

## Benefit sharing options in Collaborative Forest Management: A case study of Rwoho Environmental Conservation and Protection Association and the National Forestry Authority in Uganda

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The RECPA carbon project area.

This case study shares some early experiences and lessons from a benefit sharing regime under Uganda's National Forestry Authority (NFA) one of the chief custodians of Uganda's public forest estate.

While REDD+ projects and policies are being developed in Uganda, there are aspects in existing natural resources benefit sharing systems that could inform a typical REDD+ benefit sharing system. These benefit sharing systems could provide useful experiences and information as a basis for putting in place institutions across governments, national expert groups, negotiating teams, civil society organizations, academia and media for successful REDD+ initiatives.

### DISCLAIMER

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### WHAT IS BENEFIT SHARING?

Benefit sharing refers to a commitment to channel some kind of returns whether monetary or non-monetary back to the range of designated participants or affected communities. It is where a proportion of revenue earned by the State is returned to local communities through indirect and / or direct benefit sharing arrangements. Direct benefit sharing refers to cash payments to individuals or communities, and indirect benefit sharing includes other non-cash benefits, including infrastructure or community facilities, and grass-roots developments activities.

In the case of Collaborative Forest Management (CFM) at the national level, and at the community level through Rwoho Environmental Conservation and Protection Association (RECPA), benefits are rewarded to members of RECPA based on carbon shares held, and after verification of the carbon sequestered in the areas of the Nile Basin Reforestation Project that they manage (as illustrated in the Box 1 below).

### COLLABORATIVE FOREST MANAGEMENT IN UGANDA

#### LEGAL AND POLICY FRAMEWORK

The National Forestry and Tree Planting Act (2003), defines Collaborative Forest Management as mutually beneficial arrangement in which a local community or user group and a responsible body share roles, responsibilities and benefits in a forest reserve or part of it. CFM is the form of Participatory Forest Management (PFM) where local communities cooperate with government to manage a gazetted forest reserve. The law requires that the local communities organize and register into Community Based Organizations (CBOs) before entering into

## SUMMARY

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- This case study looks at some early experiences and lessons from a benefit sharing regime in a Collaborative Forest management (CFM) project in Uganda under the Nile Basin Reforestation Project. It is implemented by Uganda's National Forestry Authority (NFA) in partnership with a local Community Based Organization (RECPA).
- The reforestation project consists of five small-scale Clean Development Mechanism (CDM) projects being implemented in the Rwoho Forest Reserve in South Western Uganda.
- As part of this project RECPA signed an agreement with NFA in 2007 which allocates land to communities for 60 years (renewable after this) though these rights can be rescinded at any time if the community association breaks the terms of the agreement. The Agreement gives RECPA members limited access rights to a 200 ha area of the forest reserve and so far, they have been allocated 60 ha to manage as part of the Nile Basin Reforestation Project. RECPA is also provided with free seedlings and is entitled to the revenues from timber and carbon from the area of the carbon project that it manages.
- Under the Agreement, RECPA members are allowed to collect subsistence products from the remaining areas of forest but with certain restrictions.
- Out of the 200 RECPA members, 85 members are part of the organization's carbon group.
- RECPA members who are part of the carbon group own shares in this group which are inheritable by family members. Membership fees to the carbon group are paid in either cash or in kind (through the provision of labour) and go towards the costs of preparing land and planting trees. Shares entitle members to revenue from carbon credits created under the Nile Basin Reforestation Project. No revenue has yet been distributed as the trees are only just 3 years old.
- One of the challenges with the RECPA carbon group 'carbon shares' arrangement is that there is no limit to the number of shares that can be issued, reducing the net benefits for each individual as membership increases, particularly as the group is very interested in selling shares to cover up-front establishment and maintenance costs. This is compounded by the fact that there is a lack of clarity in the group about the expected level of annual payments that they may receive. Payment is expected imminently as the trees have just reached 3 years old
- Nevertheless, this project has achieved improved environmental conservation efforts and observable changes in the local area, for example water supply from the hills is clearer (reduced suspended soil particles) than before and communities have increased skills in tree management and care.
- But there are challenges for RECPA that include limited funds for land preparation, pitting, spot digging, slashing, maintenance of the plantations, forest fires especially during the dry spell and grazing of animals by the forest adjacent communities in the newly established plantation (trampling on the tree seedlings that are still at tender stage).
- Of particular relevance for REDD+ are the potentially low returns available per carbon share within RECPA, given the system for benefit sharing. This poses a challenge for long-term sustainability of carbon projects. Additionally the process of CFM formation (which is essential for communities to be recognized in the carbon market) is an inherent cost to communities and may preclude some communities from participating.

Memoranda of Understanding/ Agreement with the government – the National Forest Authority (NFA) (in the case of Central Forest Reserves) and the District Forest Services (in the case of Local Forest Reserves) to manage part or whole of a gazetted forest reserve.

CFM Plans fulfill a number of policy and legal requirements: mainly the National Forest Policy (2001) which commits government to promote innovative approaches to community participation in forest management. The National Forestry and Tree Planting Act (2003) provide the legal framework for the forest policy provisions on CFM.

The National Development Plan (2010) recognizes that forestry plays a significant role in national development through its contribution to ecological balance, energy and industrial activities and the Plan for Modernization of Agriculture (PMA,

2003) also identify forestry as one of the main sectors that will improve the livelihoods of the poor people. The CFM Guidelines (2003) describe the process which stakeholders follow while implementing CFM.

## GOAL OF CFM

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The overall goal of CFM is to contribute to the overall goal of the NFA which is sustainable forest management. The purpose is to enhance sustainable forest management through the active participation of interested parties, while the specific objective is to improve forest management through:

- reduced costs to NFA (fairer distribution of the costs of management)
- fairer distribution of benefits, responsibilities, decision-making authority in management

- reduction of conflicts over resource use
- creating awareness about benefits of forests
- creating a sense of ownership over forest resources
- sharing knowledge and skills (both NFA and community learning from each other).

## OBJECTIVE OF BENEFIT SHARING UNDER CFM

Specifically the objective of benefit-sharing is to achieve fairness, equity, create incentives and provide resources for the conservation and sustainable use of forest resources and services. Under CFM arrangements, the "roles" of stakeholders are defined by their rights, responsibilities, returns and relationships (the 4Rs) as outlined below.

### RIGHTS

- Access to and use of resources (statutory and customary)
- Ownership of resources (statutory and customary)
- Decision-making over resource use and management (e.g. setting by-laws, law enforcement/ fines etc)

### RESPONSIBILITIES

- Forest resource management (planning, monitoring, surveys etc)
- Implementing the rules, regulations, procedures etc
- Abiding by rules and regulations
- Promote forest management among the population
- Bring action against a person whose actions or omissions have had or are likely to have a significant impact on a forest as contained in Sec 5c of the National Forestry and Tree Planting Act (2003).



Livestock grazing within the reforestation area. One of the challenges the project has faced has been damage to small seedlings from livestock grazing.

### RETURNS (OR BENEFITS)

- Direct benefits arising from forest resources accessed
- Direct benefits derived from employment related to the resource/area
- Indirect benefits such as those accruing to entire community from resource management agreements
- Direct benefits accruing to entire community from forest ecosystem services
- Grants or inputs for forest based enterprise development
- Technology transfer (NFA gives free technical advice/ training to CBOs)

### RELATIONSHIPS

The characteristics of stakeholders' mutual relationships, in terms of quality, degree of formality/informality and type of dependency (e.g. NFA and Local Communities)

This is the basis of the Collaborative Forest management (CFM) arrangement under the Nile Basin Reforestation Project. This is implemented by NFA and RECPA has a CFM agreement with NFA to manage part of the forest reserve (as illustrated in the Box 1 below). The process of CFM formation is time-consuming requiring communities to register, followed by clearance of land ownership, negotiations and then the development of a management plan and its approval. Hence, under CFM arrangements, the "role" of stakeholders comes with inherent costs.

## COLLABORATIVE FOREST MANAGEMENT UNDER THE NILE BASIN REFORESTATION PROJECT

Collaborative Forest Management (CFM) agreements are a key aspect of the Nile Basin Reforestation Project. They give surrounding communities certain usage rights to the Central Forest Reserve, and cover both tree planting activities and usage of natural forest areas.

Rwoho Forest Reserve (9073 ha), an area that forms part of the Nile Basin Reforestation Project, is managed by the NFA of which over 50% is for reforestation, and the remainder for watershed and biodiversity conservation. According to NFA Forest Supervisor -Mr. Bernard Kitiyo, a number of community based organizations manage parts of the reserve. These include RECPA who manage 60ha, Bushwere Environmental Conservation Association have applied for 12ha, Kanyamwizi Development Association have applied for 30ha, Kagoto Foundation for Development have applied for 27ha, while Support for Women in Agriculture and Environment have applied for 35ha. The reforestation project consists of five small-scale Clean Development Mechanism (CDM) projects being implemented in the Rwoho Forest Reserve in South Western Uganda (see Box 2 below). It spans three districts (Mbarara, Ntungamo and Isingiro) near the Rwandan border.

The CFM Agreement between Rwoho Environmental Conservation and Protection Associations (RECPA) and the NFA was negotiated and signed in 2007. The licences for land allocation to communities under CFM Agreements are for 60 years (and then renewable) but it can be rescinded at any time if the community association breaks the terms of the Agreement.

The Agreement gives RECPA members limited access rights to a 200 ha area of the forest reserve and so far, they have been allocated 60 ha to manage as part of the Nile Basin Reforestation Project. RECPA is also provided with free seedlings and is entitled to the revenues from timber and carbon from the area of the carbon project that it manages.

Under the Agreement, the RECPA is required to plant trees on the 60 ha that are part of the Nile Basin Reforestation Project area using the same management regime as the NFA. The CFM Agreement also allows them to collect subsistence products from the remaining areas of forest but with certain restrictions (e.g. head loads of firewood can only be collected on Saturdays and Sundays). The CFM Agreement also forms the basis of the agreement between the NFA and RECPA which enables RECPA members to benefit from carbon finance generated by the area that they manage as part of the Nile Basin Reforestation Project. The CFM and tree planting license transfer rights from NFA to Community Associations (in this case RECPA) to plant trees on a given reserve, which in turn transfers certain rights to trees and associated carbon revenues to the community associations (RECPA and others).

The project is being implemented by the National Forest Authority (NFA) in association with local community organizations. The

growing trees absorb carbon dioxide from the atmosphere, in exchange for revenues from the World Bank BioCarbon Fund paid to NFA and the communities' organizations like RECPA. The money from the World Bank BioCarbon Fund goes directly to NFA which then transfers to the RECPA account as per the CFM agreement. These arrangements mean that NFA plays the role of intermediary, holding agreements with community associations and receiving money from the World Bank BioCarbon fund.

There is no formal contract between RECPA and the NFA beyond the CFM agreement, but it is expected that carbon revenues will be paid by the NFA into the RECPA bank account (Peskett L., et al 2010). This is because NFA holds the contracts with the World Bank BioCarbon Fund on behalf of the Community Based Organizations.

## BENEFIT SHARING ARRANGEMENTS FOR CARBON CREDITS UNDER RECPA

RECPA members intend to distribute the revenues generated from the sale of carbon credits based on the number of shares held by members.

### **BOX 1: A CLOSER LOOK AT RWOHO ENVIRONMENTAL CONSERVATION AND PROTECTION ASSOCIATION (RECPA)**

RECPA is a community based organization established in 2003 and was registered with Ntungamo District. It began with ten members who had been planting trees individually on private land. Members decided to form a group upon concern that NFA had harvested its plantation and left the slopes bare, leading to erosion, water contamination and limited access to forest resources for firewood and grazing lands. Hence the communities decided to plant trees on private lands in small scale before formation of RECPA, to have a common voice and to counter the effects of soil erosion and other forms of environmental degradation.

A registration fee of 10,000UGX is charged for joining RECPA, plus an annual subscription of 5,000UGX. Members come from the districts of (Mbarara, Isingiro and Kiruhura and Ntungamo). There are over 200 members of whom 85 are members of the carbon group according to Mr. Baguma Anaclet, the Secretary General. RECPA members are also involved in other schemes such as the EU-Funded Sawlog Production Grant Scheme (SPGS) which has financed 40 ha of planting on communal land by RECPA, and SCI-SLM (Stimulating Community Initiatives in Sustainable Land Management) working through the Ministry of Agriculture, Animal Industries and Fisheries (MAAIF)

#### **Institutional arrangements**

Membership to the carbon project among the RECPA members is based on the subscription whereby when the project was initiated about three years ago, members were required to pay 100,000UGX to be part of the carbon project. Today the fee has been increased to 200,000UGX for the new members who wish to join the carbon project. This entitles them to one carbon share, members can own up to six such shares.

These carbon shares are also inheritable by family members though the land under the carbon project was given to RECPA for 60 years, meaning they can only plant trees twice unless this condition changes. These shares also entitle them to carbon credits generated under the project. The earnings from the credits are yet to be realized. Membership fees collected go towards the costs of preparing the land and planting and can be paid either in cash or in kind through provision of labour.

RECPA has an executive, a carbon committee and a project coordinator – who is also the treasurer of the CBO, and members. The carbon group was formed as task force as not all members of RECPA are members of the carbon project. The carbon committee has the mandate and responsibility for management, mobilization, preparation, maintenance, monitoring and evaluation of the plantation development.

Source: LVBC (2009)

## BOX 2: RWOHO CENTRAL FOREST RESERVE AND THE NILE BASIN REFORESTATION PROJECT

Rwoho forest reserve (9073 ha, of which over 50% is available for reforestation and the remainder for watershed and biodiversity conservation) is managed by the National Forestry Authority (NFA), on behalf of the Government of Uganda based on the National Forestry and Tree Planting Act 8/2003.

The reserve was gazetted in 1939 under East Rwampara Reserves (LN No. 257 of 1939; LN No. 275 of 1940). Legal Notice No. 11 of 5th January 1963 left the Forest Department in control of Rwoho CFR. The present constitution of the Reserve is contained in Statutory Instruments of 1998 No. 63 supplement No. 23 (Forest Reserves – Declaration Order). The land tenure is with the Government of Uganda, administered through the Uganda Land Commission (Peskett L., et al 2010)

NFA is the government agency charged with management of the national forests through the central forest reserves, and district forest services at the local level. NFA partnered with World Bank to establish the Nile Basin Reforestation Project – 2,015 hectares of pine forests – that will earn carbon credits under United Nation's Clean Development Mechanism (CDM).

RECPA will manage 17 percent of the project area as part of a Collaborative Forest Management plan. Farmers adjacent to the Rwoho Central Forest Reserve and NFA manage the natural forest collaboratively and aim to enhance ecosystem stability and providing forest services in a sustainable manner (timber, non-timber forest products, water, carbon sequestration). Degraded grasslands are reforested with valuable timber and non-timber tree species and sustainably managed. The project aims at providing benefits to communities, NFA and the ecosystem.

NFA provides free seedlings and land and the RECPA group members manage all operations on the 60 hectares they have planted so far. Those members who choose to be part of the carbon project pay 100,000 shillings in addition to RECPA membership fees for a share, and can own six such shares. These shares also entitle them to carbon credits under the project. World Bank supplies seedlings to RECPA through NFA for planting and maintenance.

To date, the carbon project is owned by a group of about 85 RECPA members. RECPA has a membership of around 200 members but only 85 of them are members to the carbon project. New members are now expected to pay UGX 200,000 per carbon share and each member can acquire at least one or up to six shares.

The carbon shares are limited to six to ensure that elites within communities who understand the benefits of the carbon project don't buy all the shares which may reduce the participation of the local communities, who are limited by finances.

According to Mr. Baguma – Secretary General of RECPA there are about 255 carbon shares in total as of April, 2011. The carbon shares are only relevant for payment (i.e. benefit sharing) and not in terms of ownership of the forest or plantation itself. This implies that the carbon project plantation is collectively owned by the carbon group members.

A difficulty with this arrangement is that there is no limit to the number of shares that can be issued, reducing the net benefits for each individual since at the moment the group is very interested in selling shares to cover up-front establishment and maintenance costs. This is compounded by the fact that there is a lack of clarity in the group about the expected level of annual payments that they may receive. So far, the members have not received any carbon money, but they have no doubt it is on its way as the trees are in their third year. According to RECPA Chairman - Mr. Jerome Besigwa, a World Bank team visited them recently and confirmed that payment will come soon since the trees are almost three years old.

There is no clear indication of how much money will be available per carbon share. However, according to Krishman Deepa (2010), carbon credits are priced as low as on average of \$4 (sh7,000) a tonne of CO<sub>2</sub> equivalent, which poses a challenge for sustaining such projects.

## ACHIEVEMENTS OF RECPA

- Environmental conservation efforts have gained momentum in the Ntungamo district and neighboring places:
  - Similar associations have been set up with aim of conserving the environment in the neighboring communities, while local community members have realized the importance of tree planting as part of their livelihoods.
  - Some communities used to uproot the planted seedlings, but this has been stopped due to RECPA's awareness efforts on the importance of the plantations coupled with the employment opportunities that have come up for community members during land preparation, pitting, slashing, guarding among others.
  - According to RECPA Secretary General – Mr Baguma, soil erosion on the bare hills has reduced resulting in provision of clear supplies of water (before water contained lots of suspended particles) to the community from the springs and wells, a remarkable change attributed to the project intervention.
- Capacity building has included
  - RECPA members receiving training in tree establishment, maintenance and fire fighting in forest plantations, which has been supported by the NFA.



The Rwoho Forest Reserve, a part of the Nile Basin Reforestation Project which RECPA participates in.

- Farmer to farmer exchange learning visits to Kabale district have been conducted and these further enhance skills and knowledge within RECPA.
- Recognition through a growing network with national, regional and international organizations. RECPA involvement ranges from being a member to the district NGO Forum to joint work with NFA and activities with research institutions e.g. the University of Amsterdam. As a result, RECPA activities and information is available online for inspirational sharing with a wider audience, while it continues to receive visits from within Uganda and beyond.
- The beautiful scenery created by the plantation offers an appealing and refreshing tourist attraction in Rwoho. If planned well, this could add more benefits to communities in addition to the carbon project, although this potential has not been explored yet.
- There is also potential for introduction of apiculture which would be well suited to the area if the potential fire outbreaks during harvesting are mitigated.

## CHALLENGES OF RECPA CARBON

### PROJECT

- Limited availability of funds for land preparation, pitting, spot digging, slashing, maintenance of the plantations, office running costs among others, which is a major challenge for the CBO. For example, a fire outbreak burnt part of the forest and though World Bank is ready to supply seedlings, RECPA lacks resources for preparing land for plantation establishment and maintenance. Clearing and preparation of land costs about UGX 1.5 million per hectare which is too costly for the local communities whose household income is constrained with other competing demands.
- Forest fires especially during the dry spell that according to Mr. Besigwa Jerome- Chairperson for RECPA destroyed about 35 hectares of the plantation.
- Grazing of animals by the forest adjacent communities especially in the newly established plantation (trampling on

the tree seedlings that are still at tender stage) has been a major challenge for RECPA.

- Some farmers feel that waiting for three years for the trees benefits flow is a long time, compared to other crops that provide quicker returns.
- Lack of a benefits / revenue sharing guideline between CFM communities (e.g. RECPA), NFA and between the RECPA members has created additional challenges. Currently benefits provided by the NFA to the different communities depend on the negotiation ability of communities.
- Long and difficult CFM procedures prior to signing CFM Agreement.
- Forest/tree tenure insecurity under CFM arrangements where the land is only owned by NFA and community are only able come in to use it for the agreed period of time.

## IMPLICATIONS FOR REDD+

- Under the RECPA arrangements for sharing carbon revenues the potentially low returns available per share poses a challenge for sustaining carbon projects. For example, in the case of RECPA there is no limit on the total number of carbon shares that can be issued, meaning that members of the carbon group do not have a good idea of how much potential revenue they might get from their shares. This may make new members reluctant to join or existing members reluctant to buy additional shares leaving the carbon group unable to generate revenue for future planting and maintenance activities. Any REDD+ scheme which uses similar share based arrangements should consider limiting the total number of shares able to be sold to provide community members more certainty regarding future potential revenues.
- The benefit provided by the NFA to the communities depends on the negotiation ability of each of the communities. This has led to some communities not receiving tangible benefits from CFM Agreements which lowers community enthusiasm. Hence, for REDD+ and future projects of this nature there is need to establish a minimum share of total revenue collected by NFA that flows to forest communities.

- Not only benefits but also costs to communities of these types of projects need to be carefully considered before they are established in large areas. Forest plantation establishment in the Central Forest Reserve (CFR) has led to reduction in available land for crop production and grazing land. Before the NFA began managing CFR, communities were allowed to cultivate within the area, while planting and maintaining trees. Community members feel that there has been a big change since the NFA came in, as enforcement has been tightened, making it difficult to cultivate traditional crops such as bananas, beans and millet or graze animals anywhere on the CFR. According to the General Secretary – Mr Baguma, this could lead to a shortage in food supply among the community members. Balancing competing uses of land for food production and forests will be essential in ensuring that REDD+ is implemented effectively and equitably.
- The process of CFM negotiation and signing is key for communities to be recognized in the carbon market. This involves a lot of administrative processes, which place up-front costs on communities to become formally recognized and able to participate in forest carbon projects.

The arrangements of this project also put additional economic pressure on members such as the labour costs for establishment and maintenance of the plantations which compete with other day to day economic activities. These administrative as well as opportunity costs for participants may preclude poorer communities or members of communities participating in forest carbon projects, and this should be carefully considered in designing REDD+ to ensure maximum participation.

For more information about RECPA and the Nile Basin Reforestation Project, please contact:

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## ABOUT REDD-NET

REDD-net is an international knowledge forum for southern civil society organizations through which they can access information about efforts to Reduce Emissions from Deforestation and forest Degradation, share their own experiences and help to build pro-poor REDD projects and policies. REDD-net is a partnership between Centro Agronómico Tropical de Investigación y Enseñanza (CATIE), the Overseas Development Institute, RECOFTC – The Center for People and Forests and Uganda Coalition for Sustainable Development. REDD-net is funded by Norad.



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