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|  | **A black background with red and blue text  AI-generated content may be incorrect.** |  |
|  | **Output 1.3: Just and fair benefit sharing mechanisms and social equity operationalized** |  |
|  | **UN-REDD Multiyear Programming Document 2026–2030 Illustrative Support Overview** |  |
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|  | **Prepared by UN-REDD Programme****June 2025** |  |
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|  | *This brief has been prepared by the UN-REDD Programme team based on preliminary analysis, internal assessments, and strategic insights from prior engagements and consultations. It is intended to provide illustrative information on potential areas of UN-REDD support for the 2026–2030 period. The content, including indicative budgets and activities, is for donor engagement purposes only and has not yet been discussed or consulted with the respective country authorities. As such, it does not represent an official position or commitment from the country concerned or from the UN-REDD Programme.* |  |

# Output 1.3: Just and fair benefit sharing mechanisms and social equity operationalized

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| **This is one of three outputs forming Outcome 1: Demonstrating High-Integrity REDD+ Results:** *Consolidating, institutionalising, and updating forest monitoring and MRV, and safeguards systems, in line with country approaches (e.g. nesting models), supporting countries to demonstrate the integrity of results, results-based finance, and socially inclusive and gender-responsive benefit-sharing mechanisms.* |

# The challenge

It is increasingly recognized that transparent and equitable benefit sharing in the context of the use of proceeds from results-based finance (RBF), including the sale of forest carbon credits, is a critical component of greenhouse gas (GHG) emission reduction and removal initiatives. Equitable benefit sharing arrangements ensure that all stakeholders, including those participating in RBF activities (including female and male farmers, households, communities, private companies, and different levels of government), as well as those who use and own the land where the initiatives are located (including Indigenous Peoples, local communities, individual female and male landowners), are fairly recognized and equitably rewarded for their role in reducing and removing GHG emissions.

Benefit sharing in relation to results-based payments (RBPs) for verified emission reductions (VERs) has a long history in REDD+, and much of the literature on benefit sharing draws lessons from these projects and programs. However, benefit sharing systems have only been piloted in a handful of countries and jurisdictions that have received RBPs and operationalized benefit sharing mechanisms. At the same time, different result-based finance and forest carbon market initiatives have their own requirements for benefit-sharing arrangements, operating in many cases in the same country/jurisdiction.

Benefit sharing is generally put into practice through benefit sharing mechanisms (BSMs), which are the systems that designate who receives such incentives, and also why, how, under what conditions, in what proportions and for how long. BSMs should aim to ensure that the revenue generated by GHG emission reductions and removal interventions is distributed fairly and equitably among all stakeholders, and benefits that are appropriate to and approved by them. These mechanisms can take different forms, including revenue-sharing agreements, benefit sharing plans, and community-based natural resource management plans, and should be underpinned by participatory decision-making processes.

There is a need to ensure that RBF, including both climate and carbon revenue as well as non-carbon benefits generated through REDD+ programmes reach all stakeholders, particularly those underrepresented, such as Indigenous Peoples and local communities, including equitably women and youth among them. Jurisdictional RBF schemes have developed ambitious benefit sharing arrangements, but these have yet to be fully tested, with many negotiating the complex trade-offs between equity (ensuring all relevant stakeholders are reached) with efficiency and effectiveness (ensuring that systems are functional and manageable at reasonable cost). Lastly, countries and jurisdictions participating from different/multiple RBF initiatives have an increasing need to develop capacities, data, and procedures to establish consistent, coherent, transparent and efficient benefit sharing mechanisms or plans, to been able to deploy finance to the local level.

# The value proposition

Historically, UN-REDD contributed foundational elements of benefit sharing arrangements, including the guidelines for Free, Prior and Informed Consent in 2013, the joint FCPF/UN-REDD guidance note for Grievance Redress Mechanism in 2015, which was piloted in several countries as they developed national REDD+ strategies and action plans, as well as in developing and implementing programmes to access different RBF initiatives. In recent years, the Programme has provided technical support to countries in preparing benefit sharing plans, including the multi-stakeholder consultations informing the development of such plans. UN-REDD has provided support on a range of integrity requirements, including BSMs, under the FCPF, the GCF and more recently, with LEAF.

UN-REDD will continue to work with partner countries to strengthen the delivery of socially inclusive and gender-responsive benefit sharing arrangements and building opportunities for non-state forest stakeholders to engage in oversight and monitoring of benefit sharing outcomes, under the following principles: sharing, equity, participatory and context-specific, rights-based, accountable and transparent, adaptable and flexible, and with net positive benefits.

UN-REDD’s unique value to supporting countries to demonstrate integrity of results is based on its in-country presence, the team of specialized technical teams and the broad set of tools that are constantly being updated. In addition, the UN-REDD agencies are connected with other organizations and engaged in relevant initiatives. By having technical experts based in supported countries, the Programme can ensure long-term continuity of support and build strong relationships with country counterparts, which enhances the likelihood of the transformational impact from systems developed under this output.

Unlike other TA providers, UN-REDD is impartial and initiative agnostic. By working by country request rather than endorsing a particular funding mechanism, our support can adapt to the needs of the country rather than requiring the country to adapt to the needs of a scheme. This is a balance between the long-term need to enhance aspects of monitoring, safeguards and benefits sharing against the short-term need of meeting transactional requirements.

Similarly, central to the UN-REDD’s work in this area is the country ownership of results. In this output, those results are emissions reductions and wider non-carbon benefits but also advances in foundational systems and structures that enable wider transformation and halting and reversing of deforestation to occur.

In UN-REDD’s experience, a mechanism that has proved to be efficient for distributing economic benefits to local stakeholders is the so-called Payment for Ecosystem Services (PES). REDD+ partner countries are at different stages of developing and implementing PES schemes, from cases where there is accumulated experience of running these schemes at the national scale for more than a decade, to pilot exercises at the sub-national level, to initial ideas and conceptualization of such systems. In recent years, REDD+ performance-based finance has been used to stimulate and finance existing national PES programmes in a few countries. The potential of PES to channel REDD+ finance to the ground is strong and the recent experience on financing national PES schemes with REDD+ finance is promising. There are also a number of challenges to design and effectively implement PES schemes at scale, including diverse land-tenure systems, lack of a permanent funding source, and technological and technical challenges to measure performance, among others. Some of such challenges are alleviated by the progress that partner countries have and are achieving in the REDD+ readiness phase. UN-REDD is well positioned to support conceptualizing and operationalizing PES schemes, as a tool that serves to share benefits on REDD+ in a socially inclusive and gender-responsive manner at the national and sub-national level.

Similarly, performance-based finance instruments have been used not only to channel benefits and resources to local stakeholders but also to provide robust mechanisms to ensure a socially inclusive, gender-responsive and sustainable approach to REDD+. By conditioning delivery of finance on performance, there is stronger ground to accommodate an inclusive and gender-responsive approach to benefit sharing. A key limitation on implementing performance-based finance instruments is gathering and presenting the corresponding evidence of performance. This is particularly notable when targeting social and environmental safeguards linked indicators. However, a stepwise approach to a progressive and robust inclusion of social and environmental elements in performance-based finance instruments have proved to be a more effective way to address social inclusion and gender responsive elements in REDD+ benefit sharing approaches. UN-REDD is geared to provide support to partner countries to setup and implement performance-based finance mechanisms including performance-based inclusion and gender responsive approaches to assist on REDD+ benefit sharing.

# Scenarios

This output will support countries to design and operationalize mechanisms to share benefits from REDD+ in a socially inclusive and gender-responsive manner at the national and subnational level. Building upon existing national and subnational platforms for stakeholder consultations for REDD+ and broader climate and forest issues, UN-REDD will provide technical assistance to governments and rightsholders so they participate fully and in an informed manner in decision making processes related to benefit sharing from REDD+ finance, by a) supporting design of BSMs; b) building institutional capacities of national and subnational funds administering RBF revenues; c) facilitating cross-learning and sharing best practices and examples; and d) providing direct technical assistance on consultation processes and applying FPIC. UN-REDD will provide support on BSMs in three categories: structural, procedural and substantive.

**Structural: Robust Institutional and Governance Arrangements**

* Assess, adjust and apply the regulatory, policy and legal framework to support and enable the necessary benefit-sharing arrangements (i.e. includes description of any legal basis to the benefit allocation, such as land formal or customary rights, and/or carbon rights, as well as any legal frameworks related to carbon projects/programs, Indigenous People and local communities’ ownership, consultation and participation, and gender inclusion).
* Tailor global best-practice guiding principles to country contexts and ensure these have been addressed both in the development and the content of the benefit sharing mechanism, plan or agreement.
* Ensure clear institutional mandates, functions and capacities in ongoing decision-making, management and monitoring of benefit distribution. This should be cross-referenced with the findings and recommendations from the stakeholder mapping and analysis activities below.
* Promote clear governance structures at all levels, including those at the community level, to ensure ongoing oversight and accountability over benefit-sharing mechanisms.
* Ensure grievance redress mechanisms (GRMs) are designed, with clear institutional responsibility for ongoing management; clear processes to receive, handle and resolve grievances related to benefit sharing, including escalation; and clear monitoring and reporting of the GRM.
* Ensure monitoring, evaluation and review of the benefit-sharing mechanism plan or agreementwith clear details of the system that will support equity, effectiveness and efficiency; and details for mechanisms that allow for periodic review and adaption of the plan or agreement.

**Procedural: Participatory and Gender-Responsive Design and Implementation Process**

* Ensure differentiated stakeholder engagement plans based on detailed stakeholder mapping and analysis are designed and implemented. This should include clear identification of who will be engaged across the different levels of stakeholder engagement: information sharing/awareness-raising; consultation; decision-making; joint implementation etc. It may include specific engagement plans for the identified beneficiaries. This activity should ensure representation is legitimate with clear accountability towards their constituencies as well as strengthen systems for feedback and oversight between the representatives and constituencies.
* Ensure processes to ensure the right to give or withhold Free, Prior and Informed Consent to the benefit sharing mechanisms, plans or agreements are well-designed and implemented.
* Strengthen women’s equitable and active involvement throughout the design and implementation process.
* Develop clear access, reporting and communication plans for the beneficiaries: details of the plan/agreement, its implementation, findings from monitoring, evaluation and review; and details of financial reporting for community funds.

**Substantive: Equitable Benefits and Revenue-Sharing Models**

* Support identificationof RBF benefits - carbon and non-carbon - and agreed format for these for each beneficiaries’ group. This could include differentiating what types of information will be included in a Plan versus an Agreement.
* Develop revenue sharing models, which includes the percentage and detail of allocation of different types of benefits between different beneficiaries, as well as the percentage and detail of allocation of revenue to cover implementation costs (e.g. costs allocated to operations, monitoring, GRM, capacity building, etc.).
* Provide estimated timelines of the revenue flows, dependent on the type of project/program, which could be carbon or non-carbon.
* Identify and include any other agreed payments and/or in-kind benefits.
* Ensure robust benefit-sharing mechanisms which include description of vertical and/or horizontal distribution mechanisms for revenues and benefits; and description of revenue distribution management and governances, including financial management systems.

**Knowledge generation and management**

* Develop and disseminate knowledge products focusing on the structural, procedural and substantive categories described above for different types of audiences.
* Strengthen accessibility to different types of information and knowledge for all stakeholders, especially IPs, LCs, women and youth.

| **Deliverables** | **Types of Activities** |
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| 1. Robust institutional and governance arrangements are designed and operationalized
 | 1. Develop **an overview of the legal framework to support and enable the necessary benefit-sharing arrangements** (i.e. includes description of any legal basis to the benefit allocation, such as land formal or customary rights, and/or carbon rights, as well as any legal frameworks related to carbon projects/programs, Indigenous People and local communities’ ownership, consultation and participation, and gender inclusion).
2. Develop **an overview of the guiding principles and how these have been addressed** both in the development and the content of the plan or agreement.
3. Ensure clear **institutional mandates and functions** in ongoing decision-making, and the management of benefit distribution.
4. Promote **clear governance structures at all levels**, including those at the community level, to ensure ongoing oversight and accountability over benefit-sharing mechanisms.
5. Ensure **GRMs are well-formatted and designed**, with clear institutional responsibility for ongoing management; clear process to receive, handle and resolve, including escalation; clear reporting of the GRM; ongoing grievances are managed and resolved.
6. Ensure **monitoring, evaluation and review of the benefit-sharing plan or agreement** with clear details of the system that will support equity, effectiveness and efficiency; and details for mechanisms that allow for periodic review and adaption of the plan or agreement. (See Output 1.2 for links to safeguards and non-carbon benefit monitoring and reporting).
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| 1. Participatory and gender-responsive process underpins the design and implementation of the benefit-sharing plan, agreement and mechanism
 | 1. Ensure **differentiated stakeholder engagement plans based on detailed stakeholder mapping and analysis** are designed and implemented. This should include clear identification of who will be engaged across the different levels of stakeholder engagement: information sharing/awareness-raising; consultation; decision-making; joint implementation etc. It may include **specific engagement plans for beneficiaries**
2. Ensure **Free, Prior and Informed Consent** is implemented.
3. Strengthen **women’s equitable and active involvement** throughout the process.
4. Develop clear **reporting and communication plans for the beneficiaries**: details of the plan/agreement, its implementation, findings from monitoring, evaluation and review; and details of financial reporting for community funds.
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| 1. Equitable benefits and revenue-sharing models and mechanisms in place and operationalized
 | 1. Provide **description of RBF benefits - carbon and non-carbon - and agreed format** for these for each beneficiaries’ group.
2. Develop **revenue sharing models**, which includes the percentage and detail of allocation of different types of benefits between different beneficiaries, as well as the percentage and detail of allocation of revenue to cover implementation costs (e.g. costs allocated to operations, monitoring, GRM, capacity building, etc.).
3. Provide **estimated timelines of the revenue flows,** dependent on the type of project/program, which could be carbon or non-carbon.
4. Identify and include any **other agreed payments and/or in-kind benefits**.
5. Ensure robust **benefit-sharing mechanisms** which include description of vertical and/or horizontal distribution mechanisms for revenues and benefits; and description of revenue distribution management and governances, including financial management systems.
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| 1. Knowledge and experience in the design and operationalization of benefit sharing mechanisms are captured, generated and disseminated
 | 1. **Develop and disseminate knowledge products** focusing on the structural, procedural and substantive categories described above for different types of audiences.
2. **Strengthen accessibility** to different types of information and knowledge for all stakeholders, especially IPs, LCs, women and youth.
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