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Forest taxation and REDD+

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Presentation

- Research aims, questions and phases
- Forest tax and REDD+ objectives
- The economics and governance of forest taxation
- Some background on case-study countries
- Methodological framework
- REDD+ scenarios
- Stakeholder mapping
- REDD+ scenarios to stakeholder impacts
- Stakeholder impacts to forest tax outcomes
- Forest tax outcomes to 'preferred' REDD+ scenarios
- Policy options

Research rationale & aims

- Forest tax systems characterised by weak governance, low revenue collection, high rates of illegal activity and deforestation, and inequitable benefit sharing
- Reducing Emissions from Deforestation and Degradation (+ biodiversity/sustainable livelihoods) = REDD+ = one of a network of financing mechanism to conserve forest carbon stocks (+)
- Currently largely focused on preparations and pilots, but estimated that <\$30bn per year of REDD+ finance *could* eventually flow into forest sectors – potential to far exceed current forest tax revenues in many countries
- Introduction of REDD+ may therefore have large impacts on forestry sector economics as well as forest tax governance
- Whether impacts on forest taxation will be positive or negative, however, and what will shape this, is unclear
- The aim of this research is to increase our understanding of these issues so that positive outcomes are made more likely, and vice versa

Research questions

1. How will the implementation of REDD+ affect the governance of different forest tax systems in sub-Saharan Africa?
2. How will the implementation of REDD+ affect the economics of forest taxation in sub-Saharan Africa?
3. In the light of these questions, how should REDD+ programmes be designed and implemented to positively affect forest tax systems, whilst also achieving their own objectives?

Phases of the research

1. Research design and case study choice (Cameroon, Ghana, Sierra Leone)
2. Detailed literature reviews on the economics and governance of forest tax systems
3. Development of methodological framework
4. Country studies on forest taxation (published and unpublished material and stakeholder interviews)
5. Country studies on REDD+ implementation (as above)
6. Application of methodological framework to identify REDD+/forest tax channels of interaction and causal mechanisms (e.g. via impacts on stakeholder interests)
7. Synthesis and policy recommendations
8. Ongoing research priorities

Objectives of forest tax systems & REDD+

- *Potential* objectives of forest tax systems (stakeholders will prioritise differently)
 1. Revenue generation
 2. Encouraging domestic industrial development (and employment)
 3. Fair distribution of benefits
 4. Reduction of deforestation and encouragement of sustainable forestry
- Objectives of REDD+
 1. Conservation of existing forest carbon stocks
 2. Creation of new forest carbon stocks (reforestation/afforestation)
 3. Protection of biodiversity
 4. The equitable sharing of benefits
 5. Creation of sustainable livelihoods for forest communities

Lots of overlap, depending on definitions...

Some economics literature: instruments, management arrangements & objectives

- Forest taxes either area, quantity or trade-based
- Concession areas most used management form. Easier to implement/monitor than quantity-based taxes
- Auctions of concessions shown to increase revenues
- Export taxes hard to evade and can (in principle) be used to incentivise domestic industry, but limited evidence this works
- Downstream fees in general are relatively easy to collect, even where timber is harvested illegally
- Social objectives pursued through FMA/SRA type agreements, and benefits sharing rather than tax structure
- Outcomes from decentralisation at best 'mixed'.
- **For objectives, most economics literature looks at SFM:**
- Taxes that rise as trees grow (e.g. volume) encourage earlier harvesting, while flat taxes such as area fees, or 'per-tree' taxes do the opposite, as the effective tax rate falls
- Differentiated value-based taxes encourage selective felling
- *Instruments/management arrangements all have pros and cons. All countries therefore use mix*

The governance of forest taxation

- Economics can tell us much about the ‘ideal’ taxation of forest products, but in most cases outcomes are poor for all objectives, regardless of instruments used.
- Weak forest governance is the main obstacle in practice
- Weak governance associated with under-collection of revenues, corruption and a lack of transparency and accountability.
- Estimates suggest around US\$5 billion of legal forest tax is evaded annually (though this is highly uncertain)
- The literature identifies 6 key governance issues:

Key forest governance challenges

- **Corruption:** relatively high revenues, ability to award lucrative licences and concessions create favourable conditions. Public officials and firms (large and small)
- **Illegal forest activities:** primarily logging; firms, individual operators and (subsistence) households involved, though often only latter that are penalised
- **Transparency:** uncertainty over stocks and revenues facilitates corruption and IFA
- **Property rights:** highly contentious. Most forests owned by the state but often managed by local communities based on traditional (but non-formalised rights). Competing claims underpin disputes on revenue sharing
- **Distorting effects of market forces:** global demand for timber can exceed what can be sustainably supplied, while legally produced timber cannot compete on price with illegal timber in domestic markets
- **Monitoring and enforcement:** hard to monitor these activities and enforcement also generally weak.

What do we know about how might tax system design improve these issues?

- **Corruption:** increased transparency in the allocation of rights; avoid discretionary allocation of rights; transparency over financial transactions; separation of roles in forest governance
- **Democratic participation** needs to be genuine and meaningful to avoid elite capture, particularly under decentralisation. Participatory Forest Management (PFM) may increase revenues in some countries but not others
- **Allocation of ownership rights and benefits** of different groups needs to be part of an open and transparent process, not least as people will not support illegitimate processes **Sustainable forest management** may be best supported by FMA/SRA agreements. Important incentives are carefully assessed. PFM may also have a role.

Economics matters, but governance matters more. We know how to improve in some areas, but hard to do

Case-study background

Forestry in Cameroon

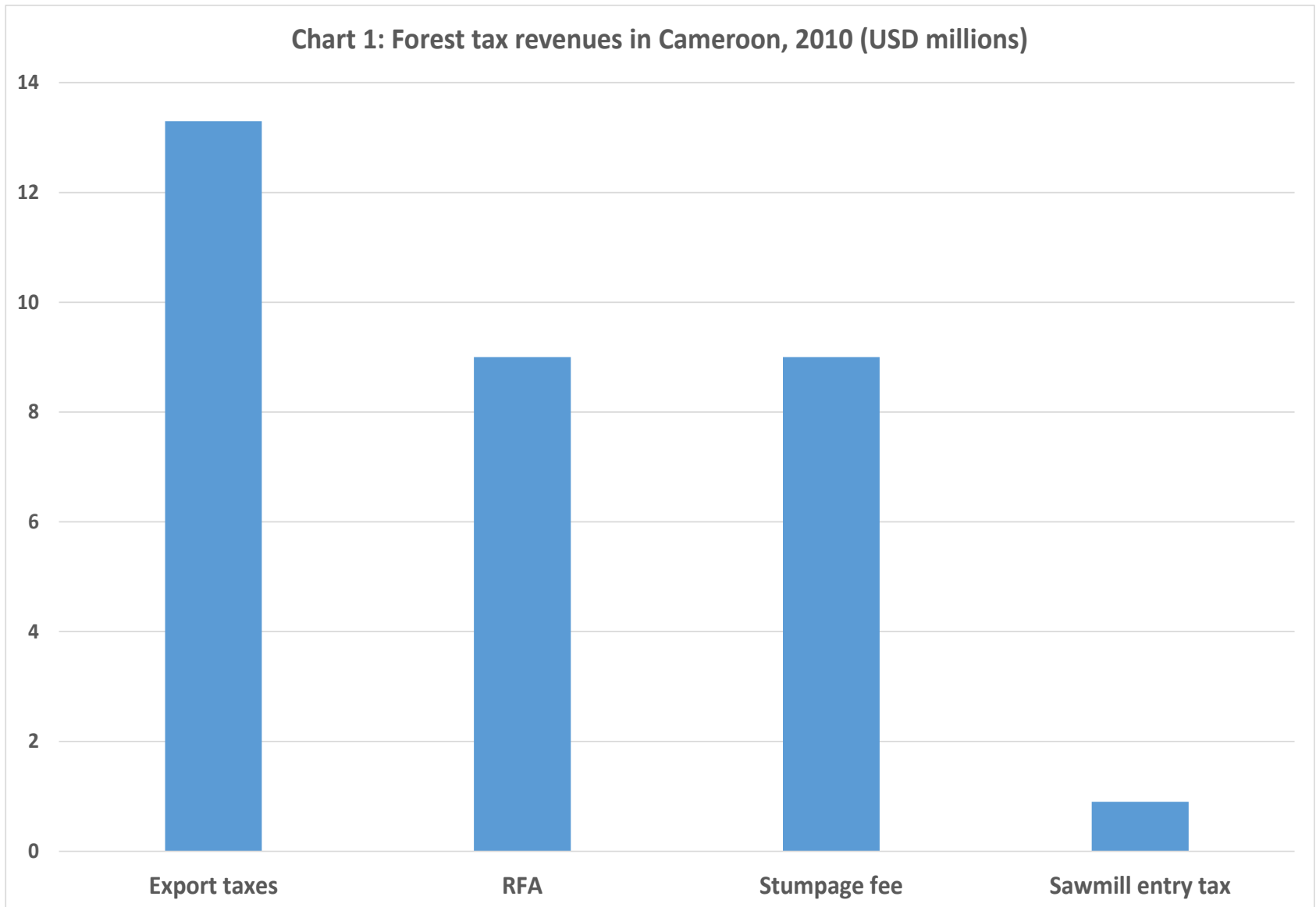
- 41.3% of Cameroon is covered with forests, much of it tropical. The forests stock at least 5 Gt of carbon
- Between 1990 and 2010, Cameroon lost 18.1% of its forest cover. The main drivers are forest conversion for agriculture (80% of forest cover loss), logging and fuel wood harvesting
- Illegal logging accounts for half of the entire timber harvest
- Forestry accounts for 2.7% of GDP, 49% of taxes from the agricultural, mining and forest sectors in Cameroon in 2010, and nearly 200,000 formal and informal jobs
- Forestry is important politically in Cameroon, and has long been a key source of political influence and reward
- The industry is very influential with deep and long-standing ties with local and traditional communities and central government. Traditionally dominated by French and Italian companies, recent years have seen the emergence of Greek, Lebanese and Asian firms

Forest taxation in Cameroon

- Forest sector underwent significant reform in 1994
- Before this most revenues came from export taxes and sector taxation was very low overall.
- Reforms saw introduction of an annual forestry fee (RFA), the proceeds of which were split between central government (50%), local government (40%) and local communities (10%).
- Reforms also introduced concession auctions.
- RFA progressively increased after introduction, before being halved in the light of 2008 financial crisis
- Distribution of RFA continues to cause accusations of unfairness and political bias
- Governance problems in sector well-known, and have resulted a new forestry law, which remains in limbo

Total = \$32.2mn.

Chart 1: Forest tax revenues in Cameroon, 2010 (USD millions)



Forestry in Ghana

- Forests cover 21% of the land area in Ghana
- 34% of forest cover has been lost, including nearly all the tropical forests that used to cover 25% of the country
- The deforestation rate is 2% per year
- The principal drivers of deforestation in Ghana are: agricultural expansion (50%); wood harvesting (35%); urban expansion and infrastructure (10%); and mining (5%).
- Forestry's contribution to GDP fell from 3.7 % to 2.2% from 2009 to 2013 mainly due to lower timber exports
- The ownership of forests are held in trust for local communities, but all rights over exploitation, including the full management and allocation of rights are controlled by the state.

Forestry taxation in Ghana

- Forest law was also overhauled in Ghana in 1994.
- Main taxes are concession, stumpage and timber rights fees (45%), export levy (28%), corporation tax (26%)
- The (semi-autonomous) Forestry Commission receives a third of revenues and central government about the same. Rest distributed to local assemblies and traditional leaders (though not as much as stipulated in the constitution)
- Illegal chainsaw operators have significantly reduced revenues and increased deforestation rates
- In 2006, revenue loss from potential stumpage fees from illegal logging was \$29mn, or 2% of GDP
- Recent years have seen more attention paid to forest governance and environmental issues, culminating in the 2012 Forest and Wildlife policy (FWP).
- Social Responsibility Agreements (SRAs) agreed between logging companies and local communities stipulate social development/local infrastructure obligations

Forestry in Sierra Leone

- 38% of Sierra Leone is forested, and the country's rainforests, mangroves and savannah forests host a high number of globally rare and threatened species
- Between 1990 and 2010 the annual average deforestation rate was 0.70%
- Deforestation accelerated during the civil conflict (1991-2002) as refugees to the capital put pressure on adjacent forested areas, affecting water catchment areas
- Drivers of deforestation are increased agricultural land use, wild fires, logging for timber, firewood harvesting for sustenance and charcoal burning, and pole harvesting
- Over 80% of Sierra Leoneans rely on fuel wood as their primary source for household energy
- The forestry sector accounts for 14.8% of GDP and 11.5% of employment

Forest taxation in Sierra Leone

- The government only formally owns 14% of Sierra Leone's forest (with the rest owned by local communities) but has regulatory power over the use of all forests
- Prior to 1989 forest taxation was very low
- From 1989-99 tax rates increased by 243%. From 1999 to 2004, they increased by 352%. From 2004-2008, they rose by 215%. From 2008-2014 rates increased by 110%
- Between 2008 to 2013 revenues only increased by 33%
- The main taxes used are: export taxes, concession license fees, land leases (i.e. concession rent), registration fees (for power saws), transport permits, stumpage fees, royalties, reforestation fees, training fees, and revenues from fines.
- Most revenues come from concession licences, timber export fees and transport permits
- A logging ban was introduced in 2014, before which tax revenues were very low (\$600-800,000 per year), less than the public sector costs of the forestry sector

REDD+ implementation in the 3 countries

- **Ghana** became a REDD+ country participant in 2008 and in 2012 was selected as a pilot country under the Climate Investment Fund (CIF). It has been involved in a range of preparation, capacity building and pilot projects. Between 2009-12, REDD+ commitments were more than \$100mn. 14% has been disbursed
- **Cameroon** has been a Forest Carbon Partnership Facility (FCPF) Country Participant since September 2010 when the first grant agreement was signed. Since 2011, Cameroon has also been a UN-REDD Programme Partner Country but the FCPF plays the main role in the national REDD+ Readiness process. Under its REDD+ strategy, Cameroon has spent \$60mn in the past 2 years
- **Sierra Leone's** REDD+ project is funded by EUR 40 million from the European Development Fund (EDF), and was launched at the end of 2013. The programme is focused on awareness-raising and capacity building, the production of a carbon inventory, and promoting sustainable charcoal use. Separately, the RSPB has been developing a carbon credit scheme in the Gola Forest for sale into the voluntary offset market.

Methodological framework

Overview

- The framework adapts and extends that developed by Gehring and Oberthür (2009) to explore the causal interactions between international institutions (or ‘regimes’)
- Some differences:
 1. Only one of our institutions is international
 2. We are not exploring impacts that have happened, but are developing a framework to identify those that *could* happen
 3. What actually *does* happen will be determined by things that are not yet decided. To capture this we have identified a number of REDD+ ‘scenarios’, linking these to forest taxation
 4. This forward-looking approach is very policy-focused – we are interesting in understanding these causal mechanisms now so that policy can be informed in time to influence them
- The authors identify 3 ‘causal mechanisms’ through which the introduction of a new international regimes could influence existing regimes. These are applicable to our research:

Three types of causal mechanism

1. **Cognitive interaction** – e.g. where the introduction of REDD+ shows new and better ways of doing something, which is adopted in the forest tax system
2. **Behavioural interaction** – e.g. where REDD+ changes the behaviour of forest stakeholders (by influencing interests/incentives) and this changed behaviour creates an effect in the forest tax system
3. **Impact-level interaction** – e.g. where REDD+ implementation creates direct impacts on forest tax outcomes, by directly reducing the area available for commercial forestry, for example.

How was this applied in our case-studies?

1. Identify REDD+ scenarios (i.e. the different forms of impact that REDD+ could have)
2. Map the most important forest sector stakeholders in each country
3. Identify their main interests (formal and informal), as well as their policy influence
4. Assess how their interests would be affected under different REDD+ scenarios (i.e. 'winners and losers')
5. Link potential behavioural responses to forest tax outcomes
6. Identify the mix of scenarios that could create the most positive effects from a forest tax perspective
7. Link to policy debates in each country on the drivers of these scenarios

Findings from Sierra Leone

REDD+ Scenarios

Table 8. REDD+ implementation scenarios	
<i>Global factors</i>	
1	Governance conditionality vs. non-conditionality
2	High vs. low REDD+ finance (national)
3	High vs. low REDD+ finance (per carbon unit)
4	High vs. low timber export prices (and agricultural commodities)
<i>Domestic factors</i>	
6	High vs. low domestic timber prices (and agricultural commodities)
7	Extensive vs. limited coverage
8	Effective vs. ineffective MRV
9	High vs. low participation
10	Equitable vs. inequitable benefit sharing
11	National, district or project level implementation
12	Sector vs. non-sector implementation
13	Existing vs. new channels of disbursement

Summary of potential forms of REDD+ impact under different scenarios

- New governance institutions established
- Existing governance institutions affected
- New revenue streams established
- Existing revenue streams affected

What does this look like in Sierra Leone?

New institutions formed

National Protected Area Authority (NPAA)

Company created for management of Gola forest carbon credit trade

Regional REDD committees

Multi-stakeholder committees

Technical interventions on charcoal production

Existing institutions affected

Forestry Division reduced by removal of conservation unit which became the NPAA

EPA expanded to include the National Climate Change Secretariat

MOFED/NRA given responsibility for new revenue source

CSO established/

More/better enforcement (i.e. MRV)

New revenues streams established

Capacity building finance

Pilot projects finance

Long term carbon finance

Existing revenue streams affected

Concession fees rise/fall

Export fees stable/fall

Stumpage fees rise/fall

Alternative land use revenues rise/fall

Stakeholder mapping

Table 19. Central government stakeholders in Sierra Leone

	Formal tax role & interests	Informal tax interests	Formal REDD+ role & interests	Informal REDD+ interests
<i>Office of the President</i>	Main source of policy and monitoring of ministries. Interest in increasing the legality of timber trade, forest conservation, revenue generation	N/A	Promoting sustainable development and enhancing Sierra Leone's reputation in the world	Maximising revenues to support development
<i>MAFFS (Ministry of Agriculture, Forestry and Food Security)</i>	Policy formulation for the sector. Interest in economic development of sector. Reports to Cabinet	Interests lie in maximising GDP contribution to enhance political power	Policy formulation of REDD+ as they supervise and constitute part of the Board of Director of the NPAA that is directly responsible for implementing REDD	N/A
<i>Forestry Division (under MAFFS)</i>	Forestry policy formulation and collection of revenues. Interest in increasing revenues, promoting SFM, biodiversity, community livelihoods and legal timber trade	Maximising the fees it collects from timber and non-timber products	Formal oversight of NPAA. Interest in control of deforestation, biodiversity, pro-poor community development, and benefit sharing	NPAA formerly conservation unit of FD, so potential interest in regaining control/ increasing influence
<i>NPAA (National Protected Area Authority)</i>	Administers protected areas. Not involved in forest taxation. Semi-autonomous, though reports to MAFFS	Receive funds from both donor partners and gains from the benefits of the EU-REDD funding	Lead REDD+ agency. Interest in biodiversity conservation, REDD+ lead, equitable benefit sharing and development	Interest in obtaining revenues to support its own activities.. They are allocated 40% share of the receipts from the pilot carbon credit project
<i>MoFED (Ministry of Finance and Economic Development)</i>	Formulates and implements economic policy. Responsible for revenue generation (collected by the National Revenue Authority[NRA])	Interest in maximising economic growth and revenues received (as does NRA)	Accounting for revenues from REDD+. Interest in maximising revenues, and influencing how these are allocated	Interest is in receiving accolades for increased revenue collection (partly due to increased REDD+ receipts) and ability to deliver on expenditures.

Central government stakeholders continued

Ministries of tourism, transport and trade	Respectively oversee: biodiversity conservation for tourist sites; transport of forest products; and development of legal timber trade.	N/A	Ministry of Trade oversees trade in carbon credits	Interest in maximising revenues from carbon trade
Ministry of Lands	Responsible for the demarcation of land for different land-uses	Financial gains from demarcation of forest lands for agricultural use	Interest is in land allocation for development as against conservation – including extended REDD+ areas.	Financial gains from demarcation of forest lands for agricultural use and housing construction.
Law enforcement agencies (police and judiciary)	Enforcement of forest laws	Supplement incomes with informal financial gains	Revenue generation and spending, benefit sharing of REDD+ resources	Enforcement of laws and financial gains from compromising with defaulters.
Environmental Protection Agency (EPA)	Oversees environmental protection and climate change issues. Reports direct to the President	N/A	Interest in reducing carbon emissions, environmental protection and climate change policy	N/A

Table 20. Local government stakeholders in Sierra Leone				
	<i>Formal tax role & interests</i>	<i>Informal tax interests</i>	<i>Formal REDD+ role & interests</i>	<i>Informal REDD+ interests</i>
<i>Municipal and Local Government</i>	Responsible for local administration in forest areas. Interest in revenue generation	N/A	Not defined. Interest areas: potential revenues, pro-poor community development and environmental protection	Maximising revenues (ensuring they do not fall)
<i>Traditional Leaders</i>	Informal administration with significant power and influence. Interests in revenue generation, environmental protection, land reclamation for development and subsistence	As well as maximising income from formal sources, also interest in supplementing income from informal sources, including illegal forest activities	Not defined. Interest areas include potential revenues, pro-poor community development and environmental protection	Maximising revenues (ensuring they do not fall)

Local actors have strong interest in at least maintaining current revenues, which will influence their approach to REDD+ - depending on which scenarios

Table 21. Private sector stakeholders in Sierra Leone

	<i>Formal tax role & interests</i>	<i>Informal tax interests</i>	<i>Formal REDD+ role & interests</i>	<i>Informal REDD+ interests</i>
TNCs (Miro Forestry Company)	No formal role with respect to taxation, but commercial interest in forest resources	Promotion of its business interests and SFM.	Not defined	Strong lobbying power and would oppose extension of REDD+ to community forests
Land owners	N/A	Interests in maximising revenues (both formal and informal)	Not defined	Also likely to oppose extension of REDD+ to community forests
Union of Timber Factory Owners	Regulate forest business activities and promote interests of members. Also holds concessions itself.	Promotes interests through lobbying of government	Not defined	Likely to oppose REDD+ scenarios that negatively affect their commercial interests
Timber associations	Formal role in monitoring illegal logging activity, and promoting sustainable forest management	As well as lobbying government, reported to be most responsible for deforestation in rural areas	Not defined	Likely to oppose REDD+ scenarios that negatively affect their commercial interests

Interest in protecting their commercial interests. Strong link to coverage of REDD+, the impact of which shaped by finance and benefit sharing scenarios

Table 22. Donor, NGOs and CSO stakeholders in Sierra Leone

	Formal tax role & interests	Informal tax interests	Formal REDD+ role & interests	Informal REDD interests
<i>Bilateral and Multilateral Donors</i>	No engagement in tax issues	Interest in post-conflict sustainable development of country, and role of forestry in this process.	The EU is the current funder of REDD+ preparation activities	EU has interest in successful preparation for REDD+ to attract follow on funding from other donor agencies
<i>International NGOs</i>	INGOs have no formal role in forest taxation and have not engaged on these issues	N/A	Undefined in terms of formal REDD+ process. RSPB interests concerned with biodiversity, climate change and benefit sharing	RSPB has interest in success of Gola carbon credit scheme, both for its strategic interests and to recoup the loans made to support initiative
<i>Local NGOs</i>	Domestic NGOs have not engaged on forest tax issues, but have an interest in benefit sharing in the forestry sector	N/A	Not yet defined	biodiversity conservation, SFM, and community livelihood/benefit sharing
<i>Community members</i>	No formal role.	Important actors for SFM, positively and negatively.	Not yet defined	Important actors for SFM, positively and negatively.

Donors more focused on environmental than tax issues – local communities key to outcomes in both

Table 27. Stakeholder impacts under global scenarios in Sierra Leone

	<i>Governance conditionality</i>	<i>High REDD finance (national)</i>	<i>High relative REDD finance (per unit)</i>
Office of the President	X	√	√
Parliament	√	√	√
NPAA	√	√	√
FD	X	X	X
Environmental Protection Agency (EPA)	√	√	√
MoFED/NRA	X	√	√
Ministry of Agriculture	X	X	X
Ministry of Lands	X	X	X
Ministry of Tourism	X	√	√
Ministry of Trade	X	X	X
Ministry of Transport	X	X	X
Law enforcement officers	?	?	?
Municipal and local government	?	?	?
Traditional leaders	?	?	?
Community members	?	?	?
Timber associations	X	?	X
TNCs (Miro forestry company)	√	?	X
Union of timber factory owners	X	?	X
Chainsaw operators/Association	X	?	X
Land owners	?	?	?
Bilateral and multilateral donors	√	√	√
International NGOs	√	√	√
Local NGOs	√	√	√

Table 27. Stakeholder impacts under domestic scenarios in Sierra Leone

	<i>Extensive coverage</i>	<i>Effective MRV</i>	<i>High participation</i>	<i>Equitable share</i>	<i>National Implement</i>	<i>Sector implement</i>	<i>Existing channels disbursal</i>
Office of the President	√	√	√	√	√	X	√
Parliament	?	?	√	√	?	?	?
NPAA	√	√	√	√	√	√	√
FD	√	√	-	?	√	√	√
Environmental Protection Agency (EPA)	√	√	√	?	√	-	-
MoFED/NRA	?	√	-	X	√	X	-
Ministry of Agriculture	?	?	-	-	√	√	√
Ministry of Lands	X	X	-	-	√	X	√
Ministry of Tourism	√	√	-	-	√	√	-
Ministry of Trade	X	X	-	-	√	X	-
Ministry of Transport	X	X	-	-	√	X	-
Law enforcement officers	?	?	-	√	√	-	-
Municipal and local government	?	?	-	√	X	X	√
Traditional leaders	?	?	√	√	X	√	?
Community members	?	?	√	√	?	√	?
Timber associations	X	X	-	?	-	-	-
TNCs (Miro forestry company)	X	√	-	?	-	-	-
Union of timber factory owners	X	-	-	?	-	-	-
Chainsaw operators/Association	X	X	-	?	-	-	-
Land owners	?	√	-	?	?	?	?
Bilateral and multilateral donors	√	√	√	√	?	?	?
International NGOs	√	√	√	√	?	?	?
Local NGOs	√	√	√	√	?	?	?

Each stakeholder's activities then linked to the different forest tax outcomes we are interested in. For example:

<i>Chainsaw operators</i>	Revenue raising	Loss of fees; loss of stumpage (where commercial logging permitted)
	SFM	Quantity of logging & selective logging of high value trees
	Equitable tax share	Not involved
	Domestic industry promotion	Compete (more cheaply) with legal trader to supply timber to local market; difficult for legal suppliers to compete
	Sustain. livelihood promotion	Source of income for local people
	Good governance	Pay bribes to forestry officials, police, traditional leaders

Exercise repeated for each central and local government stakeholder; each private sector stakeholder; and each donor, NGO stakeholder.

We then analysed how their behaviour/activities would be affected under different REDD+ scenarios. EG: would the activities of chainsaw operators change to support increased tax revenue generation?

The potential macro impacts of these micro-level behavioural responses were then analysed and codified as follows:

Table 31. Potential impact of REDD+ Scenarios on Forest tax outcomes							
Forest tax outcomes	<i>Revenue raising potential</i>	<i>SFM</i>	<i>Equitable sharing of forest taxes</i>	<i>Promotion of domestic industries</i>	<i>Promotion of sustainable livelihoods</i>	<i>Good governance</i>	<i>'Score'</i>
REDD+ scenarios							
<i>Governance conditionality</i>	√	√	√	-	√	√	5
<i>High REDD finance (national)</i>	?	√	-	?	?	√	3.5
<i>High relative REDD finance (per unit)</i>	X	√	?	?	√	√	3.5
<i>Extensive coverage</i>	X	√	?	X	?	√	1
<i>Effective MRV</i>	√	√	√	√	√	√	6
<i>High participation</i>	√	√	√	-	√	√	5
<i>Equitable share</i>	√	√	√	-	√	√	5
<i>National Implement</i>	?	?	?	?	?	?	3
<i>Sector implement</i>	?	?	?	?	?	?	3
<i>Existing channels disbursal</i>	X	X	X	X	X	X	-6

'Score' just to give some order of magnitude (1, -1, 0.5).

Three groups: clearly desirable (5-6); clearly undesirable (-6); and intermediate (1-4). Impact of latter group determined by the combination of scenarios (e.g. coverage and REDD finance) and details of each (e.g. how is the benefit sharing scheme structured and who benefits?)

Preferred REDD+ scenario mix in Sierra Leone

- Effective governance conditionality
- High REDD+ finance national
- High REDD+ finance relative
- Extensive coverage
- Effective MRV
- High participation
- Equitable share of benefits (including to affect private stakeholders)
- New channels of disbursement

Would be complemented by forestry reforms that focused on lower-volume, higher value-added activities generating sustainable livelihoods

REDD+ finance (national and relative) = issue for stakeholders with influence in international fora

Extensive coverage = NPAA and Forestry Division both in favour of extending beyond currently protected areas to community forests. Will face opposition from private sector actors and landowners, traditional authorities and local government who would see income from community forests fall. REDD+ mechanisms need to be designed to compensate in full and Office of President on board

Effective MRV = currently MRV is conducted by external actors. To be effective and efficient capacity needs to be developed domestically. Current pilot plans are designed to begin this process, and all influential stakeholders have an incentive in making this work.

High stakeholder participation = while all actors are officially committed to this, our research suggests limited engagement with forest communities. Some domestic CSOs are pushing this heavily, but important that influential domestic and international actors focus on this issue now while REDD+ remains malleable.

Equitable benefit sharing = the original proposal that 40% of Gola Forest carbon credit revenues has now been reduced to 15%. This will come under severe pressure if REDD+ is extended to community forests, as the government can more easily reduce community benefits in protected areas where they have ownership rights.

New channels of disbursement = while existing channels for central government agencies may work well, new channels needed for disbursement to local and community actors that are transparent and accountable.

Thank you!
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