policies), ii) Monitoring, Reporting and Verification (Department of Forest Research and Survey will provide technical assistance to conduct MRV, carbon accounting after implementation of REDD+ activities to establish deforestation and forest degradation reference scenario), and iii) Communication and Outreach (focuses on awareness raising, capacity building and communication of REDD+ pilot projects outcomes).

From 1990, with the introduction of multiparty democracy in the country, there has been an unstable government led by mostly privileged and high caste people. Consequently, the Communist Party of Nepal (Maoist) with the support of the marginalised and disadvantaged people from the rural part of the country started an insurgency from 1996 which lasted for 10 years. There was a huge loss of resources and lives during this time. The revolt started against the mainstream political parties; however, because of the royal coup in 2005, the Maoist and political parties launched protests together against the autocratic royal regime. The civil war finally came to an end in 2006 as the monarch invited seven party alliances along with Maoist rebels to conduct the election of a constituent assembly to write the new constitution. An interim constitution came into force on 15 January 2007. The election in 2008 brought victory to the Maoists and a new government was formed under their leadership. However, since then several governments from different political parties have run the country, but there is no sign of the adoption of a new constitution. In 2012, the constituent assembly was dissolved because of its inability to adopt a new constitution within the extended deadlines and the government announced to have another election. A second election for a new constituent assembly was held on 19 November 2013. Given this background of great political upheaval in the country, the current institutional structure of REDD+ governance will be affected when a new constitution is adopted, possibly followed by new forest policies. However, Dahal et al. (2010) argue that even during ten years of insurgency when many things came to a halt and were disturbed, CFUGs, established by tenure reform i.e. the community forestry programme, was running smoothly and unaffected by the political instability and conflict in the country. Therefore, if uncertainty in REDD+ is resolved and new institutional arrangements are formed at the grassroots level, we may assume that community forestry program will be able to succeed under a REDD+ programme.
However, there is no framework under UN-REDD for developing national benefit sharing mechanisms. Therefore, the Nepalese government has proposed to rely on the existing multi-stakeholder forest management modalities, and the benefit sharing mechanisms that are currently implemented for protected areas and hydropower schemes implementing the REDD+ readiness preparation proposal. Further, the government has proposed to establish a new REDD Trust Fund to channel the funds, which would need separate legislation to ensure transparency, and define the roles and responsibilities of different actors. Likewise, the fund-based approach (explained more in the following chapter) is projected to be implemented in order to channel REDD+ payments in the country. Under this approach, strategic issues (policy, legal and tenure arrangements) are proposed to be dealt with at the national level; and, benefit sharing, financing and monitoring are to be conducted at the subnational level.

2.4. Chapter summary

This chapter described the background of community forest management in Nepal and existing issues in the sharing of the benefits from community forests. Since community forestry is a successful forest management regime in the country, the government proposed to implement REDD+ in community managed forests. Accordingly, institutional arrangements are formed to implement REDD+ in the country, which is explained briefly in this chapter.

Generally, the success factors of community forestry should be integrated in the REDD+ design to increase effectiveness, efficiency, and equity from the REDD+ projects. However, several critical questions about community forestry remain unanswered: “Who benefits from these forests – and who gets left out? How do community forests benefit poor and marginalised people? Also, benefit distribution in community forests raises “issues of equity” among forest dependent people. The same question arises in REDD+: How can it benefit local communities working for conservation and enhancement of carbon stocks equitably? Hence, this research is mainly focused on this question of how the sharing of benefits could be achieved more equitably. The next chapter provides a review of literature related with the above questions.
Chapter 3: Literature Review

3.1. Introduction

This chapter explains the theoretical foundation of this study and how the objectives of the research are framed. The chapter is divided into six sections: Section 3.1 provides a brief introduction of the chapter. Section 3.2 describes the available international pathways in the funding mechanisms, and the features of well-functioning benefit sharing mechanisms. Section 3.3 explains the principles of effectiveness, efficiency and equity that are formally required to assess any legal benefit sharing mechanisms established in the nation. Then, the principle of equity is explained in detail. Section 3.4 describes the potential benefits and costs of REDD+ in community forest management. Then, section 3.5 explains the contextual factors that affect benefit flow and sharing of benefits in community forest management. Finally, section 3.6 concludes the chapter.

3.2. Benefit sharing mechanisms: a review of the literature and discussion of issues

Although negotiations on REDD+ under the UNFCCC are progressing to the stage of addressing issues associated with the implementation of national programs, including the systems for MRV, the distribution of the potential benefits of such schemes remains uncertain (Torres & Skutsch, 2012). Research on this topic is timely and essential for REDD+ schemes to succeed. To address this issue, it is important to know what ideas or proposals regarding the establishment of benefit sharing mechanisms exist. What are the available methods to link international sources of funding to the people working at the grassroots level? What costs and benefits are potentially produced under this scheme? What factors affect the sharing of benefits? And finally, how do the proposed benefit sharing mechanism stand up to the criteria of the 3 Es. The following section reviews what the literature has to offer on these questions.

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2 In this study, ‘mechanisms’ are rules and processes by which decisions on benefit sharing are to be made.
3.2.1. Accounting and funding mechanism in REDD+

“A benefit-distribution system means a set of rules, regulations, policies, and mechanisms for sharing monetary and non-monetary rewards from policy or market incentives for ecosystem services” (Hoang, Do, Pham, van Noordwijk, & Minang, 2013, p. 49). In this study, only the service of forest-carbon sequestration is emphasized and no other ecosystem services as defined in the Millennium Ecosystem Assessment 2005 or co-benefits from REDD+ are considered. Generally in the context of REDD+, benefits can originate from incentives\(^3\) or forest rents\(^4\) towards the effort of the local communities/designated beneficiaries to bring positive results in REDD+ program (Forest Carbon Partnership Facility [FCPF], 2012). According to the background note on benefit sharing by FCPF (2012), benefits, associated beneficiaries, mechanism used for recording the benefit, and the mechanism for distribution of the benefits to the beneficiaries are very important dimensions in benefit sharing.

Currently, the funding mechanisms in REDD+ are either donor driven (fund-based approach) or market driven. The fund-based approach is generally a top-down approach where donors at the international level either reward or compensate the national agencies and then benefits are transferred to the local community via sub-national intermediaries or direct project-based funding where locals receive payments directly from donors (Lindhjem, Aronsen, G.Braten, & Gleinsvik, 2010). According to Lindhjem et al. (2010), in the fund-based approach vertical benefit distribution occurs from donor to local level and horizontal distributions of benefits within local and indigenous communities. In the market-driven approach, REDD+ payments are directly paid by buyers of carbon credits (polluters with high emissions) to the sellers (communities working to achieve REDD+ goals) (Bluffstone, Robinson, & Guthiga, 2013). Some authors argue that in community forestry program, a market-based approach is more appropriate to complement the decentralisation

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\(^3\) Incentives might be monetary or non-monetary benefits transferred to a stakeholder to enable or motivate a particular behaviour

\(^4\) Forest rent includes distributing the revenues among stakeholders obtained from the management of forest resources for carbon emissions reductions.

associated with that program. However, the current trend towards financing REDD+ schemes is moving towards a fund-based approach.

Whether fund-based or market driven, three options to coordinate accounting and reporting related to international financial inflows in the country are under consideration in international negotiations (Costenbader, 2009). They are 1) a national approach (national level accounting), 2) project (or sub-national) accounting, and 3) a hybrid (or nested) approach. These three approaches for accounting REDD+ activities require internationally agreed rules for MRV, a system for payment, and institutional arrangements at both the national and the international level (Angelsen, 2008).

Although a national approach is cost effective in terms of transaction costs and MRV, it might recapture the local ownership of user groups of community forests and projects (Costenbader, 2009; Torres & Skutsch, 2012). On the other hand, according to Costenbader (2009), although a subnational approach incorporates wider participation of poor people and attracts more investors, it cannot address broader deforestation drivers and faces the issues of weak government at that level.

Therefore, according to Pedroni, Dutschke, Streck, & Porrúa (2009), countries should adopt a nested approach, which integrates project-level and sub-national REDD+ schemes into a national-level accounting framework. A nested approach is a bottom up approach that would enable the strengthening of government capacities when conducting REDD+ activities at the subnational level. It offers a more flexible approach that allows more countries to participate in REDD+, as it enables countries to start with subnational activities that can be subsequently scaled up. However, a challenge in this nested approach is to harmonise these two levels (Angelsen, 2008). To address this challenge, Pedroni et al. (2009) have proposed to adopt a double-accounting approach within a nested REDD+ mechanism, by which both subnational activities (projects, programmes, activities, at the district, municipal, or regional level) and national action can start simultaneously. Accordingly, Nepal has proposed a hybrid approach (combining a national approach and a subnational approach) to channel the funds or credits obtained from markets to the grassroots level. This nested approach, however, generates more complexity in incentives and distribution, carbon accounting, risk-sharing, and institutional arrangements (To et al., 2012). In the end, net emissions reductions will need to be merged at the national level. Moreover, disparity in benefit sharing could occur when good performance in one region of the country is negated by losses elsewhere (Torres &
Skutsch, 2012). However, To et al (2012) claim that the benefits of having a ‘nested approach’ in REDD+ mechanism outweighs these issues and complexity. In terms of benefit sharing, these authors recommend that greater clarity needs to be created about: 1) possible pathways of incentive flows from international sources; 2) the forms of incentives so that they reach the grassroots level; and 3) the basis of allocation of incentives between different stakeholders. Clarifying these issues would offset the complexity associated with a nested system.

In addition, Lindhjem et al. (2010) recommend that well-functioning benefit sharing mechanism should have five generic features. They should engage the right stakeholders, determine the right forms and level of incentives, create a legitimate mechanism for the management of benefits, enforce effective transparency provisions, and develop effective dispute settlement mechanisms. These recommendations are drawn from a study of experiences with benefit sharing mechanisms in a range of countries, and provide lessons for future REDD actions. The report further illustrates some important findings from community forests around the world in benefit sharing: 1) government procedures are often cumbersome and that only small benefits are transferred to the communities, 2) clear and stable government rules on benefit sharing are important for incentives, and 3) marginal groups should be included in community forestry programs to make benefit sharing more equitable, efficient, and effective while achieving REDD+ goals.

The following sections explain the principles of effectiveness, efficiency and equity in benefit sharing of REDD+, potential benefits and costs (qualitative) of REDD+ in community forests; and the factors that affect the flow of benefits and the sharing of benefits within the communities.
3.3. Principles of Effectiveness, Efficiency and Equity in benefit sharing

This section describes the principles of effectiveness, efficiency and equity in sharing the benefits of REDD+.

According to UN-REDD and Department of Forestry Viet Nam (2010), any options for a legal framework at the national level for benefit sharing mechanism should be assessed against the criteria of 3 Es. An equitable benefit sharing mechanism should ensure that the transfer of benefits and costs is inclusive and fair among stakeholders affected by the REDD+ program. Also, effective benefit sharing mechanism should define clear and enforceable rules and processes for the distribution of REDD+ benefits under performance based systems. Under these criteria, communities receive payments for positive outcomes and no payments for negative outcomes.

Further, effective benefit sharing mechanism needs to balance a flexible approach to adapt to the local context and a robust approach to ensure that the objective of performance based system is achieved. Finally, an efficient benefit sharing mechanism includes administrative procedures that complete REDD+ activities in a timely and cost effective manner through minimizing levels of input and funds and maximising the outcomes. However, combining all three criteria in benefit sharing mechanisms often will require trading-off among equity, effectiveness, and efficiency. For instance, “the greater the number of hierarchical levels at which revenue is managed, the less cost-effective the mechanism is likely to be. There will tend to be higher implementation costs and a higher risk of rent-seeking and corruption. On the other hand, fewer hierarchical levels make it harder to ensure efficiency and equity in disbursement because of the ‘distance’ between the source and target of the funds” (UN-REDD & Department of Forestry Viet Nam, 2010, p. 13). Likewise, trade-off between equity and carbon effectiveness can occur when bringing change in behaviour that degrades forests needs to be sufficiently rewarded individually or collectively. Otherwise the change in behaviour will not achieve positive outcomes in the long term. However, “if too many people benefit from something they have not actively contributed to or have no acceptable claims to, then the legitimacy of the mechanism or system is undermined” (Lindhjem et al., 2010, p. 29).
Furthermore, Angelsen, Brockhaus, Sunderlin, and Verchot (2012) discuss the question of who should benefit, especially the discourses on effectiveness and efficiency that emphasizes the goal of carbon emission reductions suggesting that benefits should be distributed according to the contributions of the people or communities that bring reduction in emissions by changing their behaviour or actions. By contrast, ‘equity’ focuses on the question of which actors have the rights to benefits from REDD+ giving less attention to their contributions to reducing carbon emissions. In addition, the overall success of REDD+ depends not only on the amount of carbon emission reductions but also on the mechanism to ensure that there is no harm done to forest dependent people in communities that do not participate in REDD+ as well as bringing positive outcomes improving their livelihood in participating communities (Jaung & Bae, 2012). To enhance people’s livelihood, REDD+ programs should target to produce durable impact on equity in participating (and other affected) communities, as well as being efficient and cost-effective to attract international investors or donors.

3.3.1. Equity in sharing of benefits of REDD+

While trade-offs might need to be made among effectiveness, efficiency and equity, Angelsen et al. (2012) concluded that “decision to emphasize either effectiveness and efficiency or equity has significant implications for the design of benefit sharing mechanisms” (p.150). In the discussion on the 3 Es most authors suggest that ‘equity’ is the most crucial and challenging component in the design and implementation of benefit sharing mechanism for REDD+. Moreover, Skutsch (2013) suggest that efficiency and effectiveness might not always support each other, but these criteria are generally understood. However, this author argues that equity in REDD+ is controversial and complicated. Additionally, Gebara (2013) argues that equity in benefit sharing mechanism is a fundamental condition if the objective of REDD+ is to be achieved. This study, therefore, focuses on equity and attempts to gain a better understanding of how the sharing of benefits from REDD+ could achieve equity in the context of Nepal.

Equity, however, remains a global concern in the design and implementation of REDD+ from the international level to local level. As found in the review of controversies around the distribution of
benefits of REDD+ by Skutsch (2013), concerns on equity are found regarding who should have rights to carbon benefits (who gets the rewards): whether it should go to stakeholders involved in the implementation and facilitation of REDD+ in the country or legal right holders (land tenure), or forest stewards who have been conserving and managing forests, or rural poor populations and forest dependent people. Furthermore, at the international level, there are debates on how to distribute the benefits to REDD+ participant countries. At the national level, the process of achieving the goal of equity is unclear, although most of the REDD+ participating countries have stated the need of acquiring equity in Readiness Preparation Proposal. Likewise, lists of safeguards related to the promotion of social justice and equity and protection of indigenous peoples’ rights and environmental issues are available; however, it is not clear how these safeguards will work on the ground. Furthermore, insecure land tenure and unclear ownership of carbon rights are major problems in devising benefit sharing mechanism in many nations (Skutsch, 2013).

Since equity can be interpreted in different ways, there are uncertainties and controversies around the issues of equity in sharing of benefits of REDD+ (Skutsch, 2013). In addition, there is no commonly agreed definition of equity and agreement about the process of achieving equity in sharing of benefits of REDD+ or similar programme. There are different views on equity. According to Angelsen et al. (2012), there are four main views regarding who should get benefits i) benefits should go to actors with legal rights; or ii) benefits should go to low-emitting forest stewards; or iii) benefits should go to those incurring costs; or iv) benefits should go to effective implementers. Attempting to address 3 Es in benefit sharing mechanism, there are certainly significant trade-offs to be made.

Furthermore, “discourses, ideologies and definitions associated with benefit sharing concern a variety of objectives, ranging from the need to provide compensation for costs incurred, the need to ensure co-benefits, such as biodiversity, and the need to recognise legal rights and ensure fair outcomes” (Angelsen et al., 2012, p. 150). Thus, the authors recommended 1) to have clarity on these objectives of benefit sharing in REDD+, 2) giving priority to efficiency or effectiveness or equity as it certainly affects in the design of benefit sharing mechanisms, and 3) the degree to which co-benefits, such as biodiversity, should be addressed and can and/or should be paid by REDD+. 

19
In addition, Mcdermott, Mahanty, and Schreckenberg (2011) identified three inter-related dimensions of equity: a) Distributive equity, b) Procedural equity, and c) Contextual equity.

a) Distributive equity

Distributive equity is based on several principles: equality, social welfare, merit, and need. Specifically, it looks at policy outcomes in terms of who gets how much and compares those outcomes to the goals. Moreover, this criterion of equity should answer the following questions:

i. Is the distribution of benefits, costs and risks given consideration?
ii. What is the intended basis for the distribution of benefits: equal shares, net social welfare, merit, needs?
iii. What is the observed distribution of benefits and their impacts?

“Distributive concepts of equity address the dilemma of how resources should be fairly allocated within societies, proposing principles for bargaining and negotiation between competing interests” (Mcdermott et al., 2011, p. 17).

b) Procedural equity

Procedural equity is the fairness in the political process that allocates resources and resolves any conflicts among different stakeholders. In particular, it comprises representation, recognition/inclusion, voice and participation of marginalised people with respect to natural resources (women, the landless and ethnic minorities) in decision-making on the allocation and distribution of benefits. Accordingly, procedural equity in decision-making should answer the following questions:

i. Which marginalised groups are newly recognised? Who is voicing their interests?
ii. Who is participating in decision-making and who is left out?

C) Contextual equity (Capabilities, access and power)
This component of equitable distribution links together the other two dimensions: distributive and procedural equity. Additionally, McDermott et al. (2011) consider “the pre-existing conditions under which people engage in procedures and benefit distributions – and which limit or enable their capacity to do both” (p. 4). The following questions could be used to analyse and evaluate the contextual equity in any initiatives (policies, projects, or cases) of REDD+.

i. Are marginalised individuals able to enjoy benefits?
ii. Do they have access to the resources (e.g. land, capital) necessary to do so?
iii. What new capabilities do they enjoy?
iv. Do decisions reflect the interests (i.e., the effective power) of the marginalised?
v. Are the causes of inequity identified?

According to these authors, most of the policy discourses on climate change relate equity only to distribution; however, they argue that all these three dimensions are components of equity. It is not possible to separate how distribution, procedure, and the nature of capabilities, access and power contribute to the degree of (in) equity in the social condition. “All these three factors of equity come together in the normative principle of participatory parity, which insists on fairness, inclusion/representation and democratic decision-making at all levels from the design of a REDD scheme to its operation” (p. 5). Furthermore, distributional, procedural and contextual equity should be understood as interdependent aspects of a multi-dimensional, and multi-scalar phenomenon. Additionally, the authors concluded that interventions designed solely to distribute the payments without considering the local decision-making inputs, access to resources and power relations, are unlikely to have equitable consequences.

However, most of the discussions about equity under REDD+ concentrate on distributive equity (Cattaneo et al., 2010). These authors define distributive equity on the basis that rewards are allocated in proportion to one of the following two criteria: i) merit, which rewards proportional to inputs and ii) need, under which who has the least gets most (according to these authors, needs mean primary goods such as wealth, opportunity, and respect).
The equity framework, developed by Mcdermott et al. (2011) for the analysis of equity to determine how local equity is affected by exogenously driven changes in the value of ecosystem services, defines merit based distributive equity as the distribution of benefits on the basis of individual productive contributions or sacrifices made (i.e. opportunity costs). These authors argue that the need based distributive equity should ensure that rewards are distributed proportional to individual needs thereby, reflecting the concern for the least advantaged. Even though the description of distributive equity by Cattaneo et al. (2010) and Mcdermott et al. (2011) are compatible, the latter argues that three criteria of equity (procedural, distributive and contextual) should be analysed together.

In summary, this section explained the need of assessing 3 Es criteria against any benefit sharing mechanisms of REDD+ in the country. It is found that trade-offs might need to be made when all these criteria are combined. Furthermore, while there are concerns about equity in sharing of benefits of REDD+ at different levels and accounting approaches, the research concentrates on equity regarding who will be the beneficiaries of carbon benefits. However as discussed above, equity has different definitions and understandings. This research adopts three components of equity (distributive, procedural, and contextual) especially the distributive equity (merit vs. need based) in one of the Nepal’s pilot projects to study how equity has been approached. In addition, the factor of contextual equity such as capabilities, access to resources, and power relations, coherent with the factors of benefit flow and benefit sharing are studied in the research. These contextual factors are explained in section 3.5.

The next section explains the potential benefits and costs (qualitative) of REDD+ in community forests.
3.4. Potential benefits and costs

In benefit sharing mechanism, it is important to know what kind of benefits and costs could be generated from a REDD+ induced forest management regime, and what the potential consequences are for the existing costs and benefits that are already derived from community forests. The overall benefits of REDD+ are determined by costs, demands, and mechanisms set up for sharing (Lindhjem et al., 2010). The overall existing benefits and costs associated with community forestry, according to RECOFTC – The Centre for people and forests (2007, p. 3), are described as follows:

Existing benefits from community forests

Social benefits: These social benefits are mostly qualitative in nature, which ultimately develop the capacity of communities.

- Strengthening and development of coordination and governance mechanisms
- Relationships and networks (social capital)
- Political empowerment
- Creation of local work opportunities
- Institutional enhancement, tenure, capacities, welfare and security.

Economic benefits: These are quantitative benefits obtained through the sale of non-timber products and timber from community forests.

- Access to Non-Timber Forest Products and timber for direct household use
- Income from the sale of non-timber forest products, agro-forestry yields, timber and environmental service markets, and employment in community forestry’s activities.

Environmental benefits: While conducting sustainable forest management, there are other environmental benefits too.

- Maintenance of environmental services (biodiversity, soil health, agricultural productivity, carbon sequestration, air and water quality).
Costs associated with community forestry

Below are the costs associated with community forestry in terms of time, money and opportunity foregone while managing the forests.

- Negotiating property rights: This cost is related with the time and effort that communities put in while negotiating for the property rights under community forestry.
- Gathering information for a management plan: When making a management plan, communities have to collect information to identify the areas that need extra supervision and management.
- Regenerating degraded resources and designing management arrangements: After finding degraded areas, communities design arrangements to regenerate those areas.
- Monitoring compliance with rules: To implement the management plan effectively, communities spend time and money on forest guards, forest protection, and day to day management works.
- Foregoing alternative uses of time and of land/ resources: These costs are associated with opportunity costs of using the land for community forestry instead of other management regimes or for commercial purpose (timber production).

Potential benefits and costs of REDD+

Karky & Skutsch (2010) presented three possible REDD+ scenarios to assess the costs of carbon abatement and benefits for five years in three different community forests in Nepal. Scenario 2 with continuity in sustainable harvesting of forest products from the community forest leads to lower opportunity costs and is seen as the most feasible option for implementing REDD+ in community forests. Scenario 1 brings no change at all in the existing sustainable forest management by communities and Scenario 3 (using community forests only for carbon sequestration) would bring high opportunity costs of not allowing communities to access and utilise the forest products. Under
scenario 2, **potential benefits** (monetary and non-monetary) identified are fuel wood, fodder, timber, non-timber forest products, carbon revenue while the **potential costs** are labour management, forest protection, carbon measurement, project proposal and documentation, marketing of carbon credits, adoption of more formal management system, and employment of more forest guards. However, the study did not consider transaction costs associated with MRV, opportunity costs, and the capacity building of community members. The finding of the study explains that the size of forest area determines the net benefits from carbon trading. Large forests (383 ha is the largest one from the selected three community forests) involve less relative cost of management and produce greater net benefits. Further, it is found that small forests (96 ha is the smallest one) are worse off under scenario 2 and should not participate in REDD+ scheme unless the carbon price is really high to compensate their implementation costs. For instance, authors compared the costs and benefits in economic value among three different forests under three scenarios and showed that two small forests showed lower net benefits under scenario 2 than in scenario 1 when the price of one tonne of CO$_2$ is $1. However, at $5 per tCO$_2$, all CFUGs are found to make a profit.

These results indicate that community forests should consider the global carbon price and the size of forests when assessing the net benefits from a carbon forest management regime. However, this price fluctuates and is very difficult to predict it in the future. Therefore, this study does not focus on the quantitative analysis of cost-benefit relationship. Instead, the research focuses on questions regarding benefit sharing such as who will be the beneficiaries and how the sharing of benefits could achieve equity. There is a need for data on the overall benefits and costs of implementing REDD+ at the national level. Based on these data, we can determine the scale of net benefits that could be gained through REDD+. However, even if the total costs and benefits can be determined, the question how these costs and benefits from REDD+ are to be allocated within the communities still needs to be answered. Should it be at the individual, household, or community level?
3.5. **Benefit sharing in community based forest management**

Under REDD+, vertical payment is a system in which investors or donors at the global level pay a national government according to the net amount of carbon emissions reduced in the country. From the national government, funds are then passed on to the sub-national level. Transfer of payments to the local level through benefit distribution, after the payment at the national level, is critical. Since the government of Nepal is set on implementing a REDD+ scheme in the country, especially the community managed forests, it is significant to understand the existing structure of distribution of benefits from community forests at the moment.

The following figure explains the contextual factors that affect the capture of benefits from community based forest management and the sharing of benefits within the communities.

![Figure 1: Factors affecting benefit flow and sharing of the benefits in collaborative forest management (horizontal benefit distribution)](From Mahanty et al., 2009, p. 271)
Figure 1 identifies the factors that affect how benefits from community forests are distributed. The framework was developed by Mahanty et al. (2009) and is based mostly on research on the commons. It describes how benefits emerge through an interplay of governance arrangements at various levels, resource conditions, and socio-economic conditions. This framework analyses how the flow of benefits and sharing of those benefits are influenced by certain factors in community-based forest management. The framework was revised to analyse benefit sharing in community-based natural resource management in a series of case studies and workshops in Cambodia, Lao PDR and Viet Nam, and was followed by a regional forum to evaluate these experiences. However, according to Mahanty et al. (2009), the framework lacks two fundamental factors: 1) local government and 2) intermediaries (for instance, non-governmental organisations) in benefit sharing. Although the framework is developed for collaborative forest management, some of the factors that affect benefit flow and sharing are important and deserve consideration in community forests and REDD+ schemes. Thus, this research adopted the following factors from the framework to analyse the benefit sharing of REDD+ in the case study.

### 3.5.1. Benefit flow

The analysis of benefit flow in the framework attempts to understand the role of resource governance and its influence on the scale, allocation and distribution of benefits reaching communities.

1. **Governance arrangements** enable communities to capture any benefits from community forests. These are important factors that affect flow of benefits, and comprise i) property rights (the nature of resource rights as an important pre-condition for effective management of forest resources and affecting people’s incentive, actions, resource outcomes), ii) permit systems (what proportion of the income or resources communities are entitled to and governance arrangements that influence how property rights are exercised in practice), iii) taxes and royalties (This factor could be important for collaborative forest management but is not applicable to community forest management in hills of Nepal as...
revenue is not taxed due to absence of high value timber products). Also, who are involved in making decisions on the matters of governance arrangements is important to study.

i) Property rights: In terms of property rights, the national government of Nepal needs to clarify the situation regarding new carbon rights under the REDD+ programme: Who will be the owner of sequestered carbon?


High quality forests take a short time to produce benefits whereas degraded forests take long a time and incur high transaction costs while benefits are not produced immediately. Similarly, forest size also determines the scale of benefits to flow from the forest resources; the study of Karky & Skutsch (2010) indicated that small community forests do not generate enough benefits to offset the cost associated with REDD+.

3. Global carbon price: This factor significantly influences the scale of benefits for community forestry generated by REDD+. As mentioned earlier, the level of monetary benefits depends significantly on the carbon price and size of forest.

3.5.2. Benefit sharing

The below factors – local governance and community conditions affect the sharing of the benefits at the local level.

1. Local Governance

Local institutions and processes also influence the sharing of benefits within and among communities. For instance, there is differences in local taxation in Nepal. On the plains, key timber species under collaboratively managed forests are taxed at 15% of revenue when they are sold outside the user groups. However, low quality forests (Hills) under community forest management, user groups can retain 100% of revenue from the resources and income (RECOFTC, 2007). Thus, there is disparity in revenue sharing among locals in terms
of quality of forests and its management. Also, rules regarding who participates in decision making is important feature that effect the sharing of the benefits.

Role of local government at the district level is important in mobilising the money/reward received from the global level. Thus, it was included in this study, and because it is also one of the fundamental factors lacking in the framework as stated by Mahanty et al. (2009).

2. **Community conditions**

   Similarly, social rules and norms, internal differentiation within communities affect benefit sharing. Mahanty et al. (2009) mentioned that elite capture in governing bodies is one of the major issues in local benefit distribution, mainly due to “weaknesses in local governance and implementation of collaborative forest management initiatives, including poor accountability and no systematic monitoring” (p. 277).

3.6. **Chapter summary**

Although negotiations on REDD+ under the UNFCCC are progressing to the stage of addressing issues associated with the implementation of national programs, including the systems for MRV, how the potential benefits of such schemes will be distributed remains unclear.

Currently, funding mechanisms in REDD+ are either donor driven (fund-based approach) or market driven. Whether fund-based or market driven, three options to coordinate accounting and reporting related to international financial inflows in the country are under consideration in international negotiations. A nested approach is a bottom up approach that would enable the strengthening of government capacities when conducting REDD+ activities at the subnational level. It offers a more flexible approach that allows more countries to participate in REDD+, as it enables countries to start with subnational activities and that can be subsequently scaled up. Accordingly, Nepal has proposed a hybrid approach (combining a national approach and a subnational approach) to channel the funds or credit obtained from markets to the grassroots level.
Since no detailed design has been devised to implement the proposed hybrid approach to manage the sharing of the benefits of REDD+ within the country, it is important to learn about experiences with benefit sharing mechanisms from other relevant REDD+ participating countries. Consequently, important features that are recommended to be included in a well-functioning benefit sharing mechanism, developed from a study of experiences with benefit sharing mechanisms in a range of countries, are adopted for this research.

Much of the literature on community forestry in Nepal reveals that forest user groups are still facing disparities in benefit sharing; and participating in REDD+ can further complicate these issues. Thus, it is essential to highlight those concerns. For instance, the study “A fair share? Sharing the benefits and costs of collaborative forest management” by Mahanty et al. (2009), which is based mostly on the commons research put forward a framework that identifies the main elements affecting benefit sharing. These include governance arrangements at various levels, resource conditions, and socio-economic conditions. Further, the sharing of benefits is also affected by local governance and community conditions. This study adopted this framework with the addition of the global carbon price as this significantly affects the total revenue derived from REDD+.

As found in the literature review, “issues of equity” remain a major concern in the distribution of benefits in community forestry program in the context of Nepal. These issues require consideration alongside the principles of the 3 Es as criteria for sharing the benefits from REDD+ in community forests. Efficiency and effectiveness might not always support each other, but these criteria are generally well understood. However, equity is controversial and complex. Further, equity in benefit sharing mechanism is a fundamental condition if the objective of REDD+ is to be achieved. There are many discourses and discussions around the principle of equity. The researcher has adopted the view that distributive, procedural, and contextual equity should be analysed and considered together.

The next chapter describes the methodology, research methods - data collection and analysis procedures used to conduct this research.
Chapter 4: Methodology

4.1. Introduction

This chapter explains the research design and methods. This chapter is divided into the five sections: i) 4.2 details the conceptual framework of the study; ii) 4.3 describes the qualitative research and case study approach; iii) 4.4 further explains the research methods – data collection (study area, selection of research participants, data collection procedures) and analysis procedures, and iv) 4.5 describes the advantages and limitations of the research methods used in the study.

4.2. Conceptual Framework

Based on the literature review, a conceptual framework is developed to analyse the flow of benefits, benefit sharing mechanisms, and sharing of benefits in community forestry from REDD+ in Nepal (See Figure 2).

Assuming that benefits from REDD+ will be generated from international sources through a carbon market or fund based approach, the national government would, in first instance, receive those benefits. This research is mainly focused on how these benefits would and should be allocated and distributed from the national level onwards. More specifically, after the government receives benefits from international sources, the horizontal benefit distribution of benefits are analysed in the study.

The framework provides a basis for the research questions. The framework consists of the factors that are essential for advancing an equitable allocation and distribution of the (potential) benefits of REDD+, such as the adoption of a mechanism as described in the previous chapter (the main elements of the benefit sharing mechanism) which is described under research question 3 below, the views of the stakeholders on the 3 Es, and contextual factors that affect the benefit flow and sharing of the benefits within the communities.
The following figure presents schematically the framework developed on the basis of literature on benefit sharing mechanism of REDD+ to conduct this research. The figure starts with the benefit flow - the factors (governance arrangements and resource conditions) that affect communities in capturing the benefits; then, benefit sharing mechanism that should be assessed against the principles of 3 Es and should have five features to achieve equitable outcomes; and finally, the factors (local governance and community conditions) that affect the sharing of benefits within the communities are shown.
Pathways (Carbon Market or Fund based)

International Source
(Global carbon Price)

National Government

Governance arrangements
(Property rights, Carbon rights)

Resource Conditions
(Productivity, Size, Condition)

Features:
1. Enforces effective transparency provisions;
2. Determines the right form of incentives that would finally reach grassroots level;
3. Develops effective dispute settlement mechanisms;
4. Engages the right stakeholders;
5. Basis of allocation of incentives between stakeholders should be strong.

Benefit Flow

Benefit Sharing Mechanism

Benefit Sharing

Community Conditions
(Social rules & norms, internal differentiation within communities)

Local governance
(Local institutions and processes; Role of Local government, non-governmental organization)

Principles of Effectiveness, Efficiency and Equity

Equity: transfer of benefits and costs is inclusive and fair among stakeholders
Effective: clear and enforceable rules and processes for the distribution of REDD+ benefits under performance based systems
Efficiency: administrative procedures to complete REDD+ activities timely and cost effective through minimizing levels of input/ funds and maximise the outcomes.

Figure 2: Conceptual Framework
The following research questions are derived from these factors:

1. **What are the potential effects of the introduction of REDD+ on communities involved in forest management?**

   For this question, the researcher interviewed the selected respondents if they can identify any potential effects of the introduction of REDD+ on communities involved in forest management.

2. **What are the views from different groups of people working on REDD+ and community forestry on the (relative) importance of the 3 Es (Effectiveness, Efficiency and Equity) in the allocation and distribution of benefits of REDD+ and what can be considered equitable?**

   As described in the previous chapter, any benefit sharing mechanism should be assessed against the principles of the 3 Es; this research question is formulated to understand the views from different groups of people working on REDD+ on the importance of the 3 Es in the allocation and distribution of benefits of REDD+. The components of equity -- distributive, procedural, and contextual as defined by Mcdermott et al. (2011) -- is adopted to analyse the sharing of the benefits of REDD+ in the case study. Linked to this, the use of merit (contribution) vs. need based distributive equity criteria identified by Cattaneo et al. (2010) in the allocation and distribution of the benefits of REDD+ is analysed.

3. **What mechanisms could help to achieve equity in sharing the benefits of REDD+? To what extent, have these mechanisms been or are likely to be considered and integrated into the design of a REDD+ scheme for Nepal?**

   The five elements of well-functioning benefit sharing mechanisms provide a basis for this research question. These elements are essential as they are drawn from a study of experiences with benefit sharing mechanisms in a range of countries, and providing lessons for future REDD actions. Thus, the researcher adopts below five essential elements of equitable and well-functioning benefit sharing mechanism in REDD+ in accordance with the recommendations from Lindhjem et al. (2010) and To et al. (2012). These are the essential elements of benefit sharing mechanisms that should be
adopted to enhance the chances of equitable outcomes from the allocation and distribution of the benefits of REDD+.

1. The enforcement of **effective transparency provisions**, 
2. The right form of incentives that would reach the grassroots level, 
3. An effective dispute settlement mechanism, 
4. Engagement with the right stakeholders, 
5. Basis of allocation of incentives between stakeholders should be strong.

This research question has been derived to analyse and assess to what extent these elements have been considered and integrated into the design of a REDD+ scheme for Nepal.

4. **What are the contextual factors that affect benefit flow and sharing of benefits from REDD+?**
   
   How do these factors influence equity in the distribution of benefits?

A framework developed by Mahanty et al. (2009) characterizes the factors that outline a scale of benefits from community-based forest management. The framework, as described in section 3.5, details that benefits emerge through interplay of governance arrangements at various levels, resource conditions, and socio-economic conditions. These factors are important to understand their effects on the flow of benefits and sharing of benefits from REDD+. For this study, factors such as carbon price, role of local organisations in the benefit flow and sharing of the benefits are added to the adopted framework by Mahanty et al. (2009). To understand these contextual factors and its influence in equity in the allocation and distribution of the benefits, this research question is derived.

5. **What should be done about these factors to promote an equitable sharing of the benefits?**

This question aims to identify the views of the main stakeholders on strategies to promote an equitable sharing of the benefits.

The following section describes the selected methodological approach to conduct this research.
4.3. Methodological approach

Qualitative research:
To achieve the objective of this study, qualitative research was undertaken. Through qualitative research, the researcher attained comprehensive understanding of research participants about their social settings, their working experiences in community forestry and REDD+, and any issues related with sharing benefits from community forests and REDD+. The qualitative research method allows the researcher to carry out the research in the ‘field’, to study the subject as a part of the whole system in which the person lives (Verhoeven, 2011). The important aspect of this method is the value and meaning that research participants attach to situations and issues. To conduct an in-depth investigation of the benefit sharing in the pilot project, the case study approach was selected.

Case study approach:
This approach allows an “in-depth exploration from multiple perspectives of the complexity and uniqueness of a particular project, policy, institution, programme or system in a ‘real life’ context” (Simons, 2009, p. 31). In this study, a particular REDD+ pilot project in Nepal is chosen which is explained further in the following section. The case study approach is research-based, inclusive of different methods (in-depth interview technique of qualitative research is selected to study this case) and is evidence-led. Since the views of the respondents are important, an in-depth interview is very suitable to investigate the underlying motives that respondents may have (Verhoeven, 2011).

4.4. Research methods

4.4.1. Data Collection

I. Study area

With an objective to analyse critical issues that have been raised in community forestry and likely future issues in new carbon forest management regime, two sites were selected for the research.
These two sites are CFUGs of REDD+ projects in Nepal (Ludikhola watershed) and the adjoining CFUGs which manage forests only for the purpose of community forestry program. Out of 31 CFUGs in the Ludikhola Watershed, 6 CFUGs (highest, medium, and lowest recipient of REDD fund in 2011 and 2012) were chosen from the REDD+ pilot project. The adjoining two CFUGs of Ludikhola watershed, which are managing forests only for the purpose of community forestry program, were selected to compare issues and concerns on benefit sharing impending in community forestry and new carbon management regime. The information obtained is advantageous in highlighting the unseen problems in tenure rights, access to benefits, etc. that have not been addressed yet. Further, information from a range of people/ organisations at the national level were gathered, especially from those involved in the introduction of REDD+ and/or who are REDD+ experts.

The project named “Design and Setting up of a Governance and Payment System for Nepal’s Community Forest Management under REDD”, selected for the case study, is being conducted by the International Center for Integrated Mountain Development (ICIMOD)\(^5\) in partnership with Federation of Community Forestry Users, Nepal (FECOFUN)\(^6\) and Asia Network for Sustainable Agriculture and Bio resources (ANSAB)\(^7\) with the support of Norwegian Agency for Development Cooperation (Norad) from 2009 to 2013. The researcher has chosen this project for the study as this is a pioneer among Nepal REDD+ projects, which completed disbursing payments to CFUGs for their effort in enhancement and conservation of carbon stocks. Furthermore, outcomes of the project are significant to assess benefit sharing mechanisms and its components as mentioned in the earlier section of the research.

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5 ICIMOD is a regional intergovermental learning and knowledge sharing centre serving the eight regional member countries of the Hindu Kush Himalayas – Afghanistan, Bangladesh, Bhutan, China, India, Myanmar, Nepal, and Pakistan – and based in Kathmandu, Nepal. [http://www.icimod.org/?q=abt](http://www.icimod.org/?q=abt)


7 ANSAB is a civil society organization working for the conservation of biodiversity and the improvement of livelihoods across South Asia. [http://www.ansab.org/about/](http://www.ansab.org/about/)
This project covers over 10,000 hectares of community managed forests in three watershed areas: Kayarkhola of Chitwan District, Charnawati of Dolakha District, and Ludikhola of Gorkha District. For this study, Ludikhola watershed was selected to draw empirical evidences on benefit sharing mechanisms and issues related with benefit sharing in general.

The project comprises more than 18,000 households with over 90,000 forest-dependent people. It is implemented at the local level by empowering local communities in monitoring the carbon in their forests, providing the necessary training for them to do so, and later giving them the opportunity to claim rewards for their enhancement of carbon stock (International Centre for Integrated Mountain Development, 2011). Further, it was designed to provide learning from the project that could be applied by policy makers in implementing REDD+ at the national level. The overall structure and the payment mechanism of the project followed the Readiness Preparation Proposal of the national REDD+ strategy so that later it could be scaled up to forest carbon funds that are available from various donors, national and local sources. The reward money (around $95,000 from the seed grant) has been distributed among CFUGs of three watershed areas who have worked for carbon sequestration in 2011 and 2012. The last payment of seed money was disbursed in June 2013.

The Ludikhola watershed lies in the Gorkha district of the Western Development Region of Nepal. It ranges from 318m to 1714m altitude and covers an area of 5750 hectares (See Figure 3). There are 31 CFUGs in the watershed, which manage 1888 ha of forest area (Asia Network for Sustainable Agriculture and Bio resources, International Centre for Integrated Mountain Development, & Federation of Community Forest Users Nepal, 2012).
Figure 3: Map of Ludikhola watershed with community forests
(From ICIMOD, obtained through a personal request)
II. Research participants

Primary and secondary data are used in this research. Primary data were collected through interviews using the semi-structured questions to guide the flow of discussions on the sensitive matter of benefit sharing. The questions were developed on the basis of the key themes of conceptual framework. Total of 31 (male=21, female=10) respondents participated in the interviews. Further, the researcher had an opportunity to attend the National Workshop on REDD+ Piloting Project Sharing on 27 May 2013, organized by FECOFUN in Kathmandu. Discussions on the current issues related to implementation of REDD+ in Nepal and findings of the three year research were shared in the workshop. These discussions assisted the researcher to revise interview schedules and focus more on the current concerns of benefit sharing mechanisms in Nepal. In addition, the researcher interviewed some of the participants (REDD+ experts) of the workshop (See Table 1).

Secondary data related to the study were obtained from various sources such as journal articles, reports from workshops, conferences and projects, books, public documents, websites.

For the collection of primary data, four different categories of participants were selected through purposive sampling. This sampling is appropriate for the research as it allows “selecting a sample on the basis of knowledge of a population, its elements, and the purpose of the study” (Babbie, 2010 p. 193).
### Table 1: Categories of research participants

<table>
<thead>
<tr>
<th>Categories</th>
<th>Participating informants</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experts from Nepal REDD+ project</td>
<td><strong>Regional intergovernmental organisation</strong>&lt;br&gt;ICIMOD&lt;br&gt;&lt;br&gt;<strong>National NGO</strong>&lt;br&gt;ANSAB&lt;br&gt;HIMAWANTI&lt;sup&gt;8&lt;/sup&gt;&lt;br&gt;NEFIN&lt;sup&gt;9&lt;/sup&gt;&lt;br&gt;FECOFUN&lt;br&gt;WWF Nepal (Hariyo Ban, another REDD+ project)</td>
<td>1&lt;br&gt;1&lt;br&gt;1&lt;br&gt;1&lt;br&gt;3&lt;br&gt;2</td>
</tr>
<tr>
<td>Members of CFUGs</td>
<td>Executive member of CFUGs from community forests under REDD+ pilot project&lt;br&gt;Executive member of CFUGs from adjoining community forests</td>
<td>12&lt;br&gt;3</td>
</tr>
<tr>
<td>Government officials</td>
<td>Key informants from REDD Cell&lt;br&gt;Key informants from district level government (District Forest Office)</td>
<td>3&lt;br&gt;1</td>
</tr>
<tr>
<td>Independent researchers</td>
<td>Tribhuvan University&lt;br&gt;Freelancer&lt;br&gt;Independent Consultant</td>
<td>1&lt;br&gt;1&lt;br&gt;1</td>
</tr>
<tr>
<td><strong>Total research participants</strong></td>
<td></td>
<td>31</td>
</tr>
</tbody>
</table>

<sup>8</sup> HIMAWANTI is a non-profit, non-political, non-government organization dedicated to strengthen the grassroots level women in sustainable natural resource management in Nepal. [http://www.nhimawanti.org.np/](http://www.nhimawanti.org.np/)

<sup>9</sup> NEFIN is an autonomous and politically non-partisan, national level common organization. Also, NEFIN has been working on Climate Change and REDD Partnership Program. See more at - [http://nefinclimatechange.org/about-us/](http://nefinclimatechange.org/about-us/)
III. Data collection procedure

The interviews were conducted in the Gorkha District from 29 May to 3 June 2013 followed by another slot of interviews in Kathmandu from 11 to 31 June 2013. All research participants were approached personally by telephone. The interviewees from the pilot site were selected on the basis of the amount of funds they received from the project. The rest of the research participants were mostly identified from among NGOs/International Non-Governmental Organisations (INGOs) and government agencies who are working in the field of REDD+. Prior to beginning interview, respondents were asked for their consent to participate in the research and informed briefly about the research. They were informed that they could remain anonymous if they wished. With their consent, all interviews were recorded and transcribed later to allow the researcher to focus on the details which are required for the research. Semi-structured interviews were used to collect the data for the research. Most of the interview questions were focused for each interviewee. Generally, there were four sets of interview schedules targeted for different categories of research participants (See Appendix 3, 4, 5, 6). Mostly, interviews were conducted in Nepali. The time taken for one interview ranged from twenty to eighty minutes. At the end of interviews, researcher thanked the participant for contributing their valuable thoughts and time for the research.

Two executive members of six CFUGs in the Gorkha District were interviewed to learn about their experiences after participating in REDD+ and any issues and concerns that came up during the project’s tenure; and their opinions on developing equitable benefit sharing mechanism in the future. Likewise, members of two CFUGs that were not involved in the project but have been operating community forestry program were interviewed. Different sets of interview schedules were used for the interviews with those two categories of communities. With the help of Kamal Lamichhane, FECOFUN in the Gorkha District, potential interviewees were identified and contacted through telephone to find suitable time for the interviews.

Experts working in NGOs/INGOs and central/local government were identified through their current involvement in different REDD+ projects in Nepal. Experts from FECOFUN and District Forest Officer
were interviewed in the Gorkha District; and rest of the participants were from ICIMOD, ANSAB, FECOFUN, HIMAWANTI, NEFIN, REDD Cell and two independent researchers in Kathmandu.

### 4.4.1. Data analysis

All recorded interviews were translated and transcribed in a word document. Transcribed documents were imported into a computer software package named NVivo – 10, which is designed to analyse non-numerical data. On the basis of the conceptual framework, three major themes (benefits flow, benefit sharing mechanism, and benefits sharing) and other themes or issues and concerns found during the collection of data were created; and data were categorised and coded. Further, ‘nodes’ (themes) were divided into sub-nodes (factors that affect the main themes) and each sub-node was analysed separately. Then, quotations relevant to the themes were selected for the research.

### 4.5. Advantages and limitations of the methods/research

Among the advantages of qualitative field research are the depth of understanding it can provide and its flexibility of using semi-structured interviews. For the data collection, use of an in-depth interview technique allowed the researcher to get more information and perceptions of interviewees comprehensively.

A limitation of the methods used in the research is that the findings of the research cannot be generalised (as they are based on a single case), which is also a limitation of using case study approach. Also, if focus group discussion had been conducted along with interviews, more information might have been obtained than individual interview techniques (but I could not use focus group discussion because of the time limit and gathering all informants would take more time). Further, due to time constraints and the rainy season, two executive members of CFUGs could not be reached for the interview. Similarly, some of the national level experts were not available for an interview due to their prior commitments and could not contribute in the research.
4.6. Chapter summary

This chapter presented a framework that outlines how the objectives of the research are to be achieved. The framework is based on the review of literature related to benefit sharing of REDD+. This chapter also explained the research design that comprises methodological approach and research methods that were chosen to conduct the research. Qualitative data were collected by interviewing representatives of local community forest user groups from one of the selected pilot projects being conducted under REDD+ in Nepal, key informants from NGOs and regional intergovernmental organisation working in the field of REDD+, and officials from government bodies responsible for implementing REDD+ in Nepal. Altogether, thirty-one interviewees were chosen through purposive sampling. Semi-structured interview schedules were used. Data were analysed using the qualitative software named NVivo.

The following chapter explains the findings and results of the interviews taken from the REDD+ pilot project areas and Kathmandu.
Chapter 5: Results

5.1. Introduction

This chapter presents the findings from the interviews with participant and non-participant CFUGs of REDD+ pilot project and experts involved in different REDD+ activities in Nepal. The interviews were focused on the Community Forest Management and REDD+ and especially about the benefit sharing mechanism and its components on how it affects achieving an equitable benefit sharing mechanism. Section 5.2 presents the potential effects of REDD+ in Nepal, identified in the interviews, to reflect on whether Nepal should participate in REDD+. Then, section 5.3 describes the principles of 3 Es in the benefit sharing mechanism, and the criteria for equity that are the basis of allocation and distribution of the benefits; thus, potential mechanisms for allocating and distributing the benefits that could assist in achieving equity. Section 5.4 defines the existing factors and issues that affect the flow and sharing of benefits in the context of Nepal and presents the findings of opinions expressed by experts on how these issues should be addressed to promote equitable sharing of benefits of REDD+ in the future. Finally, section 5.5 summarizes the chapter.

5.2. Should Nepal participate in REDD+?

Even if the stated goal of REDD+ in Nepal is to bring additional benefits to communities who have been working for sustainable management of forests, it is necessary to identify if there would be any adverse impact of this new incentive based mechanism. Thus, this section explains the likely effects of REDD+ in Nepal in the future as perceived by the interviewees, which is the first objective of the research.

Most of the REDD+ experts mentioned that REDD+ would have only benefits and that there would be no harm in participating in REDD+. Further, it would encourage communities to engage more in sustainable management of forests, and gradually reduce the dependency of people on the forest products and increases forest coverage through use of alternative energy renewal technologies. Accordingly, the Government of Nepal is getting ready to implement REDD+ through conducting
different activities in the nation. However, the results indicated that there are some potentially adverse effects on the society and environment since certain interventions under REDD+ would be regulated to address the problems of deforestation and forest degradation. Below are the major potential effects of REDD+ in Nepal identified in the interviews:

1) Issues related with the governance of the benefit distribution,
2) Threats of recapturing rights of CFUGs,
3) Possibility of leakages of carbon,
4) Impacts on the traditional occupations and practices,
5) Conflicts between government and local communities.

Among these potential effects of REDD+ in Nepal, most of the respondents expressed concerns about the governance of benefit distribution. First, there are doubts if there would be any benefits deriving from REDD+ and it is not certain that resources from central level would reach to the targeted beneficiaries. Second, due to the background of weak structure of government, interviewees showed concern about the governance of funding received from the international sources/markets.

Another effect revealed in the interviews is threats of recapturing rights of CFUGs. As stated by one interviewee: “when we participate in the result based approach, either we have to increase or maintain the carbon stock. Even when we attempt to achieve this objective through sustainable forest management model, there would be some sort of compromise and trade-off. Thus, certain restrictions on local communities in the utilization of forest resources are foreseen; especially forest dependent indigenous and marginalized people would be more affected.”

Likewise, with regard to technical aspects, there were some concerns of possible leakages of carbon such as carbon produced at one place could be negated by harvesting in another place if we consider only few patches of forest for REDD+. It might be controlled if the REDD+ is implemented nationwide at the same time. However, it would be a big challenge for the Government of Nepal without REDD+ strategy.

Additionally, expected future interventions on the use of the forest products might have direct impact on indigenous people’s livelihood and health. Even if the alternative solution is sought, the
customary practices of indigenous people would be threatened. In the end, because of all above
effects and lack of clarity on the ownership of carbon, there might be conflicts between
government and the local communities about claims to the benefits.

Regardless of importance and advantages of REDD+, other potential effects of REDD+ such as, social
consequences should also be considered. Many respondents showed their strong concerns about
the issues related to the governance of benefit distribution, while few respondents were concerned
about the preservation of traditional occupation and practices of local indigenous people.

The next section presents the findings on the views on what equitable benefit sharing means and
what mechanisms could help to achieve or advance the equitable sharing of the benefits.

5.3. How important are the 3 Es in the allocation and distribution of the (potential)
benefits of REDD+? And what mechanisms could help in achieving or advancing
an equitable sharing of the benefits?

The main objectives of this research were to identify how the 3 Es are interpreted, how important
they are relative to each other in the allocation and distribution of benefits of REDD+, what issues
need to be considered in benefit sharing and determine the mechanisms that could help in
achieving an equitable sharing of the benefits. This section is divided into two sub-sections to
highlight the outcomes of the responses on these two major questions. Section 5.3.1 describes the
perceptions of different groups of people working on REDD+ and community forestry on principles
of 3 Es and then the criteria for equity in terms of the allocation and distribution of benefits; and
whether the current model of the benefit sharing mechanism developed in the pilot project is
equitable. Then, section 5.3.2 presents the views of the interviewees on the potential mechanisms
for allocating and distributing the benefits that promote equity.
5.3.1. Principles of Effectiveness, Efficiency and Equity

This section explains the findings on the perceptions of respondents on effectiveness, efficiency and equity of the benefit sharing mechanism. Then, the results on the assessment of the relative importance of these three criteria in the benefit sharing mechanism developed in the pilot project are presented. Finally, the findings on the question of what can be considered equitable in terms of the allocation and distribution of the benefits of REDD+ are described through analysing the criteria of equity.

With the set of following standard definition, as described in chapter 3, experts and communities from the project area were interviewed to understand their views on the importance of effectiveness, efficiency and equity in benefit sharing under REDD+ scheme.

a) **Equity**: “transfer of benefits and costs is inclusive and fair among stakeholders” defined by UN-REDD and Department of Forestry Viet Nam (2010)

It was found that most of the interviewees connected ‘equity’ with sharing of benefits on the basis of either **contribution** or **needs** (social criteria). One of the experts from project partners mentioned that the project looked for equity after some concerns were raised. However, at the same time, the project also received many criticisms because it had put more emphasis on the social-economic conditions of the communities in the payment criteria. Regardless of these criticisms, many respondents agreed that local communities should not participate in REDD+ without addressing the ‘issues of equity’.

b) **Effectiveness**: “clear and enforceable rules and processes for the distribution of REDD+ benefits under performance based systems” defined by UN-REDD and Department of Forestry Viet Nam (2010)
c) **Efficiency**: “administrative procedures to complete REDD+ activities timely and cost effective through minimizing levels of input/funds and maximise the outcomes” defined by UN-REDD and Department of Forestry Viet Nam (2010)

In terms of perceptions on ‘efficiency’ and ‘effectiveness’, the majority of the respondents linked those two principles with carbon increment and maximum output with the least cost. Apart from these views, one respondent mentioned that communities should be allowed to utilise the benefits without compromising their traditions and cultural systems in order to have effective benefit sharing mechanism.

As stated in the research framework, there might be trade-offs between these three criteria in benefit sharing mechanism. Increasing the hierarchical levels of concerned stakeholder in REDD+ activities to manage revenue increases the equity among them. However, minimising the range of beneficiaries reduces the transaction costs and that increases the efficiency and ultimately effectiveness of benefit sharing mechanism (Hoang et al., 2013). The majority of the interviewees focused their responses on the payment criteria which guided the overall distribution of funds to CFUGs. According to them, well-defined payment criteria are required to not have any issues of equity and have fair transfers of benefits and costs of REDD+ among concerned stakeholders. However, certainly there have been issues with equity vs. efficiency, as confirmed by Laxman Joshi who was partly involved in this project from ICIMOD. He also mentioned that it had favoured equity more than efficiency although the priority is given to efficiency at the international level. Likewise, one of the REDD experts stated that “there would be definitely trade-off among these criteria in the benefit sharing mechanism. For instance, there might be restriction on the use of forest products after communities participate in REDD+. This restriction would increase the efficiency and effectiveness of the REDD+ scheme. However, user groups of community forests have to compromise to some extent. As a result, what would be given to them to compensate that loss is important. Thus, there should be equitable distribution of benefits among communities”.
Most of the views of experts suggested that ‘equity’ is crucial in the benefit sharing mechanism. It is the most controversial and also an important principle that requires investigation, as mentioned by one of the REDD+ experts:

“Efficiency and effectiveness can be reflected from the level of carbon increment by better forest management and the proper use of the funds received. With these progresses, better results come surely. However, there are controversies on how to achieve equity”. (K. Gauri, personal communication, June 22, 2013)

If bringing the additional benefits is the main rationale of REDD+ in the country, then it is important to study the sharing of benefits. Moreover, it is significant to investigate the criteria that could help in achieving an equitable sharing of the benefits among targeted beneficiaries. The next section presents the findings on the first part of the question: what can be considered equitable in terms of the distribution of benefits? These criteria provide the normative basis for allocating and distributing the benefits of REDD+.

**Criteria for Equity**

This section describes the views of interviewees expressed on the issues of equity. The following criteria were used by experts and communities to describe what equity means for them.

**a) Determines the level of incentives that would finally reach grassroots level**

Most of the interviewees from the group of experts revealed that sharing the benefits at the level of individuals or of the households is not desirable. If it happens, the benefits would be very small to have any significant impact. It should go to the group of communities, and then they would decide if the money has to go to the poorest households. In addition, the government officials mentioned that it is not possible for government to allocate money to individuals or households. It would go to single CFUG and communities should decide on internal distributions. Although no communities from the pilot areas expressed concerns on the allocation of the benefits to communities rather than individuals, questions might be raised in the future if it is more equitable
for the income to be distributed to individuals rather than communities. This is further explained in section 5.3.2 on how issues of equity are raised when funds were distributed at the level of CFUGs.

**b) Ownership of carbon**

In determining the allocation of funds from REDD+ on who qualifies for the benefits, ‘ownership of carbon’ is a very important criterion. However, the ownership of carbon under REDD+ scheme remains unclear at present. Although this is related with rights-based issue, most of the interviewees believed that the ownership of the carbon should be given to the “contributor” in terms of the management and enhancement of carbon stock. In that regard, it might be either i) communities, or ii) government, or iii) collaboration of communities and government.

i) Communities only

Describing why communities should be the only owner of carbon, one of the respondents told that whoever conserves and manages the forests should be the owner since carbon is the reflection of how the forest is managed. Government might claim the ownership of carbon because they have land rights. However, respondents strongly recommended that they should not do that to ensure the continuity of community forestry programme. One of the REDD+ experts mentioned that if carbon could be considered as forest products, then it would not be difficult for communities to access its benefits:

“Carbon should be treated as non-timber forest products and the local people should be allowed to benefit from it. There is no harm for the government to allow REDD mechanism to trickle down the benefits to local people. Actually, this supports the government’s objective of sustainable forest management. Thus, local people should have the right of carbon as part of the forest product”. (L. Joshi, personal communication, June 15, 2013)

ii) Government only

Since there are different forest management regimes in Nepal, it is difficult to transfer the control of carbon only to CFUGs. In that regard, only one expert described that the carbon rights should
remain with the government. Allowing only the communities of Community Forests to access the benefits of carbon would cause conflicts among communities of other forest management regimes.

iii) Alliance of communities and government

Some CFUGs involved in REDD+ pilot project stressed that they should be owner of carbon but also consider the need of support from the government in developing their technical abilities – monitoring and reporting of carbon stocks. Further, because of a large number of CFUGs in Nepal, it is difficult to hold all the CFUGs accountable for the management of carbon for their communities. Since not all the members of the CFUGs are trustworthy, ownership of carbon should be given to CFUGs but only under the protection of the government at the central level as mentioned by one of the respondents.

However, District Forest Officer in the Gorkha District argued that there has been misunderstanding that communities are owner of community forests. Actually, community forests are part of national forests just like other forest management regimes. Hence, ownership of carbon should remain with the government and communities equally. According to one expert, regarding carbon and their different pools, it is yet to be decided on who should own the rights of different carbon pools. However, communities should have rights on carbon and government would have some proportion, too. Both local government and communities should own carbon.

Currently, the criterion of ownership of carbon is very contentious issue in Nepal and who should have carbon rights is unclear. Most of the respondents strongly suggested that both communities and government should own carbon, although what percentage of the benefits (how much each gets) is still debatable.

c) Needs-based (social criteria)

In the pilot project, the basis of allocation of funds was the payment criteria developed by the project. It was found that 40% of the total funds were allocated and distributed according to the performance on conservation and enhancement of carbon stock. The remaining 60% was allocated
on the basis of the socio-economic conditions of the communities.

Below is the payment criteria developed and adopted from the operational guideline of Forest Carbon Trust Funds:

\[
\text{REDD Payment} = f (\text{forest carbon } \Delta \text{ and forest carbon conservation} + \text{ethnic diversity (households)} + \text{population of men/women} + \text{number of poor households})^{10}
\]

Most REDD+ experts, however, showed strong dissatisfaction with the current payment criteria for giving more priority to socio-economic conditions of the communities. Nevertheless, they also agreed that it was done for piloting to reach more to local communities.

Now, when we go more into the details of criteria of socio-economic condition of communities, which came as an important element of the horizontal benefit distribution within communities, it was found that 25% was allocated for ethnic diversity (number of households of Dalit – 15% and Indigenous people – 10%), 15% to the proportion of women population in CFUGs and in watershed, and 20% to poverty (number of poorest households categorised by participatory wellbeing ranking with a set of indicators in CFUGs and in watersheds). Most of the experts, however, were not satisfied with having ethnic diversity as one of the elements of the socio-economic criteria.

According to the District Forest Officer, Gorkha District, the funds should be provided on the basis of ‘common involvement’ or on the level of involvement in the community forests. Only three components - gender, wealth, and amount of carbon conservation/enhancement should be included in the payment criteria. As some indigenous people and Dalits (so called untouchable groups in Nepal) can be poor while others are rich.

\[
\begin{align*}
\text{Forest carbon enhancement: Annual quantity of carbon sequestered as a result of community forest management- 40\%} \\
\text{Ethnic Diversity: Number of households of Indigenous peoples (IPs defined by National Foundation for the Development of Indigenous Nationalities, 2002) and Dalits so called untouchable groups in Nepal-25\%} \\
\text{Sex Ratio: Number of women population in CFUG and in watershed -15\%} \\
\text{Poverty: Number of poorest households categorized by participatory wellbeing ranking with a set of indicators in CFUGs and in watersheds -20\%}
\end{align*}
\]

\[^{10}\text{The following values were allocated to each of these basic elements and their sub elements:}\]

- Forest carbon enhancement: Annual quantity of carbon sequestered as a result of community forest management- 40%
- Ethnic Diversity: Number of households of Indigenous peoples (IPs defined by National Foundation for the Development of Indigenous Nationalities, 2002) and Dalits so called untouchable groups in Nepal-25%
- Sex Ratio: Number of women population in CFUG and in watershed -15%
- Poverty: Number of poorest households categorized by participatory wellbeing ranking with a set of indicators in CFUGs and in watersheds -20%
Similarly, one interviewee mentioned that there are different weights given to women, indigenous people, Dalits, and poor people. However, women are found in every ethnic community. In our national programs, however, these are also overlapping categories. These social criteria might be inspired by the government’s reservation policy. Furthermore, it was found that there was dissatisfaction among CFUGs which got paid less because of having a lower number of indigenous people but had high amounts of carbon sequestered. Bhaskar Karky from ICIMOD also confirmed that:

“So some got double of the payments, as they were part of women group as well as from the group of indigenous and Dalits. There were lots of reservation on that. The REDD money is for carbon, and it is not for all these sort of things. Capacity and needs have nothing to do with forests, but we still helped Dalits and women. Hence, we are getting very strong criticisms”. (B. Karky, personal communication, May 13, 2013)

According to him, if REDD+ payment is to be made, it should come for the performance on carbon and the only factor to be considered is the number of population dependent on the forest. Population per hectare ratio should be considered and not the criteria that were developed this time.

When Kalpana Thapa of NEFIN was told about the overlap in the criteria, however, she argued that it is because of lack of awareness in the project. According to her, “even if we only look at women, who are the most marginalized women? Obviously, it is indigenous women. They are the one who have been conserving forests since a long time ago. For the successful implementation of this program, we should be able to identify the most marginalized group among defined criteria to conserve the forests more effectively”.

Though the project gave priority to the socio-economic conditions of communities, most of the CFUGs from pilot areas allocated the received the funds to the poorest households in the community. One of the interviewees explained that ‘poverty’ is the most important social issue as poor may be from high caste society as well as from women and other groups. As a result, they focused more on poverty.

Even though the project received many criticisms for giving socio-economic conditions of the
communities more priority and carbon effectiveness could be the major component of payment
criteria at the international level, most of the respondents from communities mentioned that social
safeguards of the local communities have an important role in the conservation and management
of forests. Likewise, one of the interviewees mentioned that if social conditions and needs of
communities are not given priority, there would not be any protection, conservation and
management of forests.

d) Performance based

This criterion provides the basis for allocating and distributing the benefits within the communities,
which clashes with the needs-based criterion. According to Uday Sharma, Independent Consultant,
“whoever performs better should get more benefits”. One of the government officials mentioned
that equity is also taken as providing more benefits to needy people. However, it should be based
on the contribution of communities on conservation and enhancement of carbon stocks. While
most of the experts focused on the contribution and performance of payment criteria developed in
the project, other aspects such as forest condition and forest size came up as recommendations as
correctional factor in the future payment criteria.

Forest condition
Carbon stock, its increment and forest condition determines the ratio of payment as mentioned by
one of the interviewees. In terms of performance on carbon sequestration, forest condition
determines the increment of carbon and maintenance of carbon stock. For instance, in Chitwan
(lowlands) most of the forests are mature and those forests have good weight on carbon stock but
less increment of carbon stock. On the other hand in mid-hills, there are still regenerating forests
and they have good performance on carbon enhancement.

Forest size
Similarly, size of forest as compared to the number of users might complicate the benefit
distribution system since small community forests can have more users than a large community
forest with fewer users. Thus, according to Laxman Joshi, “there is a need for a correctional factor
related to population density on how to distribute the money”. Likewise, it was found that
community forests with a large area had weak social criteria but the community forests with smaller areas with a high number of indigenous and ethnic households received more funds. In addition, one of the experts from the project partners mentioned that some community forests can be less than a hectare and some can be very large, so bringing equity in sharing benefits is a challenge in this case; therefore, they faced lots of problems in sharing the benefits.

Overall, this section presents the findings on the principles of 3 Es in the benefit sharing mechanism developed in the project and the responses on the question what can be considered equitable. Efficiency and effectiveness of carbon could be achieved with the use of proper tools and management of forests as found in the results. However, issues of equity in sharing the benefits were a strong concern for communities and experts at all levels. Determining the level of incentives, clarity on ownership of carbon, needs-based and performance-based criteria were found important for experts and communities to describe what equity means for them in the allocation and distribution of the benefits.

5.3.2. Potential mechanisms for allocating and distributing benefits

This section discusses the potential mechanisms for allocating and distributing the benefits that ensure that the sharing of benefits among local communities is equitable. In that regard, criteria for well-functioning benefit sharing mechanism are adopted from the study by Lindhjem et al. (2010) and To et al. (2012) and the recommendations from interviewees on the question to what sort of benefit sharing mechanism should be developed are also included. Specifically, this section details the views of the interviewees on the (mechanisms) rules and processes by which decisions on the allocation and distribution of the benefits should be made to promote equity, as described in the earlier section.

  a) **Enforces effective transparency provisions**

Some of the communities from the project area found the process of distributing funds among them was good as every decision was taken in the meetings and shared with user groups later.
When asked, one of the recipients of the lowest amount of funds from REDD+ pilot project, Purna Bahadur Rana Magar from Bhangeristhan Community Forest was satisfied with the amount that his CFUG received. He mentioned that this project was fairer than other projects. There was transparency in the distribution of funds.

In case of the transparency of funds distribution, it was found satisfactory, as it was strictly monitored by the project partners. Transparency of decision-making processes (during the formation of payment criteria) and the distribution of funds was one of the factors to confirm that the benefit sharing mechanism of the project was equitable. Thus, the need for enforcement of ‘effective transparency’ provisions in the allocation and distribution of the funds is supported by the findings of the research.

**b) Determines the right form of incentives that would finally reach grassroots level**

From the interviews, it was found that there could be two forms of benefits - either monetary or investment in capacity building of local communities. However, it also indicated that having money as benefit would encourage communities to engage in the conservation of forest, and also provide capital to start income generating activities, as one of the respondents indicated:

> “Absolutely, we need to build capacities of people. If they are not capable, they would not be able to improve their livelihood. However, building capacity is not the only solution. We need to train, make them aware about REDD+, and alongside we should give resources to improve their livelihood. Without funds, they would not be able to use their skills”. (K. Chapagain, personal communication, May 30, 2013)

However, one of the government officials at REDD Cell indicated that there might not be any cash flow to CFUGs from REDD+ in the future. Even in the pilot project, there was no such provision to distribute cash to individuals. The funds were distributed to launch programmes focussing on improving livelihood of poor households. Thus, there might not be any direct monetary benefits for local communities in the future.
c) Develops effective dispute settlement mechanisms

In the current pilot project, a grievance committee, similar to dispute settlement mechanisms, at watershed level was set up; however, it has not been used due to the cultural aspect (not having a habit of complaining to higher level). According to Bhaskar Karky from ICIMOD, there were CFUGs in the districts that would take complaints. At one time a complaint came to them, which indicated that in some cases the money for Dalits did not reach them. Thus, they sent a team to verify and rectify those mistakes. However, he also agrees that such a mechanism to resolve any future conflicts at grass roots level is very necessary.

Further, Eak Bahadur Pariyar, Secretary of Ram Laxman Community Forest, mentioned that it is obvious to have disagreement among communities which received less payment than others. Moreover, there could be conflict among community forests that received the funds from the project and those which were not selected for the project. Having this response from one of the CFUGs selected for the interviews, the mechanisms to settle the disagreements among communities are significant in the future REDD+ projects in Nepal.

d) Engages the right stakeholders

In the project, it was found that the targeted beneficiaries were only CFUGs and no other forest management regimes were considered. One of the respondents mentioned that there should be a mechanism that focuses on benefitting communities that are directly involved in forest conservation and identifying and addressing the potential loopholes for leakage.

e) Basis of allocation of incentives between stakeholders should be strong

This section explains the process of developing the criteria regarding the decisions to develop potential mechanism that could resolve the conflict on the basis of the allocation and distribution that was discussed in section 5.3.1.
Regarding the ownership of carbon, which is one of the bases for the allocation and distribution of funds described in the earlier section, one of the respondents mentioned that clarity of ownership of carbon should be legally defined:

“While analysing existing legal mechanism, I see some perspectives coming up that government should govern soil carbon and the rest should remain with local and indigenous communities. However, there is a need for clear and legal definition on who should be the owner of carbon”. (D. Khanal, personal communication July 2, 2013)

In the future, under the performance based approach, the current payment criteria developed in the project would not attract international donors or market players because REDD investors do not want to engage in a poverty reduction or empowering program; they want to give money for better forests (to ensure there is increased carbon sequestration). Thus, the majority of the respondents proposed to have two levels of decision making guidelines that would be more practical in Nepal. The first level should be formed for vertically claiming and distributing the funds from international sources to national/sub-national levels to the level of CFUGs solely based on the performance on conservation and enhancement of carbon (vertical distribution). At a second level, CFUGs should distribute the benefits within the communities (horizontal distribution). Likewise, one of the participants of National workshop on REDD+ Piloting Project Sharing shared his opinion on how to make the future payment criteria realistic:

“The guiding documents of sharing benefits of REDD+ should be formed at two levels - national level, and then at the community level. Under the latter guiding documents, communities should be allowed to decide on which component of the guidelines to focus more. And the existing guidelines of sharing benefits among communities under the community forestry programme should be followed.” (U. Sharma, personal communication, May 27, 2013)

Furthermore, according to Laxman Joshi, it would be best to keep the criteria for local communities simple with clear guidelines of how that money should be distributed and let the locals decide on how to use the money. It would get complex if the government imposes the same guidelines for all, because the priority of issues such as poverty and other issues related to community forest may not same everywhere.
Similarly, Kamal Lamichhane from FECOFUN in the Gorkha District explained that increment of carbon stock might be the main criteria of receiving funds from international sources/markets. At the grassroots level, communities should decide where to invest benefits received from REDD+. This would bring more positive impacts on their life and eventually in the conservation and management of forests. For instance, they can invest on the development of forests, social aspects, or distribute to the needy CFUGs (women or poorest of the poor etc.) according to the demand of communities.

One of the government officials from REDD Cell, when asked on what would the government’s payment criteria (basis of allocating and distributing the funds) look like, responded that the payment criteria and benefit sharing mechanism are different but supported that there should be two layers of bases for allocating and distributing the funds:

“The payment criteria depends on how it will be paid by international sources/markets. Benefit sharing mechanism is our concern, but the payment to national government would be based on international negotiations. Because buyers/donors would pay/donate the funds on own criteria and accordingly we should distribute it to local communities. If someone pays you on one criterion and we distribute the funds on our own criteria, then who would work for the carbon sequestration? However, there might be formation of social criteria in the horizontal distribution i.e. within the communities.” (N. Chand, personal communication, June 5, 2013)

**Distribution within the communities (Horizontal Distribution)**

This section explains the distribution of the funds from the pilot project within the communities. After receiving the funds, CFUGs were allowed to invest in the pre-defined areas. Basically, they could decide on how to distribute the funds by themselves. Since accomplishing the needs of poor people was the topmost priority of communities, most of the CFUGs made their own guidelines on the basis of a well-being ranking system to distribute the funds to the poorest of the poor in their communities. However, it was found that each CFUG has their own well-being ranking system. For instance, a member of Ram Laxman Community Forest explained the basis of distributing funds introduced by Sagoon programme of another project and they continued the same method:
“In our well-being ranking system, members of a household which have house, job and land are in higher class or class A and those which have house and land but whose job is not sufficient to meet the annual living expenses fall in class B, and those which have less land, no job and have to work as a labourer are classified in class C. Likewise, those which have no land, no proper job and have to work as a labourer, then they are in class D”. (E. Pariyar, personal communication, May 30, 2013)

Respondent from another CFUG mentioned different system of identifying poor households in the community:

“We made classification of households in terms of their status of economy, social relationship, human and physical infrastructures. It was classified after the discussion within the communities. Executive committee of the CFUG decided on whom to pay from the REDD+ funds”. (D. Katel, personal communication, May 31, 2013)

The respondent was from the Ludi Damgade Community Forest, which received the highest funds in 2011 and 2012. However, one respondent from the recipient community forests that received the least funding even did not have any specific guidelines to follow. They distributed to those household which were very destitute and who could make good use of that money.

According to Dil Raj Khanal from FECOFUN, there are no national guidelines for well-being ranking to determine poor households in communities. There are some similarities in wellbeing ranking methodologies, but most of the CFUGs have their own criteria. For instance, they have their own weighting criteria of land ownership and social relations/power etc. “Some would show data of poor households in their communities and who would say no to that information? Finding a number of poor households in the communities is also a challenge. Allocating funds on the basis of number of households is not a bad approach but there is a strong concern on how it can be made equitable”.
Below is one of the reasons shared by an expert from the project partners of why specific guidelines for CFUGs were not formed to distribute the funds within the communities.

“We believe that poor people know best on how to invest their money, so we decided to give them the money and guidelines on how to use the funds properly. REDD objectives had to be met and within that they had the liberty to design their own expenses. In that regard, they were allowed to design and use the money where returns to investment were the highest.” (B. Karky, personal communication, May 13, 2013)

From the project sites, however, it was found that members of Executive Committee faced difficulties in determining poor people in the community. One of the respondents mentioned that “Everyone was expecting to get the funds at the same time, and everyone said I am poor.”

Respondent of another community forest also had the same problem, and they distributed the funds as a soft loan:

“While sharing benefits we were asked for the money by everyone at the same time. Thus, according to the decision of executive committee, we distributed the money in half-interest (10% per annum)” (U. Magar, personal communication, May 31, 2013)

Overall, this section presented the findings of the research on the views on the actual and potential mechanisms that promote the equitable sharing of benefits. The results indicate that the pre-defined features identified in the literature are certainly seen as crucial for sharing the benefits equitably among concerned stakeholders.

1. **Transparency** of decision-making processes and the distribution of funds was one of the factors for communities to confirm whether the benefit sharing of the project was satisfactory. There is a need of enforcement of ‘effective transparency’ provisions in the allocation and distribution of the funds.

2. Two **forms of benefits** either monetary or investment on capacity building of local communities could be made available to participant communities of REDD+. However, the
results also revealed that having monetary benefits would encourage communities more to engage in the conservation of forests; and also provide some capital to start income generating activities.

3. Having a dispute settlement mechanism to resolve any conflicts among communities in the distribution of benefits is significant. In this regard, there was no explicit proper mechanism in the project but there was an opportunity for CFUGs to lodge complaints if they were not satisfied in any matters of REDD+ activities.

4. Finding the right stakeholders in making decisions on distributing the benefits is a most controversial topic in any projects of Nepal. Since there is no pre-determined rules and guidelines to assess this feature, it is difficult to say if the project selected the right or wrong stakeholders.

5. Regarding the decisions on the allocation and distribution of the funds, it is found to be the most important concern for local communities and experts. The results indicate that two layers of guidelines for sharing benefits would be suitable in Nepal: i) guidelines at the central level for allocating and distributing the benefits from international sources/markets to central government and to communities after receiving the funds from international sources/markets; and ii) guidelines/rules for each CFUG to share benefits within the communities. The majority of the respondents favoured that CFUGs should be allowed to make decisions of sharing benefits according to the need of communities. In terms of horizontal benefit distribution, communities focused on distributing the funds to poor people. However, communities found difficulties to find poor households due to lack of proper well-being ranking system in the country.
5.4. What are the existing contextual factors that affect benefit flow and sharing of benefits from REDD+ in Nepal? How could these factors be changed to promote an equitable allocation and sharing of benefits of REDD+?

This section presents the findings of the research on the factors that affect benefit sharing in Nepal – issues related with carbon price, resource conditions, existing governance arrangements, and envisaged institutional arrangements. This section is divided into six sub-sections: section 5.4.1 explains the existing issues related with community conditions and sharing of benefits; 5.4.2 describes the global carbon price that is determined at the international level but affects the flow of benefits at the local level; 5.4.3 explains the conditions forest associated with forest resources that might affect the flow of benefits; 5.4.4 defines the existing governance arrangements: property rights and local governance - the role of local government and non-governmental organisations and local institutions and processes that can affect the sharing of benefits of REDD+ in Nepal; 5.4.5 explains the envisaged institutional arrangements that are likely to influence the implementation of REDD+ in Nepal; and finally, section 5.4.6 describes the views of experts on how all these factors could be addressed to promote equitable sharing of benefits.

5.4.1. Issues of sharing benefits

This section reports the findings on issues that are most likely to influence the way of sharing benefits in Nepal, specifically, issues related with community conditions (social rules & norms, internal differentiation and interests within the communities) that make communities (in) capable of capturing the benefits are presented.

The majority of interviewees presented several concerns on the differentiation within the communities such as elite capture, differences between rich and poor, lack of opportunity for low-caste people, and the presence of a large number of people from the upper caste in executive committees of community forests. As expected, based on the discussion in the framework chapter, such concerns definitely affect the sharing of benefits at the grassroots level, and this was also revealed in this pilot project. Since these issues influence the ability of communities to capture benefits, the project emphasized the issues of equity, governance and inclusion by giving different
weightage to disadvantaged people, ethnic communities, and women.

One of the REDD experts, when asked about the issue of elite capture in sharing of benefits in Community Forests, noted that the issue of elite capture would somehow affect the sharing of benefits in REDD+ too:

“In community forests, there are always issues and complaints about elite captures, different caste levels, and discrimination and so on. This is not the problem of REDD+ but of the community forests itself. We have tried to monitor the sharing of funds and allocated certain portion of the funds to marginalised groups to make the distribution of funds as equitable as possible. However, there are still complaints from CFUGs that the benefits are not reaching the targeted groups. Thus, we need to have more discussions at the community level and the information provided to us in the claiming forms should be verified”. (B. Karky, personal communication, May 13, 2013)

The interviewee suggested that the elite capture is a common issue in different sectors of Nepal. Even after the active monitoring of the sharing of the funds, benefits may not reach targeted beneficiaries of the project. In contrast, one of the respondents strongly disagreed that there are such issues of elite capture in community forests: “This is totally untrue. Whatever is written in literature about elite capture is false. It is copied from whoever started that there is elite capture in sharing benefits of community forests. We have never experienced such cases during our involvement with community forestry”.

However, one of the respondents mentioned that there was an attempt by elites and people who have been controlling power to gain indirect benefits in spite of the strict monitoring of the project. For instance, one CFUG decided to install biogas from the REDD+ funds. However, they chose a company that is run by their relatives or they themselves are shareholders of. Likewise, member of a CFUG, which was not a part of the REDD+ project, mentioned that there was a situation once where there were some funds given to deprived people. One household received the funds to make a small natural gas plant. The concerned party signed the papers; however, someone else used the
funds. Only after verification by the donors, the real deprived family was summoned quickly and handed the funds.

Apart from elite capture, it was also found that differences in internal interests and traditional culture of communities affect how they utilize the benefits as per one respondent. For instance, in Chitwan (another project site), most of the population of the pilot project areas were from the Chepang community (nomads). Looking at their social and economic systems, infrastructures and facilities, they could not benefit as much as people from other communities. In other pilot areas, installing biogas in poor households and providing scholarships to needy students from the seed money could make significant impact. In Chepang community, however, the decision to invest in improved cooking stoves was not beneficial. Since Chepang have their own traditional heating system from a natural plant called *Chiuri*, they have to burn it and make smoke inside the house. Thus, what is the purpose of installing improved cooking stoves in their houses? Similarly, providing seed money for animal farming is not effective as they don’t have any grazing lands.

This section presented the findings on several problems and issues related with sharing of benefits at the grassroots level. The majority of the respondents showed concern about the existing issues affecting equity such as elite capture and different caste levels among communities, which would surely affect the sharing of benefits of REDD+ in the future, too. Further, traditional practices of communities make them unable to capture particular benefits. Generally, there are issues of corruption, transparency, and accountability of decision-making process in Nepal that can affect the sharing of benefits from REDD+, too.

5.4.2. Carbon price

The global carbon price will be one of the major factors of determining the scale of benefits generated by REDD+ and potentially available to local communities which is an important factor that is also noted by most of the interviewees. Some mentioned that if the cost of REDD+ will be higher than the benefits, local communities will not be able to benefit. Hence, it would not be advantageous to participate in REDD+. The carbon price must be high enough to be of benefit to
local communities and Nepal. Narendra Chand from REDD Cell also confirmed that the carbon price will affect the total amount of benefits. Although this issue determines the feasibility of REDD+ significantly, the government does not have any control over it. Nonetheless, according to Chand, the carbon price does not affect the need for determining what kind of benefit sharing mechanism is to be adopted.

While most of the respondents were concerned about the low price of carbon, Bhaskar Singh Karky from ICIMOD mentioned that even a low price of carbon would bring benefits to local communities. Whatever the amount of funds is coming in, the money can always be used; therefore, this is a co-benefit or bonus. Getting a REDD agreement and the money are the main things to be solved.

5.4.3. Resource conditions

“Status of forest affects in generating benefits from the forest” as explained by Sambhu Thapa, Thuli Ban Community Forest. He added that high quality forests take short time to produce benefits whereas degraded forests take long time and transaction costs will be high and benefits are not produced immediately. According to him, “it almost took 10-12 years for them to get benefits from the degraded forest”. Thuli Ban is not a part of the REDD+ pilot project.

According to Kamal Lamichhane, FECOFUN, it was shown that high quality forests had good performance in carbon inventory. They will be paid high and those who do not have good performance will definitely be paid less. It should not be based on the quality of forests, but on increment of carbon stock and biodiversity conservation. Specifically, baseline data (reference emission level) of the particular forest would determine in flowing of benefits from REDD+ as mentioned by one of the experts from the project partners. The government of Nepal would have sub-national baseline, and accordingly different regions will have different baseline. In some cases, low quality forests may even get more money. This would depend on how these baselines will be coordinated. Likewise, one of the government officials described that segregating forests into low

11 The condition of the forest resources allocated to communities determines how long they must wait before timber or other products are available for harvest.
and high quality in the payment would bring extra costs of monitoring and verification. While doing those activities in a single community forests would be very costly. The payment should go to the bundling of community forests according to their performance on conservation and enhancement of carbon stock.

Hence, this section revealed that even though conditions of forest affect the scale of benefits derived from a forest, paying differently to CFUGs on that basis under REDD+ appears unreasonable in the views of interviewees. The majority of the respondents were not in favour of sharing benefits differently based on different conditions. If they are paid differently, it would bring extra costs of REDD+. Rather, communities should be rewarded on the basis of performance of CFUGs in the conservation and enhancement of the carbon stock.

5.4.4. Existing governance arrangements

Governance arrangements enable communities to capture any benefits from the forests and REDD+ and are quite important factors that affect the flow and sharing of benefits from the international sources to national level to the grassroots level. This section explains the existing governance arrangements and practices that are likely to affect the allocation and distribution of benefits in the future. The section is divided into two subsections: i) property rights that CFUGs hold and ii) existing local governance arrangements. Under the existing local governance arrangements, how local institutions and processes affect the allocation of funding, and the likely role of local and non-governmental organisations, is explained.

Property rights

This section explains the existing property rights owned by user groups of community forests. Also, findings on the possibility of recapturing by the government of existing usage rights of CFUGs on forest products after participating in REDD+ are presented.
“CFUGs have the usage right of the forest resources but the land belongs to government”. (B. Karky, personal communication, May 13, 2013)

Although the land belongs to the government, communities are working for the protection and conservation of the forests and they have been quite successful. This fact is pointed out by the District Forest Officer of the Gorkha District that “community forestry is being designed and implemented by the government itself when we failed many other strategies in conserving forests. Currently, it has become very successful in conserving forests, which is 100% truth”.

Regarding the carbon rights, controversy and lack of clarity on the ownership of carbon under the REDD+ scheme might delay the setting up of a benefit distribution system and create uncertainty in the sharing of benefits from carbon, as mentioned by one of the interviewees:

“Only after being clear on the ownership of carbon rights, we can set up the reward system to distribute the benefits of REDD+”. (R. Mandal, personal communication, June 12, 2013)

Presently, most of the debates are concentrated on the possibility of recapturing by the government of existing rights of CFUGs after the REDD+ is implemented by the central government. In this regard, interviewees were questioned if there is any risk of the recapturing of existing usage rights. District forest officer of Gorkha District argued that it is actually not a matter of CFUGs, but it is raised by some people at the international level for their own personal benefits and communities will not face any changes if carbon is considered as forest products. However, one of the government officials confirmed that certain interventions under REDD+ would bring some impact on society and environment. It depends on the activities launched to address drivers of deforestation and degradation.

Similarly, Kalyan Gauri from ANSAB explained that in REDD+, in terms of additionality and conservation, there could be controlled mechanism on using their rights. For instance, if a person used to go every day to cut timbers, s/he could be regulated only for 2-3 times a month. However, it is done for their betterment; so new provisions would not have a large scale effect, although they

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12 Additionality means that activities must demonstrate emissions reductions that would not otherwise have occurred without the support of the REDD+ projects.
would affect their customary rights. However, President of FECOFUN strongly argued that under the Forest Act 2059, FECOFUN would make operational plan and legislation. If local communities are not allowed to exercise their rights mentioned in that plan and legislation, REDD+ is not useful for Nepal. One of the respondents stated that unless the current forest law is changed, rights of CFUGs will be maintained.

However, the majority of experts suggested that although there might be some changes in forest products use under REDD+ scheme, this would not impinge on the existing customary rights of CFUGs unless a new forest law would be adopted that did so.

Local Governance

Different existing local institutions (local government and non-governmental organisations) influence the processes of sharing benefits among communities. This section explains how the decisions on allocating the funds were made in the project under local institutions and processes, and the possible role of local institutions in sharing of benefits from REDD+ at the local level.

Local institutions and processes

In the pilot project, from the field level consultations, ICIMOD, ANSAB, FECOFUN and other concerned stakeholders such as REDD Cell, NEFIN, HIMAWANTI, and Dalit network developed an operational guideline through a consultative process. A draft of the guideline on payment criteria was discussed at watershed level through the REDD network. On the basis of that guideline, decisions on benefit distribution according to the payment criteria were made at the central level; Kamal Lamichhane from FECOFUN in the Gorkha District explained the process of forming the payment criteria.

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While talking about the processes of disbursement of funds from the central level in the project, each CFUG had to submit claim forms to the Watershed REDD Network on the basis of the payment criteria and where would they invest their received funds (selected from the specified activities). After the review and recommendations from Forest Carbon Trust Funds Advisory Committee and Watershed REDD Network, Project Management Unit disbursed the payment to CFUGs through Watershed REDD Network. This was the standard procedure of distributing the funds from central level to individual CFUGs of the project areas. The operating guidelines were the main basis of distributing the funds. According to project partners, it was developed through consultative process involving concerned stakeholders such as REDD Cell, NEFIN, HIMAWANTI, and Dalit Networks. It was even taken to watershed level through REDD Network for a discussion among respective CFUGs. Most of the respondents from the project sites were satisfied with the process of distributing the fund from central level to CFUGs.

One of the experts argued that even though the advisory committee shared benefits on the basis of data and information provided by CFUGs, there was no cross checking on the information provided. Therefore, there must be a well exercised channel to provide the funds and a control method to ensure that these funds are being distributed properly.

Role of local Government

The importance of local government at the district level in mobilising the rewards from the global level was anticipated in this research. With this assumption, interviewees were asked on what was and what should be the role of local government in the REDD+ scheme.

In this pilot project, however, it was found that there was no direct involvement of the government. At the central level, government were mostly involved in consultative process of making decisions. Local government at the district level were part of advisory group and monitoring committee, assigned to monitor the distribution of funds within the communities. Specifically, they assisted in monitoring on how the money was spent; whether the money was spent on designated purposes or
not. In some places, according to result of those monitoring activities, the advisory committee took a decision on sharing money on instalments.

When CFUGs were asked about the involvement of local government in future REDD+ activities, most of them said that their role, especially District Forest Office, is immense and they have been assisting them in many activities of community forests. Also, one of the respondents mentioned that governmental organisations cannot be excluded as most of the records related to forests are maintained and authorized by them. However, members of Laxmi Mahila Community Forest showed apprehension about the possibility of REDD+ money coming through the local government. According to them, funds from the government of Nepal are distributed through various organizations which reduces the amount they actually receive. They also mentioned that they would feel safer if the funds would be transferred through NGOs and INGOs, as it would come directly to them and would be more effective and secured.

“There is definitely a role of local government in sharing benefits at the district level”, said one REDD experts. Government officials also mentioned that they could be involved in carbon monitoring and reporting. They could have more responsibilities if there is decentralisation of decision-making power in the future. Currently, all the decisions are made at central level and no authority has been given to local government to enforce any laws. If there is provincial jurisdiction after the restructuring in Nepal following the introduction of a new constitution assembly, decision-making power could be decentralized under REDD+. If this happens, either Village Development Committees/ District Development Committees or even (if introduced) provincial governments could implement and enforce laws on REDD+. Eventually, this would benefit local communities and strengthen the REDD governance and forestry sectors to some extent.
Role of non-governmental organisations

There was very little involvement of local NGOs or any other Community Based Organisations (CBOs) in this project. However, the main project partner FECOFUN is considered as a strong civil society organisation (advocacy group) in the country.

One of the REDD+ experts from the project partner argued that FECOFUN is actually an advocacy group; should they also be included in carbon trading? In Nepal, there has been a lack of institutions specialised in carbon expertise. These institutions need to emerge or form a separate smaller organisation like FECOFUN or a separate department. NGOs do not have that mandate, he argued. Government should define the institutions to implement REDD+ across the country and their terms of reference.

Overall, it was found that local government was not mobilised in the distribution of the funds. However, most of the respondents from communities recognise the role of local government, especially the District Forest Office as they have been working together in the management of forests. Likewise, experts also suggested that District forest offices should be involved in different activities of REDD+ such as carbon monitoring and reporting, and the monitoring of distribution of the REDD+ fund. Further, some government officials indicated that they could have more responsibilities if there is restructuring in Nepal after the formation of new constitutional assembly. Regarding the mobilisation of local non-governmental organisations, the majority of the interviewees did not present any concrete views. Furthermore, this section also presented the findings on the processes of distributing funds from the central level to local level (CFUGs). The process of distributing the funds to CFUGs was based on the operating guidelines of the Forest Carbon Trust Fund that was formed for the project.

5.4.5. Envisaged institutional arrangements

This section illustrates two levels (central and subnational) of the institutional arrangements (responsibilities, power, and legal avenues) that exist and are likely to be formed to implement REDD+ in Nepal, and discusses how these may contribute to achieving an equitable benefit sharing
mechanism. The results suggest that there might be two tiers of institutions to implement REDD+ in Nepal. This is also suggested by the Readiness Preparation Proposal of adopting a hybrid approach (national and sub-national approach) under which strategic issues (policy, legal, and tenure arrangements) would be dealt at the national level; and benefit sharing, financing and monitoring would be conducted at the sub-national level. Accordingly, questions were asked on what would be the institutional arrangements at the central level and at the sub-national level.

**Central level structure**

The majority of experts mentioned that from the very beginning, REDD Cell (already established in 2009 after the approval of Readiness Plan Idea Note) has been responsible for coordinating various REDD+ activities under the Ministry of Forest and Soil Conservation. However, they also stated that it is a temporary structure and that its role is limited to the formation of REDD strategy. Only after the REDD+ strategy has been developed, it will be decided if REDD Cell will come under the Ministry as a division. There might be a new institution/division under Ministry, or government could continue with REDD Cell, because re-building capacities of new institution would require more resources. One of the experts mentioned that having REDD Cell, which works together with other organisations such as NGOs and civil society organisations, is a good way to start. However, the experts also argued that it has to be housed within a single Ministry and specifically the Ministry of Forest and Soil Conservation as the REDD Cell is still very much completely related with Forestry. In the future it could get diverted, as combinations of different ministries have to come in such as Agriculture, Trade and Finance.

Currently, there are three formal layers of institutions: i) the apex body ii) REDD working group and iii) REDD Cell as described in chapter 2. According to one of the REDD+ experts, after the formation of Apex body, there has been only one meeting to endorse Readiness Preparation Proposal and not a single meeting has been organized in 2 or 3 years’ time, showing how ineffective this body is. Further, a big question is raised about the composition of the REDD working group: of the 12 members, two members (NEFIN and FECOFUN) are the only representation from civil society organisations; one is from a donor agency and the rest are government officials. There are no
representatives from Women and Dalit in this REDD working group. In addition, a multi-stakeholder forum has been established to engage wide range of stakeholders in the entire REDD+ process. The respondent found this stakeholder forum had been a good platform for discussions and making decisions. However, it is also not working effectively in terms of organising meetings timely. Overall, these three tiers of existing institutions need to work together in order to make decisions regarding the implementation of REDD+ in Nepal. However, the interviewee argued that there are no clear terms of reference for each institution.

At this point, it is unclear if REDD Cell would have a leading role in implementing REDD+ activities. If it does, then it could implement the technical part of REDD+, and help in policy making, say REDD experts. If not, another option which came up in the interviews was, setting up a national Carbon Trust Fund. Such an organisation could negotiate the rate of carbon and sell it to the international market. It could then decide on how to organise/structure the distribution of the funds. The Department of Research and Survey could keep records of the entire carbon inventory, and of MRV, too. However, currently the Nepalese constitution does not allow Trust Funds. If this law changes in the future, a Carbon Trust Fund could be established, as mentioned by Kalyan Gauri, ANSAB.

**Subnational level structure**

This section describes the views of experts on the possible and desirable institutional arrangements at the subnational level. The results indicated that three different levels of REDD+ projects (district or watershed or landscape) could be considered as subnational level.

To understand the meaning of subnational level in Nepal, interviewees were asked what actually subnational level refers to. Here is one of the interviewee’s response:

“It is really vague. We do not know yet on what scale is considered as sub-national level. However, it is just a matter of giving a particular terminology. For example, if we conduct REDD+ activities at the landscape level\(^\text{14}\), then we would consider that level as subnational level. It is

\(^{14}\) Landscape level are also subnational level of REDD+ projects that are conducted across a “heterogeneous landscape where forest type, legal classification, and deforestation drivers vary”.
similar with conducting REDD+ at the watershed level or district level. Currently, projects at the watershed level and Terai Arc Landscape/Chitwan-Annapurna Landscape at the landscape level are considered as subnational level. Hence, it is actually under a grey area”. (K. Gauri, personal communication, June 22, 2013)

To consider ‘District’ as sub-national level, some of the respondents argued that there should be a new unit/section under the District Forest Office. At the moment, District Forestry Offices have few technical staff and they are not enough to run REDD+. Such a unit can be established either as part of District Forest Coordination Committee which is currently operated by the government through the District Forest Office or if a new unit is required, it should be inclusive and incorporate Community Forest Users Association, Indigenous Peoples Association, Dalits, other associations/NGOs affiliated with environment, and District development committees. However, one REDD expert mentioned that the District would be too small and that there should be combinations of several (5 to 6) districts with commonalities. Based on this idea, there could be 12 to 20 different sub-nationals levels in the country. However, one of the government officials mentioned that District officials are not aware of the activities being conducted by REDD Cell at the central level. Participating in negotiations at the international level would be a challenge for them. However, if they could lead, it would certainly be the best. If there is a bundling of certain districts, then one capable officer could lead those districts. In that way, it could work out well. If REDD+ could be implemented at the district level, it would be more effective as District Officers know forests and CFUGs better than the outsiders.

When officials from REDD Cell were asked about their existing status on implementing subnational projects, they responded that they are not able to implement REDD+ at the national level only. Thus, the whole nation’s project would be divided into different sub-national levels. These might be based on river basin or landscape level or physiographic zone or geographical zone. However, they are considering foremost the landscape level for projects as the sub-national level.

The government of Nepal, in collaboration with World Wildlife Fund (WWF) Nepal, has been operating conservation programs at the landscape level, such as Terai Arc Landscape for a long time. “This programme was initiated in Nepal in 2001 by the Government of Nepal with the collaboration of WWF Nepal and Department of Forests and Department of National Parks and Wildlife Conservation of the Ministry of Forests and Soil Conservation15”. It is thought that the boundary of Terai Arc Landscape could be transformed by a jurisdictional boundary review, and that subnational activities of REDD+, such as Reference Emission Level and Monitoring, Reporting and Verification, could be conducted in that landscape. If there is going to be subnational level, there will be more subnational REDD+ projects in Nepal such as Chitwan Annapurna Landscape and other areas in the eastern part of the country. There could be three or four subnational projects. However, if REDD+ projects are conducted at the national level, there should be a strong linkage between the national and subnational REDD+ projects. Whatever are REDD+ projects at the subnational level, carbon credits sold in the markets should be deducted from the national project. Otherwise, carbon credits would be double counted and the buyer may not accept it. Hence, there should be a hybrid mechanism but still discussions continue on how they can be operated well. Government officials indicated that primarily Terai Arc Landscape is chosen to conduct REDD+ activities at the subnational level. If so, findings from those activities could be used to develop other projects. However, progress so far is very slow.

In summary, most of the respondents suggested that the central level structure should be led by REDD Cell with the role of conducting the technical part of REDD+ and assisting in policy making. A three-tiered institutional framework (Apex Body, REDD Working Group, REDD Cell) is expected to make the final decisions regarding the amendments, rules, policies under REDD+. However, some experts were apprehensive about the operation of these institutions because of unclear terms of reference, a lack of meetings among stakeholders of the institutions, and because of under representation of civil society organisations. Most of the responses regarding which institution should lead operations at the sub-national level structure were ambivalent. First, it is very unclear how subnational level should be defined. Whether the district/regional level or

15 http://www.wwfnepal.org/about_wwf/conservation_nepal/
watershed/landscape level should be considered as the subnational level of REDD+ projects is still under consideration. The problem of defining boundaries of the subnational projects was found to be a difficult task for the government agencies. Second, the progress on work mentioned in Readiness Preparation Proposal such as benefit sharing, financing and monitoring was found to be very slow. The governmental officials from REDD Cell indicated that landscape level of REDD+ projects could be considered as the appropriate subnational level for REDD+ projects in the future.

5.4.6. Views of experts to promote an equitable allocation and sharing of benefits of REDD+

Even though equity was found to be a more important component than efficiency and effectiveness in the benefit sharing mechanism, there are still big challenges to advancing equity in Nepal in sharing of benefits, as explained in sections 5.3 and 5.4. This final section presents the opinions and views of experts on how these challenges could be addressed to promote equitable sharing of benefits from REDD+. The following are some of the suggestions and recommendations that came up in the interviews:

I. Reducing social differentiation and elite capture in sharing benefits

Experts were asked how they would address social differentiation in sharing benefits. Transparent governance of funds, capacity building and empowerment of marginalised people increase the inclusiveness of the decision-making body through involvement of affected people. Clear guidelines for sharing benefits, and a good monitoring system were found as major components that could help in addressing the influence of social differentiation on sharing benefits of REDD+ in future. Interestingly, one of the government officials answered differently from other respondents. Generally, elite capture derives from the procedure of forming CFUGs. In addition, most of the government officials have contacts only with elites in villages. In every governmental program focusing on poor and deprived people, they appoint elites to organize it. “To my understanding, if government could make different mechanism to launch their programmes from not going to villagers through elites. Then, issue of elite captures could be reduced to some extent”.

II. Effective monitoring and enforcement mechanism
One of the experts from the project mentioned that they tried to control concerns of elite capture in sharing benefits of REDD+ through effective monitoring mechanism. Even after the active involvement of project team, there were complaints that targeted beneficiaries did not benefit. Thus, experts expressed the view that there should be strict mechanisms to monitor the distribution of the funds in the future.

Kalyan Gauri from ANSAB mentioned that “we already have clear policy on sharing the benefits of community forestry. Wherever REDD+ project is implemented on community forestry; this policy is effectively applied because of strict monitoring. However, in other community forests, there are still issues in applying 35% of social criteria on the ground. Gradually, strong enforcement mechanisms and strict monitoring by say District Forest Office should bring improvement in community forestry and eventually in the livelihood of communities”.

III. Clarity of carbon rights

As stated by interviewees, uncertainties in the carbon rights should be addressed by the government in REDD+ strategy through consultative process in order to maintain the effective management of forest resources and safeguard the rights of communities on the incentives and resource outcomes. This would also be a step forward in devising benefit sharing mechanism in the country.

IV. Capacity enhancement of government officials, agencies and communities

Nirmala Singh Bhandari from REDD Cell mentioned that new project at landscape level such as Terai Arc Landscape is very big as described in section 5.4.5. How the government would take a leading role is not clear yet. Moreover in REDD Cell, only 4 to 5 people are working for the whole nation. Hence, there is a need for more REDD+ experts in government agencies. Furthermore, communities also suggested that they need to build their capacities in the technical component of REDD+. There was strong concern about the lack of capacity to implement REDD+ in the country among stakeholders.
Chapter summary

This chapter presented the findings of the interviews with representatives of participant, non-participant CFUGs of REDD+, government officials and experts working in the field of REDD+ activities in Nepal. The results of the interviews were divided into three sections to answer following three major research questions of the study:

1. Should Nepal participate in REDD+?
2. How important are the 3 Es in the allocation and distribution of the (potential) benefits of REDD+? And what mechanisms could help in achieving or advancing an equitable sharing of the benefits?
3. What are the existing contextual factors that affect benefit flow and sharing of benefits from REDD+ in Nepal? How could these factors be changed to promote an equitable allocation and sharing of benefits of REDD+?

Issues in the governance of the distribution of benefits, threats of recapturing rights of CFUGs, possibility of leakages of carbon, impacts on the traditional occupations and practices, and conflicts between government and local communities were identified as potential effects of REDD+ in the context of Nepal. Among these possible effects, the majority of the respondents were most concerned about the governance of benefit distribution. This concern indicates that there is a need for designing a benefit sharing mechanism to ensure that benefits are transformed equitably, effectively and efficiently among concerned stakeholders.

In terms of assessing these 3 Es criteria for the benefit sharing mechanism of the project, the majority of the interviewees showed strong concern regarding the issue of equity as it was found the most conflicting and controversial issue at all levels. Different views regarding criteria for equity were explored and three bases for the allocation and distribution of benefits were identified – ownership of carbon, needs-based and performance based. The majority of the interviewees connected equity with allocating and distributing the benefits on the basis of the needs of communities or performance/contribution of communities in the management of forest. Specifically, communities argued that their needs (social criteria) should be the basis for allocating the funds, similar to the payment criteria developed in the project. By contrast, the majority of the
experts opposed that view and criticised the current payment criteria for giving more priority to socio-economic conditions. According to them, communities should be paid on the basis of their performance/contribution in the maintenance and enhancement of carbon. The results further proposed that the decision-making process for the allocation and distribution of the funds should involve all stakeholders. Most of the experts suggested that two layers of guidelines would be suitable in Nepal: i) guidelines at the central level to receive and distribute the benefits from international sources to communities, and ii) the guidelines for each CFUG to share benefits within the communities.

Regarding the factors that affect benefit flow and sharing of benefits of REDD+ in Nepal, respondents were asked about major factors – issues related with sharing of benefits, carbon price, resource conditions, existing governance arrangements, and envisaged institutional arrangements. The majority of the respondents showed concern about the threats to equity such as elite capture and different caste levels among communities, which would surely affect the sharing of benefits of REDD+ in the future too. Further, traditional practices of communities make them unable to capture benefits. The price of carbon governs the scale of benefits of REDD+ significantly. Experts mentioned that it should be high enough to cover all the costs of REDD+ and determine the feasibility of REDD+ in any country but argued that this does not diminish the importance of designing an equitable benefit sharing mechanism. Uncertainty about the ownership of carbon makes communities unsure whether they would benefit; and this also raises concerns about the recapturing of their existing rights related to the community forests by the central government. Regarding envisaged institutional arrangements, two tiers of institutions at the (existing) central level and the subnational level are likely to be formed to implement REDD+ activities. The majority of respondents noted that how the subnational level will and should be defined is unclear.
Chapter 6: Discussion

6.1. Introduction

This chapter discusses the findings of the case study, which was presented in the chapter 5, and reflects on their implications for the overall question of this research how to share the potential benefits of REDD+. In particular, this chapter discusses the findings regarding the five research objectives, which aimed to find out:

1. What are the potential effects of the introduction of REDD+ on communities involved in forest management?
2. What are the views from different groups of people working on REDD+ and community forestry on the (relative) importance of the 3 Es (Effectiveness, Efficiency and Equity) in the allocation and distribution of benefits of REDD+ and what can be considered equitable?
3. What mechanisms could help to achieve equity in sharing the benefits of REDD+? To what extent, have these mechanisms been or likely to be considered and integrated into the design of a REDD+ scheme for Nepal?
4. What are the contextual factors that affect benefit flow and sharing of benefits from REDD+? How do these factors influence equity in the distribution of benefits?
5. What should be done about these factors to promote an equitable sharing of the benefits?

This chapter discusses and draws lessons from the case study in Nepal. This chapter is divided into eight sections. Section 6.2 recognizes the potentially negative effects on the introduction of REDD+ in Nepal reflecting on the question whether Nepal should participate in REDD+. The perspectives of a range of people working for forest management and REDD+ on the 3 Es criteria and their consequences for the importance of equity in the allocation and distribution of benefits are discussed in section 6.3 and 6.4. Then, in section 6.5, contextual factors (social, economic, political) are discussed and how they affect the sharing of benefits. Section 6.6 details the strategies that could help in addressing those factors and promote equitable sharing of the benefits. The main implications of findings and challenges are discussed in section 6.7. Finally, section 6.8 concludes the chapter.
6.2. Potential effects/implications of REDD+ on communities involved in forest management (objective 1)

This section discusses whether the decision of the government of Nepal to participate in REDD+ scheme is seen as acceptable by interviewees. In answer to the question: “Should Nepal participate in REDD+?” it was found that there are some potential effects of REDD+ on communities as perceived by the interviewees.

From the interviews, it is clear that there are some potentially negative effects of REDD+ even though the government of Nepal has decided to participate in REDD+. All these effects, identified and described in chapter 5, are interconnected and were raised by interviewees because of the lack of clarity on who will be the beneficiaries and how the benefits should be distributed. In terms of beneficiaries, this case study focused on CFUGs as main beneficiaries of REDD+ apart from the government. However, there could be beneficiaries at many levels, from the national level to the regional level and local level. NGOs and other stakeholders working with government agencies on the implementation and facilitation of REDD+ in the country could also be potential beneficiaries. Further, questions have been raised about the impacts on people living nearby the forests covered by REDD+ and landless people who are dependent on the forest products under the REDD+ scheme.

Most of the concerns of communities and experts expressed in the interviews are related to the governance of the benefit distribution and ownership of carbon rights. Although communities expressed concern and apprehension about the introduction of REDD+, they did not oppose the decision of the government. Since the communities involved in forest management are the main actors in implementing REDD+ scheme, their willingness and enthusiasm to participate in REDD+ provide a sign of willingness to participate in REDD+. However, it is also very important that the government addresses their concerns and possible effects identified in the interviews. If no adequate safeguard policies and regulations are adopted and applied effectively, these effects would have certain impacts on the sustainable management of forests.
As the interviews reaffirmed that the major rationale of REDD+ in Nepal is to bring additional benefits in the country for sustainable forest management, further questions arise about who will be the beneficiaries and how will the beneficiaries be determined, what portion of the benefits each would receive, and how the benefits should be distributed. Although the government has already taken the decision to participate in REDD+, it was found that the study of benefit sharing has not been initiated by the government at any level. The government of Nepal should address these questions to avoid conflicts and controversies around the allocation and distribution of benefits of REDD+, and to reassure communities that it is worth participating in REDD+.

The following section discusses the principles of the 3 Es for benefit sharing under REDD+, and section 6.4 discusses what mechanisms could help to achieve equitable sharing of the benefits. This discussion is expected to gain insight into the possible ways to address the likely effects of issues with the governance of benefit distribution.

6.3. Perspectives on the 3 Es and criteria for equity in the allocation and distribution of the benefits (objective 2)

The previous section highlighted the possible negative effects of introduction of REDD+ on communities. This section focuses on the importance of the principles of effectiveness, efficiency and equity in the distribution of benefits of REDD+. To begin with, perceptions of interviewees on these principles as reported in the results chapter are discussed. Then, the relative importance of equity in sharing of the benefits is discussed.

As predicted and described in the literature, and also relevant to the case study, there might be trade-offs between these criteria in the sharing of benefits. How these trade-offs are made is a question that relates to the accountability, transparency and financial management capacity associated with the process of decision-making. Much of the discussion about the sharing of benefits of REDD+ arises from the fear that the international negotiations on REDD+ focus on cost-efficiency and effectiveness, possibly at the expense of the principle of equity at the grassroots level. Also, there are fears that market-based instruments such as REDD+ schemes outweigh
concerns about equity. However, concerns about equity in REDD+ is gaining attention (Skutsch, 2013).

This is also evident from the views expressed by interviewees that this pilot project favoured equity to reach out to local communities although priority is given to efficiency at the international level. However, it is very difficult to achieve all three principles at the same time and there are no established rules to determine which principle should be given priority. More discussions and studies should be conducted to find a way to compromise. Also, there should be clarity on the objectives of REDD+; for instance, to what extent equity or efficiency or effectiveness could be achieved in sharing the benefits of REDD+.

Even though it is difficult to identify what kinds of compromise might achieve the objectives of REDD+, it is apparent that in the case study the principle of equity is considered more important than the principles of effectiveness and efficiency by most interviewees. However, there were no strong reflections by communities on the principles of efficiency and effectiveness as data from the cost benefit analysis and assessment of outcome of the benefit sharing were not available. The views of experts on the principles of effectiveness and efficiency indicated that they could be achieved through technical means in the implementation of REDD+, and that equity should be observed thoroughly. The key findings regarding the importance of the 3 Es in sharing the benefits indicated that ‘equity’ is crucial if ‘efficiency and effectiveness’ of the benefit sharing mechanism are to be achieved. Likewise, in literature, it is pointed out that equity is crucial to the achievement of the other two principles (Gebara, 2013). However, others argue that it is not clear which principle should be given priority to achieve overall effectiveness in terms of reducing forest emissions (Skutsch, 2013). In my view, what is essential for the communities is the most important as they are the main actors in conserving and managing forests on the ground. Without having a sense of security over the benefits of REDD+, communities would not be able and willing to put in the effort to achieve significant results. In the case study, the issue of equity in the sharing of benefits is found to be the key concern of communities. Hence, what equity means in terms of the allocation and distribution of benefits is an essential follow-up question.
As described in chapter 3, there is much discussion around the criteria for equity in sharing of benefits in REDD+. Ownership of carbon rights was found to be one of the fundamental issues for the equitable allocation of rights among communities and experts. Currently, the issue of rights-based equity is most contentious in Nepal and debate on this issue has the potential to generate conflict among the communities practising different models of forest management in the country. Each management regime has its own system for sharing benefits, and there are different property rights arrangements among communities. In general, the allocation rights determines who owns the carbon and who has rights to access, manage, and control the forest resources. Actually, this criterion determines the allocation of the benefits between government and communities. Interestingly, the case study showed strong perspectives that both communities and local government should own the carbon, which might originate from the fact that the existing law allows communities to have usage rights in the community forestry. However, who gets how much needs further discussion at the national level. These communities advocates that their rights should not be centralized or compromised when they participate in REDD+. At present, it is not clear who will decide the ownership of carbon and how these decisions will be made. Most of the participating countries in REDD+ do not have explicit laws regarding the ownership of carbon (Skutsch, 2013).

Regarding ‘needs’ as a basis for distributive equity, this was found to be very important by the communities. Interviewees noted that the needs of communities should be prioritised among other criteria. For instance, the issue of poverty is to be addressed, and appropriate methods/approaches should be identified before developing guidelines for sharing benefits to avoid the disagreements in future (Gebara, 2013). In the case study, it was found that the needs-based criterion was given priority in the sharing of benefits. On the ground, however, the communities focused mainly on the issue of poverty. What the “real” needs of the communities are is a broader question that has to be addressed and resolved if benefits are to be allocated and distributed on this basis. However, satisfying everyone’s needs when sharing benefits equitably is challenging if not impossible. Therefore, communities, the government and local support organisations should develop practical approaches/programmes to provide critical support for the enhancement of communities’ capacities in achieving their needs.
While communities believe that addressing the needs of communities in allocating the funding is most equitable, experts strongly opposed using social criteria and suggested that the basis of allocation and distribution should be the contribution of communities to the management and enhancement of the carbon stocks.

There were different perspectives on the relative importance of contribution and performance based justifications for the allocation and distribution of benefits. Interestingly, most of the interviewees connected the ownership of carbon with the criterion of contribution, as they believe that whoever (communities or government or communities and government) contributes in the management of forest under REDD+ should also be given the carbon rights. Experts, too, took the view that REDD+ payment should be determined by performance-based forest management. Under this payment option, performance in the form of the enhancement of carbon stocks from sustainable management practices is given priority. However, complications in benefit sharing arise if other factors such as the condition of forests, forest size and differences in numbers of people managing forests (small size of forests managed by large number of people and vice versa) are not considered.

Given these differences in views and complexities, it is very difficult to determine which basis (need vs. merit vs. rights-based) should be followed in order to decide on the rules and processes to allocate and distribute the benefits of REDD+ in the future. However, to take the process further, clarifying rights is an urgent priority. Since there is no legal framework to guide the allocation of carbon rights and carbon tenure, this is likely to cause delay in devising the benefit sharing mechanism, as it remains unclear who is eligible to receive REDD+ payments. Ultimately, further discussion on this issue is needed to determine ‘who will have rights to benefits’, and to provide the basis for designing a mechanism for allocating and distributing the benefits among local communities equitably.

The differences in perspectives between interviewees regarding the various bases for allocating and distributing the benefits are related to pre-existing contextual factors such as socio-economic, political, and institutional conditions. This can be described as another dimension of equity, that is, contextual equity that shapes distributive and procedural equity. Even though this case study explicitly focused on distributive equity, all three dimensions of equity are interrelated. Moreover,
the pre-existing contextual factors predict the likely equity of sharing of the benefits of REDD+, which will be discussed in section 6.4. These are the main root causes of inequity within the communities, society and the nation as found in the comparative analysis of policy discourses by Di Gregorio et al. (2013). Also, as found in the study, experts argued that efficiency and effectiveness progress if there is improvement in the conservation and enhancement of carbon stock. Achieving equity in sharing benefits of REDD+, however, is no easy task given the challenges of elite capture, differentiation of social-economic condition of communities indicating the importance of contextual equity.

In summary, this section discussed the perspectives of interviewees on effectiveness, efficiency and equity in sharing of the benefits, and the need for trade-offs while maximising one or two of the principles. Although there might be a need for trade-offs between the 3 Es in benefit sharing of REDD+, REDD+ financing is primarily based on emission reductions and effectiveness. Yet, equity was found in this case study to be an essential requirement for local acceptance of any REDD+ programme. Therefore, a clear understanding of the trade-offs between effectiveness, efficiency and equity across scales and beneficiary groups is needed for informed decision-making. Furthermore, for a REDD+ benefit sharing mechanism to achieve broad acceptance among communities, its design and implementation should be based on three principles of equity - distributive, procedural, and contextual. Although this case study found strong concerns about distributive equity (as a basis for allocating and distributing benefits), all these principles of equity are interrelated and should be considered in a holistic approach to achieve equitable sharing of benefits of REDD+. Communities revealed that needs-based equity is their basic concern with regard to the sharing of benefits; in contrast, experts expressed support for the performance based forest management as the main principle and believe that forest managers should be paid on the basis of their contributions. At the same time, the issue of rights needs urgent attention to create clarity on the ownership of carbon. The case study revealed that there are differences in the perceptions of these normative bases for allocating and distributing the benefits and what equity means for them.
The following section discusses the potential mechanisms that identify how decisions on these issues (bases for allocating and distributing the benefits) should be taken.

### 6.4. Potential mechanisms for sharing benefits equitably (objective 3)

The third objective of the research was to identify potential mechanisms for allocating and distributing the benefits that promote equitable sharing of benefits among local communities. The features of well-functioning benefit sharing mechanisms, based on other countries’ experiences and reported in the literature, were also found by interviewees to be appropriate for Nepal as described in the previous chapter. This section discusses the importance of those features in Nepal, and how decisions should be made to promote equity in sharing the benefits of REDD+.

The important features of any benefit sharing mechanisms under REDD+ were assessed in the case study. The associations of these features of benefit sharing mechanisms with results and implications for the future are detailed in the table 6. Among these features, engaging the right stakeholders and the rules and processes for making decisions on the allocation and distribution of benefits are critical. It is difficult to find the right stakeholders and the question remains who should determine who is a ‘right’ stakeholder. Further, there are different levels of stakeholders (beneficiaries) - central government, local government, communities if the benefits come from international sources/markets in the future. Also, this feature is related with the bases of allocation and distribution of the benefits of REDD+ and we need to identify the right stakeholders at the beginning of designing of benefit sharing mechanism.

Most of the current discussions are concentrated around what criteria for allocating and distributing the benefits should be given priority. However, with regard to the broader question regarding the rules (institutions) and processes through which decisions should be made, it is apparent from the results that there should be two layers of guidelines to allocate and distribute the benefits in Nepal. First, rules and processes are needed to guide the vertical benefit distribution and address the issue of rights or performance/contribution, which could be the basis for the allocation of benefits at different levels (from national to sub-national to the level of CFUGs). This suggests that the first guideline also affects the communities as it is related with the question which
Second, there is a need to clarify the rules and processes with regard to horizontal benefit distribution within the communities, for which the needs-based criterion would be an appropriate basis. The guidelines for sharing the benefits should be simple and clear, but they should be developed in collaboration with the local government. As many interviewees noted, the existing guidelines of the community forestry could be followed under REDD+ if carbon would be considered as a forest product. If a new guideline is developed, the ‘real needs’ of communities should be taken into account at the first stage. Each CFUG has its own priorities and views on the needs in their communities. We must respect what communities want in terms of conservation and management of forests. However, their needs and aspiration should be genuine that could be achieved. Also, having a fixed benefit sharing mechanism at the local level is not appropriate, because of the differences between communities.

As found in the case study, CFUGs were allowed to decide on the distribution of benefits within the communities under the guideline of payment formula developed for this pilot project. Moreover, they did not have any standard way to identify the poorest households within the communities. Hence, the question arises whether leaving the decision-making authority completely to CFUGs is a good option, also, because leaving the decisions totally to CFUGs raised concerns about elite capture and benefits not reaching to the targeted beneficiaries. There is much chance of conflict within and among other communities in the future. Further, factors such as transparency and accountability of CFUGs are other critical considerations in decision-making on the sharing of benefits equitably, which are discussed in the next section.

The guidelines for these two levels form the mechanism for making decisions on the allocation and distribution of the benefits that would be most suitable for Nepal, which is the most controversial and challenging process for the decision makers. These guidelines aim to meet the objective of identifying the rules/processes that can help in making equitable decisions on the allocation and distribution of the benefits. The features identified in the literature helped to provide an answer to this research question. However, these features should not be taken as a set of standards that all
REDD+ projects must adopt while devising benefit sharing mechanism. Rather, they are rules/processes by which decision makers can advance equity in the sharing of benefits. Future REDD+ projects should adopt a flexible approach to adapt to the changes implemented by international negotiations of REDD+ and incorporate new features required to make it dynamic and reach out more to local communities.

The following table details a comprehensive list of elements of decision making that could and should be adopted to promote equity in the allocation and distribution of benefits.

<table>
<thead>
<tr>
<th>Table 2: Potential mechanisms of sharing benefits equitably</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mechanisms</strong></td>
</tr>
<tr>
<td>Effective transparency provisions</td>
</tr>
<tr>
<td>Consideration of the <strong>right form of incentives</strong> that would finally reach grassroots level</td>
</tr>
<tr>
<td>Effective dispute settlement mechanisms</td>
</tr>
<tr>
<td>Engagement of the <strong>right stakeholders</strong></td>
</tr>
</tbody>
</table>
### Carbon rights to be legally defined

| Rights-based equity: Both communities and government should have carbon rights | Decisions on the basis of allocating and distributing the benefits should be clear to resolve legitimacy issues |
| Guidelines for allocating and distributing the benefits from central to local level (vertical benefit distribution) | Government should allocate benefits according to the ownership of carbon benefits/performance of forest managers under REDD+ through consultative process |
| Guidelines for allocating and distributing the benefits within the communities (horizontal benefit distribution) | Communities should be given authority to share the benefits based on their own needs, but the existing issues of elite capture, transparency, and accountability of CFUGs should be taken into consideration |

In summary, the case study draws attention to some important elements for decision-making on the equitable allocation and distribution of benefits for future REDD+ projects in Nepal. These include effective transparency provisions in the allocation and distribution of the funds, the combination of in-kind and cash payments to ensure the long-term benefits for local people, a mechanism for settling disagreements within communities, involvement of appropriate stakeholders from national government to the central level and local level, and the legal definition of carbon rights. The government should allocate the benefits according to the ownership of carbon and the performance of forest managers to CFUGs through consultative process. In terms of horizontal benefit distribution, communities should be given authority to distribute the benefits based on their own needs, accounting for the issues of elite capture, transparency and accountability that are largely related to the wider context of Nepal.

The next section discusses the importance of political, economic, socio-cultural, and institutional conditions of Nepal that affect the sharing of benefits of REDD+.
6.5. Importance of contextual factors (objective 4)

The study used the framework developed by Mahanty et al. (2009) to analyse the factors that affect the scale of benefits and sharing of benefits from community forestry and REDD+. This section discusses the findings of the research on the contextual factors, and their implications, in the context of Nepal. The section is divided into three sub-sections: 6.5.1 discusses the likely influence of political, economic, and social-cultural condition on the sharing of benefits now and in the future, 6.5.2 and 6.5.3 discuss aspects of the existing governance arrangements and the envisaged institutional arrangements for REDD+ that affect the sharing of benefits. Overall, all these factors affect the normative bases of allocation and distribution of the benefits.

6.5.1. Political, economic and socio-cultural condition

Political, economic and social cultural factors such as elite capture and differences in internal interests of communities and caste levels that affect the sharing of benefits are issues found in the case study. In fact, these concerns have always been core problems of Nepal. Elite capture, in particular, exists because most of the strategies designed to increase the participation of local communities and stakeholders are generally limited to the national level, particularly to a small number of people in the government bureaucracy, development agencies, a few NGOs and a couple of citizen federations (Paudel, Khatri, Khanal, & Karki, 2013). Similarly, the interviewees expressed the view that there is an evidence of previous cases of elite capture in any programmes targeted at disadvantaged and local communities. Because most of the governmental programmes developed for the communities are coordinated and organised by elites of those areas. Thus, there was no direct misuse of the seed grant, but there are likely chances of misusing the REDD+ funds in future if there is no control on corruption and community governance is not strengthened in the context of Nepal.

Even though the resource conditions affect the flow of benefits, the interviewees were reluctant to consider it in the payment criteria as it would bring extra costs of REDD+ and the basis of payment should be the performance of communities in enhancing carbon stock. However, as mentioned in
section 6.3, forests size, forests condition and the number of population dependent in a single CFUG should be considered in the payment criteria besides the merits and needs of communities to promote equitable sharing of the benefits. Besides these factors, the carbon price would affect the scale of benefits in the future and the case study also found carbon price as a major factor in the flow of benefits although it would not necessarily affect the system of sharing benefits. The interviewees suggested that it must be high enough to cover all the costs of REDD+ and determine the feasibility of REDD+ in any country. However, it might not have any effect on the need to determine what kind of benefit sharing mechanism is to be adopted.

Thus, pre-existing political, economic and socio-cultural conditions of the nation need to be considered while developing the guidelines/rules to share benefits at all levels. These issues related to contextual equity are the root causes of equity that predominantly affect the sharing of benefits now and in the future.

The next section discusses the influence of existing governance arrangements in the benefit flow and sharing of benefits.

6.5.2. Existing governance arrangements

Property rights & other traditional use rights

In community forestry, the communities enjoy the rights of use, management and exclusion and all the traditional users of the community forests are recognised as members of CFUGs. However, recent debates on carbon rights demand the amendment on the existing property rights of communities. Much of the discussion on safeguarding the rights of indigenous people are gaining momentum in the international negotiations. However, in Nepal, there are no specific laws on the indigenous self-government, even though the parliament ratified International Labour Organisation Convention -169 in 2007 which requires signatories to respect the rights of indigenous people (Paudel et al., 2013). These authors mentioned that it is also because of the fact that there are no distinctly indigenous territories, and the existence of highly mixed settlements implies that various
social groups have to rely on common resources from which non-indigenous people cannot be excluded, which was also found in the case study. Only a few community forests were found to be run solely by indigenous people. However, it is evident from the study that traditional practices of indigenous and marginalised people should be recognised while developing the benefit sharing mechanism in the future. Otherwise, those people would not be able to capture the benefits of REDD+ as found in the case study.

Thus, defining clear and secure property rights in terms of carbon should be the topmost priority for the government of Nepal before implementing REDD+. Further, it will give communities a sense of ownership over their contribution in the management of forests under REDD+. Moreover, the lack of clear carbon rights and indigenous rights over the forest resources is likely to delay devising the benefit sharing mechanism of REDD+ in Nepal. Therefore, existing laws guiding forest rights and tenure, and the distribution of benefits from forest resources need to be changed in consultation with stakeholders.

Local governance

With regard to local governance, this research focused on the local institutional processes for allocating and distributing the funds in the pilot project. Different institutional structures were formed from the central level down to the subnational level for the project, which may not be appropriate for the future government’s REDD+ projects. At the central level, mostly project partners in consultation with concerned stakeholders developed the basis of allocating and distributing the funds. The process of decision-making on the distribution of funds up to the level of CFUGs is found to be democratic and inclusive. However, decisions on the distribution of funds within the communities by CFUGs and their executive committees were found challenging for them with respect to achieving equitable disbursement. As already discussed in section 6.4, CFUGs did not follow the basis of payment criteria formed at the central level; they just focused on the component of poverty within the communities. Since communities did not have specific rules and regulations to distribute the funds, targeted beneficiaries did not always benefit in the end as revealed by the communities. Having specific rules and guidelines only at the central level is not
sufficient to ensure an equitable benefit sharing mechanism. Also, it is apparent that strong linkages between central and local level and effective monitoring of the distribution of the funds at the local level are required to ensure that there is no misuse of the distributed funds and that targeted communities benefit from REDD+.

Although this research did not have the explicit objective of evaluating the participation of local communities in decision-making processes, other studies found that democratic and interactive processes for local participation lead to greater flexibility in the distributional mechanisms of REDD+ (Gebara, 2013). In addition, the case study found that there are emerging voices from representatives of indigenous and marginalized people and women in the decision-making forum of REDD+; their traditional practices and dependence on the forest products for their daily household chores should not prevent them from participating in REDD+. Therefore, questions of who participates, who holds the power, and how decision-making processes work on the ground should be analysed and addressed while establishing the institutions and processes for allocating and distributing the funds.

6.5.3. Envisaged institutional arrangements

Presently, three layers of institutional arrangements -- an Apex Body, REDD Working Groups and REDD Cell -- at the central level have been formed to implement the REDD+ in Nepal. However, the interviewees indicated that there is lack of representation of important stakeholders and accountability in the decision-making processes of these institutions. Furthermore, this central level structure of institutions is confirmed only until the formation of REDD+ strategy.

The Apex Body and REDD Working Group at the central level, district forest coordination committees at the district level and village forest coordination committees at the village level are proposed as the key multi stakeholder mechanisms in the Readiness Preparation Proposal. However, the results suggest that the subnational level structure was very vague. They agreed that there is a need for bundling of CFUGs either at the district level or the watershed level or landscape level to reduce the costs of Monitoring, Reporting and Verification. Until the definition of subnational level has been resolved, the work mentioned in the Readiness Preparation Proposal,
especially benefit sharing, could not proceed. Overall, delay in setting up institutional arrangements to operate REDD+ in the country would also delay devising equitable benefit sharing mechanism.

If current landscape REDD+ projects with changes in jurisdictional boundaries would be considered as subnational REDD+ level, the question remains what would be the institutional structure to operate those projects. Even though the subnational level is foreseen as one layer responsible for sharing benefits from the central government downwards, it is very difficult to predict how that layer would connect with local communities. The case study revealed that there were some problems with the capturing of the funds by elites and the funds not reaching to the targeted beneficiaries because of this vacuum. Also, challenges remain with a hybrid approach with regard to addressing the issue of leakage (disparity in benefit sharing could occur when good performance in one region of the country is negated by losses elsewhere) even if the boundaries of the subnational level are determined. Moreover, a good relationship and coordination between the governing multi-stakeholder bodies (REDD Working Group, multi-stakeholder forum, district forest coordination committees) and the implementing agency (REDD Cell and District Forest Office) is crucial (Paudel et al., 2013). The comment by one of the government officials on District Forest Offices about not being aware of activities conducted by REDD Cell at the central level indicates that there should be better communication and sharing of knowledge between the central level structure and subnational level structure.

Although a Forest Carbon Trust Fund governed by a multi-stakeholder body is proposed by the Readiness Preparation Proposal, the study found that the government (mainly the Ministry of Finance) may be reluctant to approve it. Rather, the Ministry of Finance wants all funding to go through its official budgetary procedure, known as the Red Book; also, the current Nepalese constitution does not allow the formation of Trust Funds (Paudel et al., 2013). Hence, it is not certain which institution would govern the funds from REDD+ in the future.

The institutional arrangements for benefit sharing remain largely unclear. Yet, these institutional arrangements should be defined at the early stage, as it is critical to properly manage the funds derived from the international market/sources in the future. Moreover, responsibilities of institutions (District Forest Offices) at the grassroots level should be well-defined to create
awareness about REDD+ among communities of different forest management regimes, and launch the programmes to enhance their capacity to undertake the technical functions associated with REDD+. Furthermore, there is also a need for a multi-stakeholder forum representing different civil society organisations working with indigenous people, women, marginalised people, and conservation and environmental stakeholders at the grassroots level, to ensure that there is effective participation of communities in democratic processes of decision-making in future REDD+ activities.

In summary, this section discussed the importance of contextual factors for the equitable sharing of the potential benefits of REDD+. These contextual factors influence the degree of equity in the allocation and distribution of benefits of REDD+. The pre-existing political, economic, and socio-cultural conditions of the nation make the communities more or less (in) capable of capturing the benefits of REDD+. Moreover, issues related to contextual equity found are the root causes affecting the sharing of benefits now and in the future. This applies not only to the distribution of benefits of REDD+; all these social, cultural, political, economic factors are interrelated and need to be looked in a holistic way to address the causes of equity in REDD+. As anticipated, carbon rights were also found to be a key issue in this study. Also, clarity on indigenous and marginalised peoples’ rights over their traditional use and dependence on the forest resources is required. Questions of who participates, who holds the power, and how decision-making process work on the ground, need to be answered to ensure that local institutions and processes achieve an equitable allocation and sharing of the benefits. In terms of existing institutional arrangements, three layers of formal institutional frameworks have been formed by the central government. However, the study found that there should be improved recognition, representation by a range of groups, and clearer definition of responsibilities of these institutions. Effective communication and more knowledge sharing are essential in order to advance the implementation of a REDD+ scheme. Moreover, the role of REDD Cell as an implementing agency is assured only until the formation of a REDD+ strategy and this indicates that the institutional arrangements for REDD+ are uncertain. In addition, the envisaged subnational institutional arrangements have not yet been defined and there is still a missing link to connect central agencies with communities at the grassroots level.
The next section discusses the implications of findings and challenges in the sharing of benefits of REDD+ in Nepal.

6.6. Implications of findings

This section highlights the implications of findings and their importance to understanding the sharing of benefits of REDD+ in Nepal. This section is divided into three sub-sections: 1) Challenges in benefit sharing mechanisms accommodating other forest management regime, 2) Maintaining the enthusiasm, and 3) Utilisation of REDD Funds.

6.6.1. Challenges in benefit sharing mechanisms accommodating other forest management regime

Government officials indicated that there will be a reform of subnational institutional arrangements (REDD+ projects at the subnational level) prior to conducting REDD+ activities at the national level. When this happens, different management regimes of national forests (community forestry, collaborative forests, leasehold forests, buffer zone community forests, religious forests, See Appendix 1 for the definition) under the selected district/landscape might need to participate in REDD+. Even the forest areas alongside REDD+ areas should be included in the new arrangements of REDD+, and the government should work with all the different forest management regimes. In terms of benefit sharing mechanisms, each management regime has its own guidelines in sharing benefits from the forests. In this research, only community forestry was considered to see how benefits from REDD+ could be shared equitably among communities. Thus, the potential question arises how all these forest management regimes should be served by a common benefit sharing mechanism or whether those pre-existing guidelines of sharing benefits should be brought under a REDD+ scheme. In the interviews, major concerns were raised on what would be the basis for allocating and distributing the benefits under the different forest management regimes.

When establishing benefit sharing mechanisms for different forest management regimes, there is a high chance of conflicts among communities, as each regime has its own mechanisms for sharing benefits. The community forestry regime is the only programme that allows communities to receive
100% of benefits from Non-Timber Forest Products and other forest products except from the selling of predefined timbers. There is already much disparity among different forest management regimes and how the government should address these disparities in benefit sharing of REDD+ remains unanswered. Also, two layers of guidelines for sharing the benefits, which are recommended in the results, are limited to community based forest management models.

6.6.2. Maintaining the enthusiasm

The case study revealed that the pilot project’s payment to communities increased expectations and hope among communities that they will receive payments in the future. However, it is still not sure that any money will be flowing from international sources any time soon. Communities might be discouraged if they do not see any benefits from this scheme within a reasonably short timeframe and this could lead to conflicts with the local government. One of the biggest challenges in Nepal’s REDD+ pilot project, found in this study, is to maintain the enthusiasm of local communities who are already involved in different REDD+ activities while waiting for the implementation of REDD+ up to 2020. Some experts recommended an entry to the voluntary market instead of waiting for an international agreement that generates money from compliance. It would be rationale for the project organisers to use this mechanism to generate at least some funds for local communities to reward their efforts and contribution.

6.6.3. Utilisation of REDD funds

Most of the REDD funds are utilised for the improvement of communities livelihood. However, this case study found that the amount that each household received was less than US$ 50. A major concern is whether such a small amount of money can improve their livelihood. Moreover, in the pilot project, the only options offered to spend this money on were goat, chicken, or pig farming. For instance, one household decided to do pig farming. However, as women normally take care of this new job beside their existing household chores, this program limits them even more to their own house, as one of the interviewees indicated. There should be enough money to enable them to
undertake income generating activities even if they have to remain inside the house. Therefore, giving such a small amount of money for animal husbandry is not a good way to utilize the funds. For that reason, the question can be raised whether it is worth for communities to enter into REDD+ if they receive such a small amount of monetary benefits.

The next section explains the strategies to promote equitable sharing of benefits taking into account the contextual factors discussed in this section and the way forward in Nepal.

6.7. Strategies to promote equitable sharing of benefits (objective 5)

The previous sections discussed the influences of contextual factors on the allocation and distribution of benefits and challenges in sharing of the benefits. This section discusses how these challenges could be addressed to promote equitable sharing of benefits of REDD+.

Reducing social differentiation and elite capture in sharing benefits, effective monitoring and enforcement mechanism, clarity of carbon rights, and constant capacity enhancement of government officials, agencies and communities were recommended by interviewees in order to promote equity in sharing of benefits of REDD+. Besides these recommendations, the following are some additional strategies that should be incorporated by the government and others (NGOs, Civil society organisations) when implementing REDD+ activities in the future:

1) The mechanisms to share benefits need effective implementation based on continuous empowerment and capacity building of communities - especially the marginalized groups and women. After gaining more knowledge and being capable, they would realize their rights on the benefits of REDD+.

2) Central and local government and civil society organisations should support community forest user groups at the grassroots level to operate with effective participation, transparency, and accountability even if they are allowed to decide on the sharing of benefits. There is also a need for strong linkage between central and local government.

3) Institutionalize effective pro-poor approaches in user group operational plans and guidelines, as the case study showed that the majority of CFUGs distributed the funds
focusing only on the component of poverty within the communities. These approaches should develop standard criteria to identify poor households in the communities.

4) Criteria and indicators should be developed to assess benefit sharing outcomes if it is bringing positive impact, which was one of the gaps identified by this study, to confirm whether the sharing of benefits is equitable or not.

Way forward

The case study found the progress on developing a national REDD+ strategy is very slow. If a legally binding document on REDD+ is adopted by 2015, then formally REDD+ could be implemented in 2020 in Nepal. According to interviewees, in practice, it seems that for Nepal it will take some more time to get ready at the national level. Thus, the Government of Nepal is planning to implement REDD+ at the subnational level by 2015 as the baseline data and the reference emission level (REL) for the Terai Arc Landscape area have almost completed. However, there is a gap between 2015 and 2020. During that period, the World Bank has proposed to support five countries, which could present robust Emission Reduction Project Idea Notes\(^\text{16}\) (ER-PIN). Narendra Chand, from REDD Cell, mentioned that between 2015 and 2020, “we are aiming to present ER-PIN through Emission Reduction Payment document and then Emission Reduction Payment Agreement. It is also a performance based mechanism, but only from 2020 REDD+ would be implemented in reality”. If a grant from the World Bank comes in favour for Nepal, then “readiness actions” could be strengthened by 2020, including the setting up of MRV, benefit sharing mechanism, capacity building etc. In the interviews, this view was found to be the government’s plan for the implementation of REDD+. However, it is still not clear what will be done at the national level. Since

\(^\text{16}\) “The Carbon Fund of the Forest Carbon Partnership Facility (FCPF) will provide payments for verified emission reductions from activities that reduce emissions from deforestation and forest degradation and conserve forests (REDD+). Such performance-based payments will play an essential part in valuing forests more while they are standing than when they are cut. Carbon Fund Participants will select about five large scale Emission Reduction Programs (ER Programs) in countries that have made significant progress in their REDD+ readiness endeavours”.

no payments for carbon reductions are expected to be made before 2020, communities would not be able to see monetary benefits any sooner in the context of Nepal.

Hence, to move things forward, the government must take a leading role in conducting REDD+ activities rather than relying on pilot studies. Also, the case study found that when the pilot projects come to an end, communities will be the ones who will suffer. Since there were no plans to incorporate the same pilot areas into the government’s future REDD+ projects, the sustainability of the pilot studies is a big concern for the communities involved. They learned and built their capacity in conducting REDD+ activities on the ground. However, the communities’ efforts are not recognized when the projects are completed. Nevertheless, project organisers claim that communities’ efforts would not go in vain as they have baseline data on reference emission levels, which may enable them to enter carbon markets if they are allowed to do so in the future.

However, the government should develop an exit strategy for the pilot projects. The case study found that experts from the project thought that it is not always possible to conduct pilot projects, as donors will not provide money endlessly. After doing so much work in this pilot project, project organisers should be able to bring some funds to the local communities. However, the government might obstruct attempts by project organisers to enter the voluntary markets because carbon rights are still not clear and the government might claim the benefits on the basis of their ownership on land. Therefore, to maintain the enthusiasm of communities, the government should devise a mechanism allowing these communities to enter the voluntary market. Or, they should announce that those projects/NGOs are allowed to search for any kind of market until 2020. At the same time, the government could develop a mechanism to get ready by 2020. If there could be such provisions, it would be better for communities. Therefore, the government should decide whether all REDD+ projects in the country should be governed by a government agency, if not, they should develop exit strategy for such pilot projects.

The project has demonstrated that considerable effort has been put into strengthening social capital, establishing networks, and raising the profile of community forestry in the context of REDD+. Although it was only a pilot project, the lessons from the project are valuable for the government with regard to setting up the governance and sharing of benefits of REDD+ in the future. However, given the current scenario, nothing much would happen at the ground level apart
from the continuation of a strengthened social network as noted by the experts from the project partners. In addition, government officials mentioned that it is not possible to integrate the project into the government’s REDD+ project right away. However, certainly, pilot areas should be integrated into the future REDD+ programme.

The case study revealed that the questions about who decide and how the decisions on distributing benefits are made need to be addressed first in designing any benefit sharing mechanism. Then only, the question of who will be beneficiaries (eligible for payments) and what portion of the benefits they are to receive can be answered. This study also showed that achieving equity for the local communities in REDD+ is a priority concern in spite of the importance of efficiency and effectiveness in benefit sharing. This suggests that more attention should be paid to the contextual factors that influence the chances of equity in developing a REDD+ benefit sharing mechanism.

6.8. Chapter summary

In summary, the main objective of this chapter was to discuss the findings of the research in relation to the five specific research questions of this study. The case study showed that communities are willing to participate in REDD+, but the questions such as who will be the beneficiaries on what basis, what portion of the benefits communities would receive, and how benefits would be distributed in the future, must be answered if benefits are to be allocated and distributed equitably. Many interviewees took the view that the principle of equity is more important regardless of the importance of efficiency and effectiveness at the international forum. It must be coming from the realization of the fact that without achieving equitable distribution of the benefits, the major objective of REDD+ would not be accomplished. Moreover, for a REDD+ benefit-sharing mechanism to achieve broad acceptance among communities, its design and implementation should be based on three principles of equity - distributive, procedural and contextual. Although this case study found that the strongest concerns expressed relate to distributive equity (as the main basis for allocating and distributing benefits), all these principles of equity are interrelated and should be analysed in an integrated approach to achieve equitable
sharing of benefits of REDD+. With regard to distributive equity, communities revealed that needs-based equity is their topmost priority in sharing of benefits whereas REDD+ experts support performance based forest management as the basis of the contributions of forest managers. Apart from the conflict between these two bases for allocating and distributing the benefits, the issue of carbon rights needs urgent attention to gain clarity on the ownership of carbon and address the most important question of who will be the beneficiaries.

The study found that most interviewees thought that the guidelines for allocating and distributing the benefits from central to local level (CFUGs) should be based on the ownership of carbon benefits/performance of forest managers to CFUGs whereas communities should be given the authority to share the benefits based on their own definitions of needs in terms of horizontal benefit distribution. However, the issues of elite capture, transparency and accountability of CFUGs should also be taken into consideration.

In terms of the importance of contextual factors in capturing and sharing the benefits, social, cultural, political, economic factors are interrelated and need to be looked in a holistic way to address the causes of inequity in REDD+. After the central government has created clarity on carbon rights and indigenous and marginalised peoples’ rights over their traditional use and dependence on the forests, the questions of who participates, who holds the power, and how decision-making process work must be addressed to ensure that local institutions and processes achieve an equitable share of the benefits. Finally, the case study concludes that the questions about who decides and how the decisions on distributing the benefits are made need to be addressed first while designing a benefit sharing mechanism. Then, the question of who will be beneficiaries (eligible for payments) and what share of the benefits each party will receive can be answered.
Chapter 7: Conclusions

7.1. Introduction

This chapter concludes the thesis. Section 7.2 revisits the research objectives, Section 7.3 highlights the main findings of the research, 7.4 explains the significance of the findings in terms of the research’s contribution to the theory and implementation of REDD+ in Nepal, 7.5 recommends topics for future research, and finally 7.6 concludes the chapter with final thoughts on the research.

7.2. Restatement of research objectives

The main objective of this research was to investigate the question of how to share the potential benefits of REDD+ among communities of Nepal who are already involved in the conservation and sustainable management of forests. To achieve this objective, the following specific questions were framed.

1. What are the potential effects of the introduction of REDD+ on communities involved in forest management?
2. What are the views from different groups of people working on REDD+ and community forestry on the (relative) importance of the 3 Es (Effectiveness, Efficiency and Equity) in the allocation and distribution of benefits of REDD+ and what can be considered equitable?
3. What mechanisms could help to achieve equity in sharing the benefits of REDD+? To what extent, have these mechanisms been or likely to be considered and integrated into the design of a REDD+ scheme for Nepal?
4. What are the contextual factors that affect benefit flow and sharing of benefits from REDD+? How do these factors influence equity in the distribution of benefits?
5. What should be done about these factors to promote an equitable sharing of the benefits?
7.3. Main findings of the research

This section presents the main findings of the overall question of this study: how to share the potential benefits of REDD+, in the case of Nepal?

This study shows that the efforts of local people in the conservation and management of forests must be realized and rewarded to achieve the primary objective of REDD+. To this end, the question of who decides and how the decisions on sharing the potential benefits of REDD+ are made should be addressed. Regarding the latter question, the case study reveals that ‘equity’ should be given priority when tradeoffs among equity, efficiency and effectiveness are required in sharing the benefits among communities. However, much of the research is focused on making REDD+ cost efficient and advancing the technical component of REDD+. Certainly, we need to develop sound technologies to collect baseline data accurately. However, achieving the main objective of REDD+, which is, reduction of carbon emissions, actually requires communities to work on the ground. They need to be trained to use these technologies to make REDD+ cost-efficient. However, if their efforts are not rewarded, then there would not be a real impact on mitigating climate change. The case study revealed that communities aspire to an equitable sharing of the benefits. Their desire is critical to accomplish effective outcomes; however, communities should have a genuine desire and should be capable enough to achieve their aspiration.

As found in the literature, equity can be interpreted in many ways; this study also found conflicting views on the principle of distributive equity and what it means in REDD+. Communities believe that allocating and distributing the benefits according to their ‘needs’ would help them to achieve equity whereas experts argue equity could be achieved by sharing the benefits according to the ‘contribution’ made by forest managers in an increment on sequestrating carbon.

Specific guidelines to help decision makers to make decisions on these conflicting views seem to be suitable at different levels. ‘How’ do we decide on the allocation and distribution of benefits appears to be the most important question and quite challenging in the context of Nepal.
Vertical benefit distribution: The government would allocate the benefits based on the ‘ownership of carbon’ and the ‘performance/contribution’ by forest managers to CFUGs.

Horizontal benefit distribution: Communities should be given the authority to share the benefits based on their own ‘needs’. However, the contextual factors - governance arrangements, local governance, and community conditions - that affect the sharing of benefits should also be taken into consideration.

Although these two layers of guidelines answer the question of ‘how’ the decisions on sharing the potential benefits of REDD+ should be made, the question of ‘who’ decides remains uncertain because of unclear institutional arrangements. At the central level, for the vertical benefit distribution, the government is expected to decide on the allocation and distribution of benefits among communities (CFUGs). Since this guideline decides on ‘who’ will be the beneficiaries, the decision-making procedure should be based on a consultative process. Likewise, in the horizontal benefit distribution, even if communities are given the authority to decide on how to share the benefits within a community, the local government and other support organisations should assist them to develop appropriate criteria on who gets how much of the benefits.

7.4. Significance and limitations of the findings

Although the topic of benefit sharing in REDD+ is gaining attention in international fora, in Nepal, the study on benefit sharing has not been initiated by the government at any level. This study contributes to a clearer understanding of how communities perceive REDD+ and think about the sharing of benefits of REDD+, which can assists policymakers in devising equitable and effective benefit sharing mechanism. Although the findings of the study are based on the selected community forests, they are applicable to community based forest management in other parts of the country. The research, further, contributes to the debate on and understanding of criteria for equity, on which there is no agreement in the literature.
The framework developed for this study combined different factors and features that are deemed important in the analysis of how the benefits of REDD+ are shared. The framework has been helpful in addressing all the research questions. It is essential to understand what factors influence benefit sharing and what needs further study. For instance, the criteria for equity - distributive, procedural and contextual - are adopted to explain the basis of allocation and distribution of the benefits. However, the study cannot confirm whether the sharing of the benefits was equitable or not because of a lack of clear indicators for each of these criteria. Nevertheless, the interviewees confirmed that the process were equitable because of effective ‘transparency’ provisions and transparent decision making processes.

Also, on the effective participation by marginalized groups of people in REDD+ came up as an important theme in the interviews. However, in terms of procedural equity, this study could not identify any concrete views from the respondents on the representation, recognition/inclusion, and participation of marginalised people (women, the landless and ethnic minorities) in decision-making on the allocation and distribution of benefits.

Following section presents the recommendations for future research on the basis of the limitation and gaps found in the study.

### 7.5. Recommendations for future work

This study found some urgent issues of equity that need to be addressed in order to advance equitable sharing of the benefits of REDD+ in the future, especially with regard to distributive equity. However, the other components of equity, procedural and contextual equity, also need to be explored further.

Likewise, the research concentrated the study of benefit sharing only in the communities of community forests. However, as found in the case study, a big challenge for the government is to devise benefit sharing mechanisms accommodating all the communities of different forest management regimes in REDD+. The researcher strongly recommends that these other areas are included in future research. How equity among communities of different forest management
regimes can be achieved requires further study. The results of this study indicate that there is a requirement for further research on how the government should share the benefits of REDD+ with communities given that forest management regimes have different guidelines for distributing benefits within the communities. Whether a single benefit sharing mechanism should be applied or whether the same guidelines can and should apply to all communities needs further research to avoid any conflicts and social relations among communities.

7.6. Concluding remarks

REDD+ is more than a mechanism for mitigating the effects of climate change. It is a political process and its success depends on ‘who’ decides on ‘how’ the (potential) benefits are to be shared equitably.

After hearing the concerns of recipients about the allocation and distribution of funds from the pilot project, as described in the beginning of the thesis, this research brought to light some important findings on how an equitable sharing of (the potential) benefits of REDD+ can be advanced. Specifically, regarding the question “why some communities were paid less”, the research found that this depends on the bases for the allocation and distribution of the benefits. The question is related to other questions about REDD+: who are eligible for the benefits, what are the mechanisms by which decisions are made, and that could help in achieving equity? Before implementing a REDD+ scheme, these questions should be addressed to prevent any future conflicts within and among the communities.
References

Forest Act (Nepal) 1993.


113

Appendices

Appendix 1: Definitions of different forest management regimes in Nepal

Community Forests
Community forest is forest protected, managed and utilized by local forest user groups. In other words, a forest area handed over to a group of people entrusted to manage, use and protect under the provision of the Forest Act, 2049 and Forest Regulation, 2051. [http://www.forestrynepal.org/notes/silviculture/classification/3](http://www.forestrynepal.org/notes/silviculture/classification/3)

Leasehold Forests
Areas of national degraded forests handed over to individuals, organizations or the poor people on lease of forty years with the aim of forest development and poverty reduction. [http://www.forestrynepal.org/notes/silviculture/classification/4](http://www.forestrynepal.org/notes/silviculture/classification/4)

Religious Forests
Areas of national forest allocated to and managed by institutions or religious groups for their use limited to religious purposes. [http://www.forestrynepal.org/notes/silviculture/classification/5](http://www.forestrynepal.org/notes/silviculture/classification/5)

Collaborative Forest Management
This forest management regime, in general, is loosely defined as a working partnership between the key stakeholders in the management of a given forest - key stakeholders being local forest users and state forest departments, as well as parties such as local governments, civil groups and non-governmental organizations, and the private sector. Government of Nepal intends to manage the government managed forests of the Terai (plains) through the involvement of local government and people in decision-making, implementation, benefit-sharing and monitoring. [http://www.forestrynepal.org/notes/silviculture/classification/7](http://www.forestrynepal.org/notes/silviculture/classification/7)

Buffer zone community forests:
A buffer zone is a part of national parks or wildlife reserves delineated by government for the use of local people to meet their basic needs of forest products in perpetuity and (to) preserve the national parks and wildlife reserves from invasion of outsiders so as to preserve the flora and fauna of those national parks and wildlife reserves. [http://www.forestrynepal.org/notes/silviculture/classification/2](http://www.forestrynepal.org/notes/silviculture/classification/2)
Appendix 2: Lists of research participants

List of REDD+ experts

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Research participants</th>
<th>Organisation</th>
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<tbody>
<tr>
<td>1</td>
<td>Bhaskar Singh Karky</td>
<td>ICIMOD</td>
</tr>
<tr>
<td>2</td>
<td>Kalyan Gauli</td>
<td>ANSAB</td>
</tr>
<tr>
<td>3</td>
<td>Dil Raj Khanal</td>
<td>FECOFUN</td>
</tr>
<tr>
<td>4</td>
<td>Apsara Chapagain</td>
<td>FECOFUN</td>
</tr>
<tr>
<td>5</td>
<td>Kamal Lamichhane</td>
<td>FECOFUN, Gorkha District</td>
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<tr>
<td>6</td>
<td>Rama Ale Magar</td>
<td>HIMAWANTI</td>
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<tr>
<td>7</td>
<td>Kalpana Thapa</td>
<td>NEFIN</td>
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<tr>
<td>8</td>
<td>Ugan Manandhar</td>
<td>WWF-Nepal</td>
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<td>9</td>
<td>Keshav Poudel</td>
<td>WWF-Nepal</td>
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List of participants from selected CFUGs

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<thead>
<tr>
<th>S.N.</th>
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<th>Research participants</th>
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<tr>
<td>1</td>
<td>Bhangeristhan</td>
<td>Purna Bahadur Rana</td>
</tr>
<tr>
<td>2</td>
<td>(Lowest recipient in 2011)</td>
<td>Nirmala Rana</td>
</tr>
<tr>
<td>3</td>
<td>Sitalupakha</td>
<td>Uma Thapa</td>
</tr>
<tr>
<td>4</td>
<td>(Lowest recipient in 2012)</td>
<td>Bhim Bahadur Rana</td>
</tr>
<tr>
<td>5</td>
<td>Ram Laxman</td>
<td>Eak Bahadur Pariyar</td>
</tr>
<tr>
<td>6</td>
<td>(Medium)</td>
<td></td>
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<tr>
<td>7</td>
<td>Ludi Damgade</td>
<td>Jeevan Kattel</td>
</tr>
<tr>
<td>8</td>
<td>(Highest recipient in 2011/2012)</td>
<td>Nirmala Dattya</td>
</tr>
<tr>
<td>9</td>
<td>Badahare</td>
<td>Ganesh Bahadur Thapa</td>
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<tr>
<td>10</td>
<td>(Medium)</td>
<td>Tribhu Bahadur Thapa</td>
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<td>11</td>
<td>Laxmi Mahila</td>
<td>Pampha Kunwar</td>
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<td>S.N.</td>
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<tr>
<td>1</td>
<td>Durga Bahadur Karki</td>
<td>District Forest Office, Gorkha District</td>
</tr>
<tr>
<td>2</td>
<td>Narendra Chand</td>
<td>REDD Cell</td>
</tr>
<tr>
<td>3</td>
<td>Ram Asweswor Mandal</td>
<td>REDD Cell</td>
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<tr>
<td>4</td>
<td>Nirmala Singh Bhandari</td>
<td>REDD Cell</td>
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**List of independent researchers**

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<tr>
<td>1</td>
<td>Uday Sharma</td>
<td>Independent Consultant</td>
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<tr>
<td>2</td>
<td>Laxman Joshi</td>
<td>Freelancer</td>
</tr>
<tr>
<td>3</td>
<td>Bishnu Sharma</td>
<td>Tribhuvan University</td>
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Appendix 3: Interview schedule for REDD+ experts

Demographic information

- Education
- Occupational Experience
- Residence

Information/ Background of the pilot project

1. Could you please tell me about the rationale of REDD in Nepal?

2. What is the status of project? Who are involved in the project? Are government officials also involved?

3. What would be the scenario after 2013?

4. Are local communities informed about tenure of project? What are their reactions?

Benefits/ Costs

1. What are the costs of REDD+? (How work load has been divided among user groups?)

2. What are the potential adverse effects of REDD+ in community forestry? (Environmentally? Social? Political? Economically? Any others?)

3. What are the benefits from REDD+? What are the forms of benefits? What is the level of sharing benefits? Do we have facts and figures of benefits (quantitative)? How much money was received from the donor?

4. How long will it take to transfer net benefits to locals, in general? How long did it take to transfer net benefits to locals?

5. Do you think long interval of payments would risk the benefits and bring extra costs to local participant of REDD+? What could be the solution in this case?

Benefit Flow

Governance Conditions

Property rights:

1. What kinds of rights do communities hold at the moment?
2. What do you think about new carbon rights? Who should be an owner of carbon?

3. Are there any difficulties in practicing existing rights on the ground? Were communities allowed to exercise their existing rights in this new forest management under REDD+?

4. Other laws and policies: Are there any policies or laws in place guiding benefit flow (e.g. payment of taxes and royalties); if yes, how equitable and workable are they?

5. Are benefits transferred to locals going to be taxed?

Resource conditions

1. What was the condition of resources under community management (e.g. degraded or high value?), and what are the implications for benefit flow? Do you think communities working for the low quality forests and high quality forests under REDD+ should be paid differently?

Carbon price

1. What are the chances that the price of carbon will affect sharing of benefits at the local level? If it is too low, will it produce net benefits to people working at all different level? (national to district to local)

Benefit sharing in communities

Local governance

1. How are decisions about benefit sharing made? Who should be involved in decision making process?

2. What is the role of existing local organizations (NGOs, Community based organisations) in benefit distribution?

3. What is the role of local government (district level)? If it is important, how should they be mobilised in the national benefit sharing mechanism?

Community conditions

1. How is benefit distribution affected by community conditions (including the differing power, interests, capacities, responsibilities, and relationships between individuals and groups in the community)? What do you think about the issues coming up on equity in community forestry program?

Can you think of any other factors that would affect distribution of benefits among local user groups? (Beside local governance and community conditions)
Benefit sharing mechanism

1. How pilot sites were selected? How are benefits distributed? (Allocation of resources?) Was it individual? Household? Or Community? Which one will work best? And why do you think so? What was the basis of allocation of incentives between different stakeholders?

2. What mechanisms have been developed to share benefits from this project?

3. Who decided in sharing benefits? Were communities’ and local government involved in decision making while allocating benefits? Was decision making process transparent to locals who are affected directly/ indirectly from REDD+?

4. Did you face any difficulties in sharing benefits? Were there any CFUGs upset about getting less paid than others? Would effective dispute settlement mechanism (a system where people can lodge their complaints and would be addressed later) address such conflicts?

5. How would you assure that the program has engaged right stakeholders?

6. Since benefit sharing mechanism is left under the decision of national government, do you think it will recapture the existing rights (use, manage, and transfer) of locals working for community forestry management?

7. What do you think of current institutional arrangements to implement REDD+ in Nepal?

8. Are there any other factors that would affect national benefit sharing mechanism?

Can you think of any other factors that would affect benefit distribution mechanism among local user groups?

Performance on 3Es (Effectiveness, Efficiency and Equity)

1. Do you think that current mechanism of sharing benefits developed in this project is equitable? (If No, how it can be improved?)

2. How do you define equity, efficiency and effectiveness of Benefit Distribution system in REDD+?

3. How should government build benefit sharing mechanism to incorporate all the 3 Es criteria? Do you think it can be achieved completely?

Use of benefits

1. Are benefits being transferred to locals allowed to spend wherever they want to?

2. What do you expect where would they invest the reward money they received from this project?

Outcome of project

1. Are you going to bring final result of the project? Do you think it will help government in piloting REDD+ in other areas of the country?
2. What are the lessons learnt specially in benefit sharing?

Central level structure:

Representation in the central payment structure:
1. Who should be represented and in which capacity?
2. How the central government could accommodate different management regime?

Legal and institutional avenues
1. Do you think that implementation of REDD+ would require new legal and institutional rules and regulations?

Payment Criteria:
1. In your view, what payment criteria should look like? What are the components that should be included? Do you know anything about the criteria developed in this project? How the principles of REDD+ (market based incentive mechanism) can be maintained with different social criteria?

Sub-national level structure:
1. In your view, who should lead in operating sub-national structure?
2. How can we accommodate different management regimes in sub-national level structure?

Expectation from government
1. What do you think of current institutional arrangements to implement REDD+ in Nepal?
2. How should government of Nepal devise national benefit sharing mechanism to be inclusive, fair, transparent, effective and efficient?
3. In hybrid approach as proposed by government of Nepal, how should stakeholders at central level coordinate with stakeholders at sub-national level?
4. How government should recognise social issues, social differentiation at the grassroots level at the time of sharing benefits?
5. Apart from community forest, should other forests such as collaborative forest participate in REDD+? And, how government should accommodate different management regimes in sub-national and central-level structure?
Appendix 4: Interview schedule for REDD Cell officials

Demographic information

- Education
- Occupation/ Position
- Occupational Experience
- Residence

Status of REDD+ in Nepal

1. What is the status of REDD+ in Nepal after submitting readiness proposal plan? What are the new institutions that are going to be built to implement REDD+ in the country?

2. Do you think that the new institutional arrangements being made to implement REDD+ will be affected if there is new government after the election this year?

Benefits/ Costs

1. What are the costs of REDD+? How work load is going to be divided among different institutions?

2. What are the potential adverse effects of REDD+ in community forestry? (Environmentally? Social? Political? Economically? Any others?)

3. What are the benefits from REDD+? What are the forms of benefits? What would be the level of sharing of benefits?

4. Are there going to be any mechanism, which will measure potential benefits and costs of REDD+ quantitatively in the country?

Benefit Flow

Governance Conditions

Property rights:

1. What kinds of rights do communities hold at the moment?

2. What would be government decision on new carbon rights? Who should be an owner of carbon?

3. Are communities exercising their existing rights under community forestry would be hindered when they participate in carbon forest management?
4. Other laws and policies: Are there policies or laws in place guiding benefit flow (e.g. payment of taxes and royalties); if yes, how equitable and workable are they? Would money transferred to locals be taxed?

Resource conditions

1. What is the condition of resources under community management (e.g. degraded or high value?), and what are the implications for benefit flow?

2. Do you think communities working for the low quality forests and high quality forests under REDD+ should be paid differently?

Carbon price

1. What are the chances that it will affect sharing of benefits at the local level?

Can you think of any other factors that would affect flow of benefits from international source to locals beside governance and resource condition?

Benefit sharing in communities

Local governance

1. How are decisions about benefit sharing going to be made?

2. What would be the role of existing local organizations (NGOs, Community based organisations, civil society organisations, private sectors) in benefit distribution?

3. What would be the role of local government (district level)? If it is important, how should they be mobilised in the national benefit sharing mechanism? Are they enough capable of handling fund received from REDD+?

Community conditions

1. How would benefit distribution affected by community conditions (including the differing power, interests, capacities, responsibilities, and relationships between individuals and groups in the community)? Views on equity? What do you think about the issues coming up on equity even in community forestry program? How social differentiations are being recognised and how it is going to be addressed in sharing benefits at the local level?

Can you think of any other factors that would affect distribution of benefits among local user groups? (Beside local governance and community conditions)
Benefit sharing mechanism

1. How international funding will be channelized in the country from national to local level? Any plan to establish separate account like Trust Fund where all the money received from REDD+ will go in that account?

2. Hybrid of national and subnational approaches to channel REDD+ payments in the country is projected allowing strategic issues (policy, legal, and tenure arrangements) to be dealt at the national level; and benefit sharing, financing and monitoring to be conducted at the subnational level. This is taken from the readiness proposal plan. Would you please elaborate more on this how it can be achieved? What does subnational level imply in benefit sharing mechanism? Does it mean local district government (District forest office)? To conduct benefit sharing, financing and monitoring at the subnational level; is central government going to train district officials?

3. How are projects or subnational activities going to be merged later in national accounting?

4. Who will monitor the sequestration of carbon? How are you going to balance the effort of locals working for high quality forests and low quality forests?

5. How are benefits going to be distributed? What percentage of the total money will be kept by central government? How are you going to ensure transparency?

6. Allocation of resources among local CFUGs? Is it individual? Household? Community? Which one will work best? And, why do you think so? What would be the basis of allocation of incentives between different stakeholders?

7. Are pilot projects under REDD+ going to be nationalised later? What would be done with the carbon sequestered? For instance, the pilot project conducted by ICIMOD, ANSAB and FECOFUN?

8. Who will decide in sharing benefits? Who should be included in decision making of sharing benefits? Will communities’ and local government be involved in decision making while allocating benefits? Would this mechanism ensure decision making process transparent to locals who are affected directly/ indirectly from REDD+?

9. How would it assure that the program has engaged right stakeholders?

10. Do you think that a mechanism will somehow create disparity among communities while sharing benefits from REDD+? Would effective dispute settlement mechanism (a system where people can lodge their complaints and would be addressed later) address such conflicts?

11. How long will it take to transfer net benefits to locals? If the money comes from voluntary carbon market, wouldn’t it be too high transaction costs for locals to get involved in the project but getting paid only in the end?

12. What do you think of current institutional arrangements to implement REDD+ in Nepal?
Can you think of any other factors that would affect benefit sharing mechanism among local user groups?

Performance on 3Es (Effectiveness, Efficiency and Equity)

1. Do you think that the proposed mechanism of sharing benefits would be equitable? If No, how it can be improved?

2. How do you define equity, efficiency and effectiveness of BDS in REDD+?

3. How government is planning to build benefit sharing mechanism to incorporate 3 Es criteria? Do you think it can be achieved completely? How are you going to balance inevitable trade-off among equity, efficiency, and effectiveness in benefit sharing mechanism?

Use of benefits

1. What would be done with the reward money being transferred to locals? Are they allowed to use wherever they want to?

Central level structure:

Representation in the central payment structure:

1. Who should be represented and in which capacity?
2. How the central government could accommodate different management regime?

Role of central level structure

1. What do you think about the central actor having advisory or administrative/steering role?

Vertical and horizontal relations of central structure (coordination)

1. How should it coordinate with stakeholders at center level and how it will interact with sub-national structure?

Legal and institutional avenues

1. Do you think that implementation of REDD+ would require new legal and institutional rules and regulations? What will be the legal and institutional avenues?
Payment Criteria:

1. In your view, what payment criteria should look like? What are the components that should be included? Do you know anything about the criteria developed in this project? How the principles of REDD+ (market based incentive mechanism) can be maintained with different social criteria?

Sub-national level structure:

1. In your view, who should lead in operating sub-national structure?
2. What will be the institutional structure to coordinate REDD+ activities at the sub-national level?
3. How can we accommodate different management regimes in sub-national level structure?

Any issues and concerns

1. Coordination among different ministries, governmental bodies. For instance, for REDD+ there is a need of coordination among different ministries such as Ministry of Environment, Science and Technology, Ministry of Finance, Ministry of Forest and Soil Conservation.

2. Any other issues that might come up such as rights of indigenous people over forest resources and products? For instance, Chepang community (nomads) who have been living in forests for ages might be affected when government implement REDD+. Have you thought of such issues that might occur in the near future? How would government ensure their rights?

3. Apart from community forest, should other forests such as collaborative forest participate in REDD+? And, how government should accommodate different management regimes in sub-national and central-level structure?

4. Different new institutions for instance REDD-networks, awareness on REDD+ among locals have been developed in this pilot projects. But now the project is finished. Are these institutions going to be mobilised or used in anyway in REDD+ strategy?
Appendix 5: Interview schedule for CFUGs (REDD+ and community forestry)

Demographic information

- Age
- Education
- Occupation/ Position

Information/ Background of Community Forest and REDD+

1. When was this community forest established?
2. Number of members in executive committee (composition of male and female)
3. Total number of households covered by the community forest? Area of the forest?
4. When did CFUGs decide to participate in REDD+ scheme? How did you become part of this pilot project?
5. How did you know about this scheme? And, what do you know exactly about REDD+?

Capacity building and monitoring activities

1. Did members from CFUGs get trainings on capacity building and monitoring carbon stock?
2. Who received trainings from experts? Who are involved in monitoring activities at the moment?
3. When does the operational plan for five years finish? How are trainings going to be conducted to enable new management committee?

Benefits/ Costs

1. What are the costs of REDD+? How work load community forestry and REDD+ has been divided among user groups?
3. What are the benefits from REDD+?
4. Do you have any data on how much potential costs and benefits are generated from REDD+?
5. How much did this community forest receive from the project? Are you happy about it?

**Benefit Flow**

*Governance Conditions*

Property rights:

1. What kinds of rights do communities hold?
2. Do you know about new rights (carbon) under REDD+ scheme?
3. Who do you think it should be entitled? If its communities, how it can be managed by locals without proper knowledge on this?
4. Are there any difficulties in practicing existing rights on the ground?
5. Are there any cases where communities exercising their existing rights have been hindered because of new forest management under REDD+? Any changes in CFUG internal rules (additional rules, level of enforcement of existing rules and behavioral change)?
6. Are you still allowed to use forest products as before under community forestry?
7. Other laws and policies: Are there policies or laws in place guiding benefit flow (e.g. payment of taxes and royalties); if yes, how equitable and workable are they? Do you have to pay tax on the money received from this project?

**Resource conditions**

1. What is the condition of resources under community management (e.g. degraded or high value?), and what are the implications for benefit flow?

**Benefit sharing in communities**

*Local governance*

1. How are decisions about benefit sharing made? Who decided in sharing benefits? Were communities’ involved in decision making of allocation of benefits?
2. What is the role of existing local organizations (NGOs, Community based organisations) in benefit distribution?
3. What is the role of local government at the district level?

*Community conditions*

1. How is benefit distribution affected by community conditions (including the differing power, interests, capacities, responsibilities, and relationships between individuals and groups in the community)?
2. How the existing social differentiations are recognised and addressed in the benefit distribution system?

Benefit sharing mechanism

1. How are benefits distributed? Is it individual? Household? Community? Which one will work best? And, why do you think so? After receiving from the project, how did you distribute among user groups?

2. Were you involved while making operational guideline at the central level?

3. What do you think about the payment criteria developed by the project implementer?

4. Do you know anything about the mechanism to share benefits among CFUGs that was developed by project implementer?

5. Who decided in sharing benefits? Were communities’ and local government involved in decision making while allocating benefits? Was decision making process transparent to locals who are affected directly/indirectly from REDD+?

6. Were there any CFUGs upset about getting less paid than others? Would effective dispute settlement mechanism (a system where people can lodge their complaints and would be addressed later) address such conflicts?

7. Did you face any dissatisfaction, conflict, and concerns regarding criteria, payment delivery, decision-making process in general?

8. Since benefit sharing mechanism is left under the decision of national government, do you think it will recapture the existing rights (use, manage, and transfer) of locals working for community forestry management?

9. Are there any other factors that would affect national benefit sharing mechanism?

Institutional arrangement

1. How helpful were institutions (CFUGs, FECOFUN, and REDD-Network) in implementing REDD+ on the ground and sharing benefits?

2. Were there any conflicts among local government, DFO, FECOFUN, etc?

Performance on 3Es (Effectiveness, Efficiency and Equity)

1. Do you think that current mechanism of sharing benefits is equitable? (If No, how it can be improved?)

3. Do you think that we can achieve 3Es completely in existing benefit sharing mechanism of REDD+? Desirable? Any trade-offs required? If so, what nature and extent?

4. Do you think that we can achieve 3Es completely in existing benefit sharing mechanism of REDD+?

Use of benefits

1. Where did you use benefits (monetary/non-monetary)? Infrastructure development (roads, schools, etc.)? Management activities of community forest?

2. Is it benefitting only the user groups or the other communities? Village? (E.g. making schools will benefit not only the user groups but also the whole community and village)

3. How did you ensure that the payment according to social criteria is fulfilled?

Any issues and concerns

1. Conflict among user groups of community forest who worked for REDD+ in benefit sharing

2. Conflict with local government while making operational plan and coordination with experts

3. Any other issues?
Appendix 6: Interview schedule for CFUGs (only conducting community forestry)

Demographic information

- Age
- Education
- Occupation/ Position
- Occupational Experience
- Residence

Information/ Background of Community Forest

1. When was this community forest established?

2. Number of members in executive committee (composition of male and female)? When are you going to renew the management committee?

3. Total number of households covered by the community forest? Area of the community forest?

4. How important is community forest management to you and the community? Why? (Economically? Socially? Politically? Environmentally?)

Benefits/ Costs

1. What are the costs of community forest management? (How work load has been divided among user groups?)

2. What are the benefits from community forestry? Do you sell forest products (fuel wood, timber) outside the user groups?

Benefit Flow

Governance Conditions

Property rights:

1. What kinds of rights do communities hold?

2. Are there any difficulties in practicing such rights on the ground?

3. Other laws and policies: Are there policies or laws in place guiding benefit flow (e.g. payment of taxes and royalties); if yes, how equitable and workable are they?

4. Do you have to pay tax if you sell timber outside these CFUGs? If yes, to whom and how much?

Resource conditions

1. What is the condition of resources under community management (e.g. degraded or high value?), and what are the implications for benefit flow?
Benefit sharing in communities

Local governance

1. How are decisions about benefit sharing made? Who decides in sharing benefits?

2. What is the role of existing local organizations (NGOs, Community based organisations) in benefit distribution?

3. What is the role of local government at district level?

Community conditions

1. How is benefit distribution affected by community conditions (including the differing power, interests, capacities, responsibilities, and relationships between individuals and groups in the community)? Are there any cases of conflict on such issues?

Benefit sharing mechanism

1. How the benefits are being transferred to user members of the community forest?


3. Do you share it in open meeting? Or, according to the rules made in operational plan of community forest?

Performance on 3Es (Effectiveness, Efficiency and Equity)

1. Views on what is equitable for you in sharing benefits from community forest management?

2. Do you think that current way of sharing benefits is equitable? (If No, how it can be improved?)

3. Do you think cost of labour and other activities is offset by benefits received from this program? Is fuel wood from community forest enough for your subsistence purpose?

4. Do you think that the main goal of conserving forests has been fulfilled? And from community forest, do you find your livelihood options have been improved?

Use of benefits

1. Where do you use surplus benefits (monetary/non-monetary)? Infrastructure development (roads, schools, etc.)? Management activities of community forest?

2. Is it benefitting only the user groups or the other communities? Village? (E.g. making schools will benefit not only the user groups but also the whole community and village)