Benefit Sharing Considerations and Options in Fiji

Fiji National Carbon Market Strategy Roadmap
Stakeholder Workshop 2

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Defining Benefit Sharing

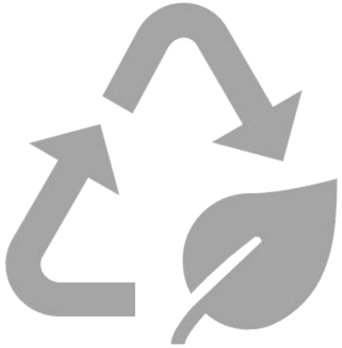
Benefit Sharing is the intentional transfer of monetary and non-monetary incentives (goods, services, or other benefits) to stakeholders for the generation of emissions reductions and removals funded by payments received under result-based payments or ER contractual agreements.

The definition does not include compensation as required under the law, which means that compensation is to be addressed separately from a benefit sharing approach.

Benefit sharing can be defined as agreements between different stakeholders about the distribution of monetary benefits from the sale of carbon credits.

Reason for sharing benefit

Creating effective incentives by rewarding individuals, communities, organisations and businesses for actions for e.g that change land-uses and thereby reduce emissions.



The overall aim of benefit sharing is to deliver both environmental services and livelihood contributions.

Under the adopted definition, carbon-funded benefits must be used to provide:

- Monetary benefits in the form of cash received by beneficiaries; or
- Non-monetary benefits in the form of goods, services or other benefits (e.g., technical assistance, capacity building, in-kind inputs or investments such as seedlings, equipment, buildings etc.).

Who are the stakeholders?

- Different levels of governments
- The private sector
- Communities

Example of synergies between impact mitigation and benefit sharing initiatives

Buying land for wind and solar projects might affect use of agriculture land

For example, in addition to rent payments to agricultural landowners for use of the site, a project could help enhance their farming practices, as well as those of other farming groups in the community, thereby improving livelihoods.

This type of benefit sharing program adds value to the broader community and ensures that benefits are distributed more equally.

Benefit Sharing Measures

- Revenue sharing and shared ownership – fees, taxes and leasing structures or joint-venture arrangement.
- Public services and infrastructure – for e.g wind and solar projects commonly contribute to addressing these priorities, supporting energy services at the household or community level.
- Skills and livelihoods – local employment in the project, or building alternative skills and livelihoods
- Environmental stewardship – environmental education, conservation programs and sustainable tourism activities

How do determine the benefits for Sharing?

- Overall benefits for sharing are determined by:
- Costs of action in the country
- Demand for the carbon credits and its pricing
- Mechanism set-up

Key considerations when designing a Benefit Sharing Plan

1. Identify Stakeholders
2. Conduct Stakeholder Consultations
3. Define objectives
4. Determine benefit categories
5. Establish criteria
6. Develop allocation mechanisms
7. Ensure transparency and accountability
8. Include monitoring and reporting
9. Establish grievance mechanisms

Identification of policy, legal and regulatory frameworks influencing benefit sharing

It must be designed in a consultative, transparent, and participatory way

It must respect customary rights to lands and reflect broad community support so that project incentives are applied in an effective and equitable manner.

It should be built on various national readiness processes including environment and social assessments and taking into consideration existing benefit sharing arrangements.

It must comply with relevant applicable national laws including international conventions and agreements and customary rights.

Risks and challenges

- If too many people benefit from something they have not contributed to (even if they could) or have no legitimate claims to, incentives are diluted.
- The result will be lower emission reductions and overall benefits to share.
- On the other hand, if rewards are given only to certain groups, actions or geographical areas, people may feel unfairly treated and turn against the whole project or mechanism as illegitimate.
- The degree of sharing that is necessary to ensure support and legitimacy may depend on understanding the views on fairness and equity.

Operational Risks

- Issues related to governance
- Transparency and accountability
- Unclear links between incentives and desirable actions
- Clarity and stability in benefit sharing rules
- Participation of all stakeholders in decision making regards benefit sharing

REDD+ Benefit Sharing Plan

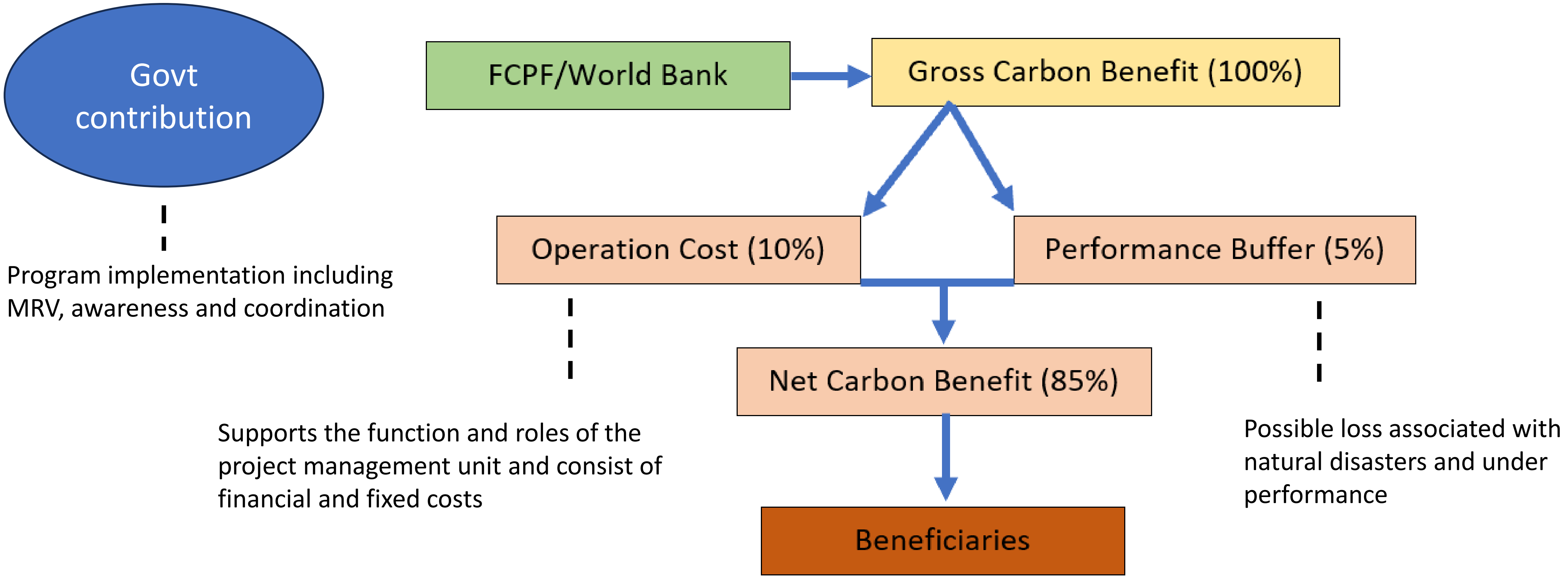
Objectives and principles for REDD+ BSP

1

Developing climate resilient communities

2

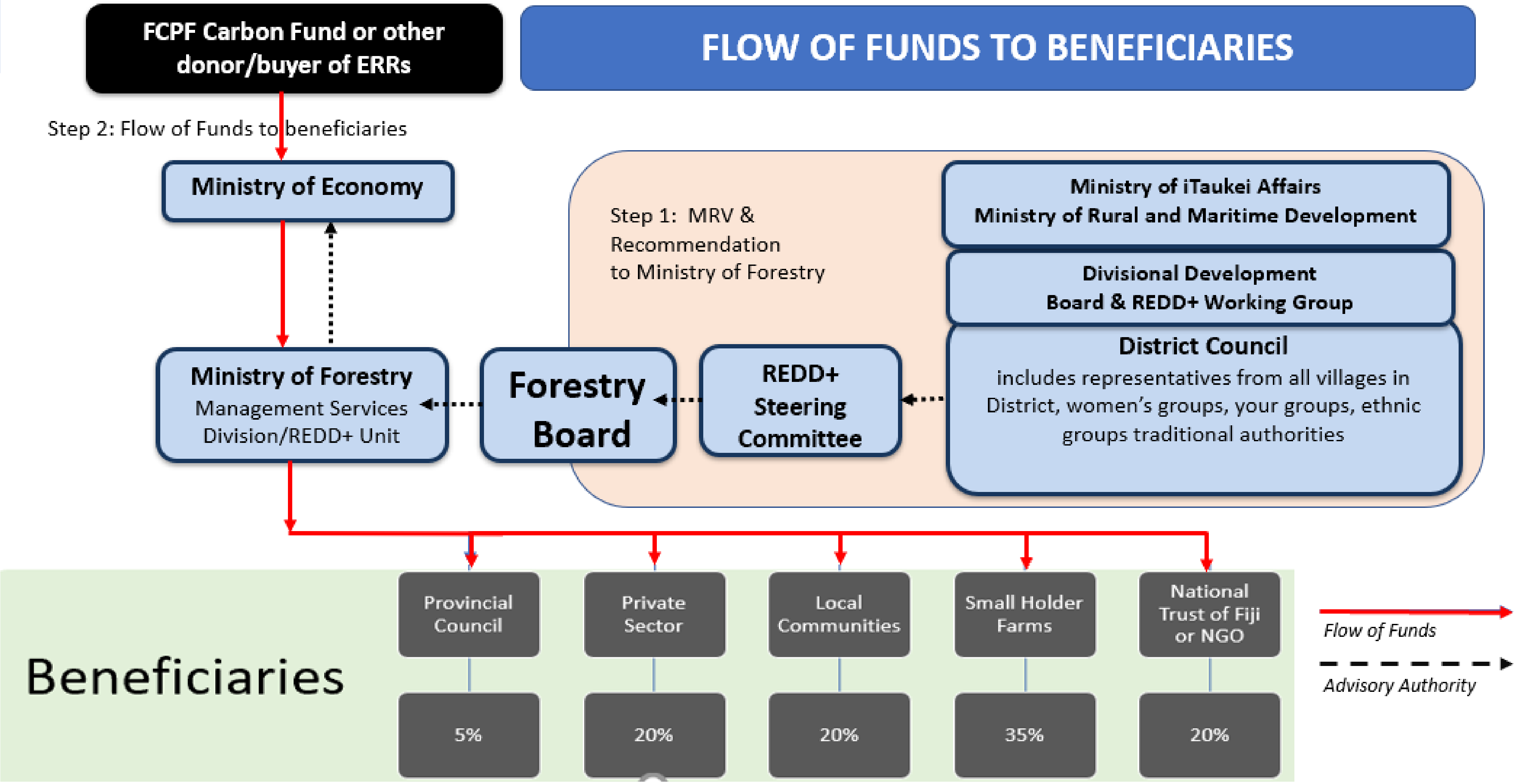
Strengthening local communities to improve management and sustainable development of their livelihoods.



Benefits Flow- Institutional Arrangement

$$\textit{Net Benefit} = \textit{Gross Carbon Benefits} - (\textit{Operational Costs} + \textit{Performance Buffer Contingency Fund})$$

FLOW OF FUNDS TO BENEFICIARIES



Source: National BSP for REDD+

Fiji specific criteria for allocation

Have legal rights to carbon credits/ CSPR

Beneficiaries include those essential to facilitate/enable results (e.g. government, private sector, NGO)

Those incurring costs when implementing ER activities

Resource stewards (communities that collectively maintain/support activities)

Those whose behaviour need to change

Benefit sharing plans for other emission reduction projects (not part of REDD+ Programme)

- ER projects implemented in Fiji for the voluntary market or for the purposes of the Paris Agreement Article 6 will need to develop their own BSP sufficient to meet the international emission reduction standard for registration and may also have to meet the requirements (if any) of a regulation made under the Climate Change Act before they can receive consent, be registered and permitted to be implemented in Fiji.
- Under the international emissions reduction standard Plan Vivo, e.g, a minimum of 60% of the income from the sale of ERUs net of any charges, taxes or similar fees levied by the host country must directly benefit project participants and local stakeholders.