REDD+ BENEFIT SHARING IN UGANDA

A Case Study by Leo Peskett

More detailed information has also been captured in the REDD-net case study ‘Benefit sharing options in Collaborative Forest Management: A case study of Rwoho Environmental Conservation and Protection Association and the National Forestry Authority in Uganda. Available at: www.redd-net.org

The findings, interpretations, and conclusions expressed herein are those of the author(s), and do not necessarily reflect the views of the funders. Supporting research for this document was carried out from July to October 2010.
The Nile Basin Reforestation Project began in 2006 and consists of five small-scale Clean Development Mechanism (CDM) reforestation projects being implemented in the Rwoho Central Forest Reserve in South Western Uganda. Around 50% of the 9100 ha reserve is available for reforestation with pine trees (Pinus caribaea 75%) and the indigenous trees Maesopsis eminii (20%) and Prunus africana (5%). The total emissions reductions from all five sub-projects are expected to be approximately 260,000 tCO2e by 2017. The overall project is being implemented by the National Forest Authority (NFA) with carbon finance provided by the World Bank Biocarbon Fund. Although planting had occurred in most project sites at the time of study, only one site had been registered as a CDM project. While the project is being implemented under the afforestation/reforestation (A/R) modalities under the CDM, it offers useful lessons for benefit sharing in any REDD+ scheme that shares carbon finance with communities.

Local communities are involved in the project in two ways. Formal ‘participants’ collaborate through pre-existing or newly formed community associations in each of the five project areas and ‘non-participants’ are involved through employment on the plantation.

The participant associations enter into a collaborative forest management agreement with the NFA to manage part of the reserve. At the time of the study, this had only occurred in one project site between the NFA and the Rwoho Environmental Conservation and Protection Association (RECPA). The agreement gives RECPA members limited access rights to a 200 ha area of the forest reserve in which they are currently managing 60 ha as part of the carbon project. RECPA receives free seedlings and is entitled to carbon and timber revenues from the area it manages. All local community members are given restricted access rights to the remaining natural forest in the Collaborative Forest Management (CFM) agreement areas.

Payments for carbon credits will be made to the NFA based on annual reports, but corrected after each verification carried out by a third party (likely to be at 5-yearly intervals). Carbon finance for communities is generated by sale of credits from the trees planted on their CFM areas. The tree planting licence agreements for the CFM areas do not stipulate who is
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<td>Employment on plantation (for community group and wider community)</td>
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<td>Community groups manage ~15% of area planted under the projects</td>
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<td>Formalized (but limited) access to natural forest on plantation</td>
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<td>Carbon revenues divided on a shareholding basis and other criteria</td>
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**FIGURE 1:** Stylized schematic of the sharing of carbon finance in the Nile Basin Reforestation CDM project in Uganda
entitled to benefit from the carbon credits, because appropriate national regulations have not yet been developed. However, the current understanding of the Ministry of Lands, Water and Environment and the NFA is that, whilst the NFA will be the rights holder and maintains overall responsibility for delivering carbon credits, the community association (RECPA) is entitled to the revenue from both the trees and the carbon in its area. Following third party monitoring RECPA will receive an initial payment for carbon and further payments after every subsequent monitoring period. RECPA should receive around $62,640 in the period to 2017, based on the projected credit volumes from their CFM area and reasonable assumptions about prices.\(^1\) This figure does not take account of any transaction costs which have to be covered from the carbon revenues and could be deducted from the income received by the NFA (and possibly passed on to communities as a reduction in payments).

RECPA’s governance structure includes an internal ‘carbon group’, membership of which is contingent upon buying up to six shares.

\(^1\) The details of the ERPA are confidential, but it is reasonable to assume prices are similar to the average price for temporary CDM forestry credits of $4.76 per ton CO\(_2\)e reported in Hamilton et al. (2009)
to cover maintenance and planting costs. The above carbon revenues will be divided depending on the number of shares, with a small proportion going to the wider RECPA group. If RECPA continues to have its current 73 members, each member’s annual average carbon payment over the first ten years, after a one-off joining fee ($5$) and the share cost ($47 per share) have been deducted, is expected be about $84 per share.

Permanence is dealt with through a variety of conditions, such as limitations on when thinning, harvesting and re-planting can occur, and placing certain requirements on the NFA up to the relating to payment of damages and taking corrective actions depending on the cause of permanence failure. The project will also generate temporary credits, which expire at the end of the commitment period following the one during which they were issued.

The project has been implemented under standard CDM guidelines for small-scale A/R projects. These require social impacts to be outlined in the Project Design Document. A number of community consultations were carried out prior to project implementation and a basic social survey involving 25 participants was conducted, although there is little reference to how issues raised in this process will be addressed in project implementation.

References


\footnote{Based on exchange rate at 1 April 2009: US$1 = UGX2115}