

An aerial photograph of a vast, dense tropical forest. The trees are lush green, with some taller trees standing out. The sky above is a clear, bright blue with wispy white clouds. The overall scene is bright and natural.

OPERATIONAL CONSIDERATIONS FOR THE INTEGRITY PRINCIPLES FOR BENEFIT-SHARING MECHANISMS IN NATURE-BASED SOLUTIONS



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Publication date

April 2024

This discussion paper was produced with support from USAID.



Disclaimer

This publication is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of the author(s) and do not necessarily reflect the views of USAID, the United States Government, or individual Targeting Natural Resource Corruption (TNRC) project consortium members.

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1 INTRODUCTION

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This document demonstrates how WWF’s [Integrity Principles](#) for nature-based solutions (NbS) benefit sharing mechanisms (BSMs) can be put into practice. It is derived from tailored guides for three WWF landscape teams¹, sharing a more general version that can be adapted to additional landscapes and by additional organizations.

This guide is structured in four “pillars” of good governance, each further broken down into sub-elements with prompts and questions to assist implementers². After an opening section on context, the pillars and sub-elements are:

- **Jurisdictional Context**
- **Pillar 1: Full and effective participation**
 - Identifying and analyzing relevant stakeholders
 - Stakeholder engagement
 - Decision-making
 - Formalizing decisions made
- **Pillar 2: Transparency and accountability**
 - Type of information shared
 - Accessibility of information
 - Accountability
- **Pillar 3: Fairness**
 - Designing for fairness
 - Avoiding and mitigating negative impacts
- **Pillar 4: Effectiveness**
 - Achieving objectives

¹ On behalf of WWF, Takin Consulting collaborated with the WWF teams to “operationalize” the principles, assessing how existing BSMs functioned and could be approved, and identifying considerations for new BSMs.

² These pillars are organized slightly differently than the principles, as part of the effort to put the principles into practice.

Definition of benefit-sharing

This document uses the World Bank (2019) definition of benefit sharing: “The intentional transfer of monetary and non-monetary incentives (goods, services or other benefits) to stakeholders for the generation of environmental results (such as greenhouse gas emission reductions) funded by revenues derived from those results.” This definition distinguishes benefit sharing, where a BSM manages and distributes benefits based on revenue generated by a project whose primary goal is to generate environmental outcomes, from other socio-economic benefits provided by a project.

Benefits are shared through BSMs that designate who receives such incentives, “[why, under what conditions, in what proportions and for how long.](#)” BSMs aim to ensure that the benefits generated by NbS interventions are distributed fairly and equitably among all stakeholders. BSMs can take different forms, including revenue-sharing agreements, community-based natural resource management, and participatory decision-making processes.

BSMs are what ensures that NbS interventions deliver both environmental and social benefits and are sustainable in the long term. Achieving this relies on the design process, structural elements, and management of the BSM, which in the present document are understood as the “good governance” of benefit sharing in NbS.

Box 1. Integrity principles for NbS BSMs

In November 2022, WWF published “Who Reaps the Benefits? Integrity Principles for Benefit Sharing in Forest NbS for Climate Mitigation.” That discussion paper set out 12 principles constituting the highest integrity for NbS BSMs and centralized a shared statement of ambitious ethical guidelines for good governance of these mechanisms.

“WWF believes that nature-based solutions' benefit sharing mechanisms should be:

FAIR, ACCOUNTABLE, RIGHTS-BASED, AND EFFECTIVE

Which require the interdependent principles of:

1. Deep, significant participation
2. Broad, inclusive representation
3. Distributive equity
4. Value pluralism
5. Transparency and understanding
6. Real grievance redress
7. Respect for Indigenous Peoples and local communities
8. Free, prior, and informed consent
9. Net positive benefits
10. Appropriate compensation
11. Positive feedback loops and additionality
12. Adaptive management”



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JURISDICTIONAL CONTEXT

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This first section of the guide includes general questions about different elements of country or other jurisdictional context that will likely affect a BSM. Answers to these “[situation analysis](#)” questions provide important basic contextual information that will be useful for addressing the rest of the “good governance” topics. In addition to the linked resources below, the resources in the [Integrity Principles](#) also address many of these topics.

2.1 Governance

- What are the levels of government with powers or duties relevant to the NbS and/or BSM?
- How much is power shared (decentralized) between those levels, both as written (de jure) and in reality (de facto)?
- Are there relevant political or partisan conflicts between branches or levels of government?
- Are there weaknesses in [governance](#), including elements like [rule of law](#) or [corruption](#), that could significantly affect the operations of the BSM?

2.2 Economy

- What is the general economic situation in the country and/or jurisdiction (e.g., growth, stagnation, inflation, unemployment)?
- Are there high levels of wealth inequality?

- How important are natural resources to the economy, both directly relevant (e.g., timber) and indirectly relevant (e.g., mining contributing to deforestation)?

2.3 Drivers of deforestation and other environmental pressures

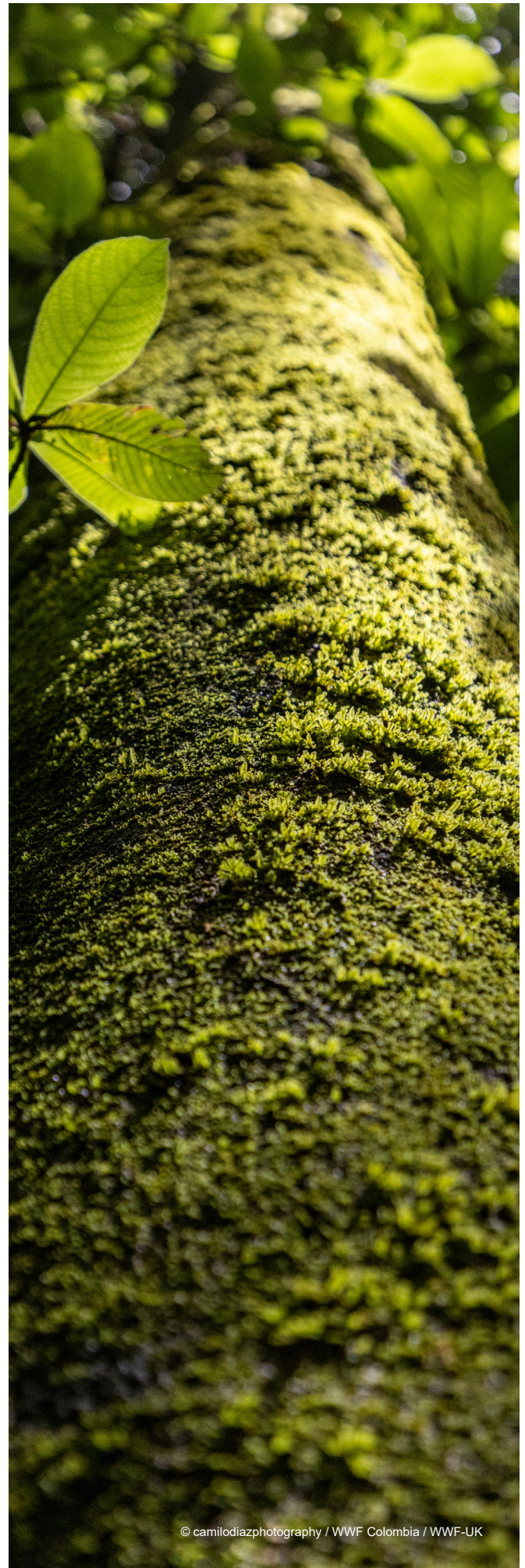
- What is the current [status and trend of deforestation](#) in the jurisdiction (recognizing that this may differ across different jurisdictions in the same country)?
- Are any of the following common deforestation drivers particularly relevant?
 - Slash and burn agriculture
 - Large scale conversion for plantations or livestock
 - Infrastructure
 - Illegal logging
 - Mining (legal and illegal)
- What is the effect of climate change (e.g., rainfall patterns, droughts, heatwaves) on resources involved in the NbS intervention?

2.4 Demographic vulnerability

- Are any of the following forms of diversity particularly relevant to how stakeholders may be identified, or to how their participation in the BSM should be considered?
 - Rural vs. urban
 - Gender
 - Cultural heritage
 - Ethnicity
 - Language
- Are there historic injustices or other related factors related to demographics?

2.5 Laws and regulations

- How is land use planned and managed? Is it effective / enforced?
- How is land and forest tenure officially established in law?
- Is traditional or customary tenure recognized in law?
- Are there significant gaps or weaknesses in how legal tenure processes are actually observed in practice?
- Are [carbon rights](#) recognized?



3

OPERATIONAL CONSIDERATIONS BY GOOD GOVERNANCE PILLAR


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This section is organized by the different pillars adapted from the [Integrity Principles](#). Each pillar is broken down into project-relevant sub-elements with potential challenges to consider and recommendations for addressing them.

Pillar 1: Full and effective participation

1.1 Identifying and analyzing relevant stakeholders

Any NbS BSM is likely to involve or impact a large array of stakeholders, including some with different, specific vulnerabilities and/or needs. Common categories of stakeholders include government agencies and state-owned enterprises, civil society organizations, Indigenous Peoples, community-based organizations, individual and communal landowners, affected households, and private sector actors.

 **Key Challenge:** *Clarifying roles and responsibilities between WWF and government*


In general, there will be a multitude of government entities in any given landscape that all have some mandate or interest in the project. This might include authorizing the project, activity design, or distribution of benefits. When designing the project's institutional arrangements, consider:

- Is the government a project partner is only their buy-in or permission required?
- For government partners, will they require operational coordination (e.g., field logistics)?

- Does any government entity have a financial relationship with the project, as a grantor or service provider?
- Which technical department within which ministry is most relevant operationally?
- Do other ministries need to be involved because of supervisory mandates? For example, who validates land-use plans or regulates distribution of revenues and collection of taxes?

A memorandum of understanding can help formalize relationships and clarify that all parties fully understand the different roles and responsibilities.

However, risk assessments are necessary to understand potential negative social or environmental impacts that various government entities can cause during or as a result of the project. Human rights abuses during law enforcement are one particularly severe example. Safeguards are always needed, and specific mitigation measures like written commitments from authorities may be needed, with transparency and accountability elements as outlined in Pillar 2.

 **Key Challenge:** *Identifying relevant stakeholders at the operational level*

In large-scale programs, uncovering all the specificities of every stakeholder group at every scale can be difficult. However, failing to do so risks missing important stakeholders or marginalized groups. It also increases the risk that local-level benefits or supported activities will be captured, or that decisions will be taken by more influential groups or people that are

more visible during consultations. When mapping relevant stakeholders at the operational level, consider:

- Have stakeholders been identified beyond the “usual suspects” like community authorities, households, and resource user groups?
- Do the identified stakeholders include not just project partners or beneficiaries, but also people **most likely to be affected** by the project? Is this the case for every locality where activities are implemented?
- Will any of the activities negatively affect any stakeholders?
- Do any of the identified stakeholders require specific support to ensure their full and effective participation? What measures will the project need to take to do this? (Continues in next Key Challenge)

Addressing these considerations may require site-level social and environmental impact assessments or stakeholder analyses that identifies local elites and vulnerable groups. Actual geographic maps can also supplement stakeholder maps, showing where resources are and who has claims over them.

1.2 Stakeholder engagement

Different stakeholders will need different engagement strategies. These strategies will set out the level of decision making shared with those stakeholders and timelines for specific decisions, as well as the other considerations included below.



Key Challenge: Ensuring all relevant stakeholders are consulted and included during the definition, allocation, and implementation of benefits

Just as identifying the different stakeholders across all the relevant scales is difficult, so too is visualizing and planning consultations in such a way as to ensure that no stakeholders, and particularly the most vulnerable, are excluded. Vulnerable groups may not be able to attend the consultations for many reasons. When planning the consultations, consider:

- How accessible is the location of the consultation? Are certain stakeholders far away? Can everyone reasonably find transportation? Are there stairs or other impediments to accessibility?
- What is the timing of consultations? Will certain groups be occupied at the selected hour (e.g., harvest seasons, workdays, gendered household responsibilities)?

- What language(s) do stakeholders feel comfortable using?
- What specific measures will help ensure the participation of vulnerable groups and ensure consultations are not dominated by more influential people?

Most of these factors can be addressed if considered in advance. For example, translators can be contracted, communication materials can be tailored to local needs, and breakout groups or other intentional facilitation decisions can make sure everyone feels able to provide input.

1.3 Decision-making

Decision-making can take many forms. Some forms are fairer and more transparent than others and are therefore less likely to be dominated by powerful elites. The following types of decision-making processes are listed from least to most inclusive:

- **Delegation** — an individual, either inside or outside of the group, makes the decision, and the rest of the group is not involved in any way. They would not even know that the decision was made.
- **Information** — an individual makes the decision and after the fact informs the rest of the group of the decision that was made.
- **Consultation** — an individual makes the decision, but only after consulting group members and explicitly soliciting their input.
- **Democratic** — the group uses a democratic vote to make the decision. The group moves forward with the option that a majority (or plurality) chooses.
- **Consensus** — all group members must validate, or at least not strongly object to, a certain decision. Complete agreement is not a necessity, but at a minimum everyone must be able to “live with the decision” or view it as “safe enough to try.” If a vocal minority objects, special mitigation measures may be required, with special consideration to limiting negative impacts on already vulnerable or marginalized people.

Clarifying how decisions will be made, with an eye to strengthening the legitimacy of those decisions in the eyes of stakeholders, is critical to ensuring integrity in a BSMI. This especially applies to site-based activities geared towards changing behavior, and to decisions around benefits, such as deciding on monetary or non-monetary benefits, appropriate livelihood support activities, or criteria for benefiting from these activities.



Key Challenge: Elite capture of the process

Elite capture [describes](#) a form of corruption in which the more powerful leverage their influence over a decision or policy to benefit themselves at the expense of the public. Power can be economic, political, or identity-based (e.g., gender, caste, ethnicity). In NbS BSMs, elite capture could look like large landholders influencing benefit criteria to exclude small-holders or a dominant political party directing a program to reward areas that support them rather than the most environmentally important sites.

Fair and inclusive decision-making that avoids elite capture requires understanding existing power structures and processes and, potentially, incorporating new or additional measures. Note that power dynamics that play out at the community level may be affected, driven, or undermined by external or higher-level forces. In that context, consider:

- What is the relationship of “traditional” or other forms of non-state power with state power? Is there tension or competition between the two at the local level?
- What is the existing culture for taking important decisions? Are there existing mechanisms for meetings or discussion of key issues at the local level?
- Do authorities (government or traditional) usually make decisions on behalf of the rest of the community?
- Are official governmental decisions highly centralized, taking place far from the communities those decision affect?
- If decisions are made by consultative or democratic processes, are those processes usually dominated by a static majority or specific group?
- Who are the “elites” in the community, and what factors (e.g., ethnic, cultural, socioeconomic, political) give them that status? Consider elites that may not actually reside within the community, but influence decisions there.
- Are there any historical legacies or injustices that may influence the power dynamics within or across communities? Could the BSM contribute towards redressing these?

The project may need to suggest alternative/ additional decision-making processes, while trying to avoid imposing processes from above. [Informal mechanisms](#) such as [conversations with farmers or](#)

[women’s groups](#) could be used or proposed as initial steps. Different approaches could also be proposed for different types of decisions, such as distinguishing between decisions affecting a whole village or that could disproportionately impact certain community members. The former could be decided by a wider vote or consensus, while the latter should be decided by the impacted groups.

Regardless of the approach, the process for making decisions should be completely transparent to all stakeholders. The resulting decisions should also, to the greatest degree feasible and appropriate, be transparent to all. (Continues in Pillar 2).

1.4 Formalizing decisions made

NbS consultations and plans often focus on enshrining operational elements like activities, timelines, budgets, and implementation arrangements. These are important, but the specifics of benefit sharing, like identification of site-level benefits and criteria for benefiting should also be prioritized. The absence of clearly documented desired outcomes increases the chance of vulnerable beneficiaries being excluded.



Key Challenge: Formalizing the outcomes of stakeholder consultation

All parties need clarity on the decisions made regarding commitments, responsibilities, and benefits to be obtained by the different stakeholders. Once the consultations have progressed and decisions are made, those decisions should be formalized and agreed. Consider:

- Have sufficient discussions around benefits taken place prior to the finalization of the overall plan for the NbS project?
- Have implementation arrangements, commitments made, benefits received or planned, and other agreements been documented in a shared, written form that all stakeholders can understand? Should they be officially annexed to the overall implementation plan of the NbS project?
- Has agreement been reached at the appropriate scale? Are documented agreements needed for each community within the activity area to allow for sufficiently specific information (e.g., types of benefits, beneficiaries) to be captured?

Pillar 2: Transparency and accountability

2.1 Type of information shared

This issue is closely linked to the process of designing a stakeholder engagement plan. Not every piece of information about the project will be relevant to every stakeholder. Some stakeholders simply may need to be made aware of the project, i.e., to obtain permission in principle or to ensure non-objection. Others require more detailed operational information, especially those who could be directly affected by the project or affect the project success.

Information that could be shared includes:


- Overall project objective, theory of change, planned activities, institutional arrangements, timeline, and budget.
- Process of project design and implementation (steps, key milestones, timelines).
- Stakeholder engagement approach (including different stakeholders' level of decision-making).
- Social and environmental risks linked to project activities.
- Trade-offs, rules, restrictions.
- Project expectations at local level, the commitments or measures expected at the local or community level in exchange for obtaining project benefits.
- Initial design of benefit sharing arrangement.
- Types of possible benefits to be delivered at local level.

- Methodologies to identify and quantify benefits, values, and costs associated with the interventions.
- Proposed steps to determine locally appropriate benefit sharing arrangements.
- Information on project grievance redress mechanism (GRM, continued in sub-element 2.3 below).

The most relevant Key Challenge for the type of information shared is the form of sharing it. This is addressed in the next sub-element, 2.2.

2.2 Accessibility of information

This issue is also closely linked to the process of designing a stakeholder engagement plan. The different relevant stakeholders may need information delivered in different ways, especially highly technical information. Without clearly accessible information about the project details, stakeholders may develop unclear or unrealistic expectations of when costs and benefits are likely to accrue, and to whom. Such misunderstandings could potentially undermine enthusiasm and support in serious ways.

 **Key Challenge: Elements of information accessibility**

When developing the stakeholder engagement plan, plan out the forms and frequency of messaging and who the messenger(s) should be. Consider:

- Who should disseminate the information to ensure it is viewed with legitimacy? Should locally recognized organizations or trusted local community leaders be involved (bearing in mind risks of elite capture)?



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- How should information be shared? Can existing information delivery systems (e.g., radio, community information boards) be used?
- What is the level of literacy, and in what language(s)? Are more visual presentations, specific language versions, or plain-language alternatives to technical information needed?
- When should specific information be shared throughout the project life cycle? Does that ensure enough time for discussion before decisions are made?
- Would site-level workshops be useful for providing information? These could be tied to key project milestones to increase their salience for participants.
- Should a local focal point be designated and trained, or other means for stakeholders to request follow-up information?

2.3 Accountability

Accountability in the context of the BSM means putting in place measures to ensure that the project is legitimate in the eyes of relevant stakeholders, that resources are managed appropriately, and that all relevant stakeholders have the opportunity at every level of activity design and implementation to lodge and resolve disputes and concerns linked to the activities of duty bearers.



Key Challenge: Basics of accountability

The sheer diversity of actors and scales at which corruption, elite capture, or other abuses of influence can occur means that specific accountability measures are both desperately needed and challenging to implement. At a minimum, ensure that:

- Updates on project progress are provided to stakeholders, with opportunities for those stakeholders to provide feedback on what worked or did not, and for that feedback to be considered as part of the program's adaptive management.
- Expenditures of funds and related decisions are discussed and shared at the community level.
- Major conflicts of interest are avoided between, inter alia, entities implementing activities and entities monitoring activity performance.
- Partners hired to implement project activities (construction, training, etc.) are selected through a competitive process and that rules on procurement of services are clear, accessible, and linked to social and environmental safeguards.



Key Challenge: Benefit management and distribution

BSMs entail large stocks and flows of money and other resources that are at risk of theft or misuse. The degree to which the project itself controls accounts, and the level (e.g., community versus neighborhood versus households) at which benefits are “disbursed” and leave the project’s control, all entail transaction and management costs. At the same time, some level of oversight and financial management support is necessary to avoid corruption as well as potential negative impacts (see sub-element 3.2).

The ideal management and distribution system will depend on local law, existing distribution networks and structures, the degree of financial integration, and straightforward feasibility. Projects will have to tailor specific systems with specific local stakeholders and likely will need to adapt those systems to changing conditions or to mitigate unforeseen or new risks. Transparency is crucial regardless of the system used. Stakeholders should be able to easily see and verify amounts transferred, to what entity, and for what purpose. Deviations should be one category of grievance ([among many](#)) that can be submitted to the grievance redress mechanism.



Key Challenge: Grievance redress

A grievance redress mechanism (GRM) is perhaps the most important tool for accountability in any project. Therefore, an accessible, effective GRM must be in place, with clear information about:

- the procedures for lodging, investigating, and appealing complaints;
- the extent to which identifiable information in complaints can and will be protected;
- the steps and timeframes involved in dealing with grievances; and
- the possible outcomes.

The GRM should also be:

- available in multiple formats;
- accessible at every location where there is field implementation of activities;
- culturally appropriate (for example, potentially integrated with existing conflict resolution processes); and
- adequately staffed and resourced.

Pillar 3: Fairness

3.1 Designing for fairness

What stakeholders consider “fair” will depend on the unique characteristics of social norms, attitudes, and applicable laws and regulations in a given context. This further emphasizes the need for full and effective stakeholder participation, as defined by Pillars 1 and 2, to tailor the approach for each intervention. In general, however, fair benefit-sharing will:

- Provide benefits based on the community’s characteristics and needs;
- motivate stakeholders to participate and support the delivery of desired outcomes; and
- help avoid elite capture of benefits or exclusion of vulnerable stakeholders.



Key Challenge: Unfair land ownership, tenure regimes, and carbon rights

Any NbS BSM will confront an existing distribution of land ownership, rights, and other means to participate in and benefit from the program. This distribution may be based on historical or continuing injustices and therefore be viewed as unfair. While an NbS BSM is unlikely to be able to completely transform tenure inequality in a place, consider:

- What is the gap between officially recognized and unformalized tenure in the location? Can part of the benefits involve helping formalize tenure rights?
- Will the program accommodate communal or traditional land rights? Do any criteria unintentionally or disproportionately exclude certain types of tenure holders?
- Are there other ways to target benefits to expand the pool of eligible participants? For example, could up-front payments focus on start-up costs that are particularly important for smaller scale landowners?
- Can, and should, redistributive considerations be included as part of benefit decisions? For example, more resources could go toward communal benefits in places where land ownership is highly concentrated, or vulnerability or socioeconomic status could be used to determine priority access to restricted benefits.



Key Challenge: Types of benefits


Projects, in consultation with stakeholders, will need to make several important decisions about the types and forms of benefits the BSM will provide. Different types of benefits incentivize different behaviors. From a fairness and integrity perspective, consider:

- What is the best balance between monetary and non-monetary benefits? Will different combinations exclude or disproportionately benefit any one group? What are the elite capture risks?
- How will decisions within the categories of “monetary” and “non-monetary” be made fairly, transparently, and accountably? Decisions about employment in project activities?
- Has sufficient preparatory work gone into developing examples of non-monetary benefits? Because these are less tangible than money, stakeholders may need clarifications to make fully informed decisions.
- Which payments will be conditional on performance, and how will that performance be measured? Is there a risk of free riding, where individuals contribute less or not at all but still benefit from the work of others? Is there a risk of manipulating performance measurement and verification?

3.2 Avoiding and mitigating negative impacts


Most NbS interventions will have some type of negative impact on some group of stakeholders. These may be direct costs like the loss of access rights or indirect costs like the foregone potential income from other land uses. The BSM will play a key role in compensating for these negative impacts. Just as importantly, the resource flows of the BSM may themselves have potential negative impacts, like aggravating gender disparities in paid and unpaid labor. Those impacts, too, must be avoided if possible and mitigated if not.

(This topic is addressed here due to its obvious relevance to fairness, but mitigating negative impacts is also important for ensuring intervention effectiveness, as described in Pillar 4.)

 *Key Challenge: Mitigating negative impacts of the activities of the NbS intervention*

NbS interventions require comprehensive risk assessments and safeguard plans, developed with and agreed to by stakeholders. When reviewing potential negative impacts from the NbS project that may need to be included as part of the compensation role of the BSM, consider:

- Will the program affect local food production or natural resource-dependent livelihoods?
 - Will land prices change significantly? Will anyone be encouraged or required to move? How will that exacerbate land inequality and poverty?
 - Have all due participatory measures, including free, prior, and informed consent (FPIC) been fully implemented with full transparency on likely costs and impacts?
 - Will informal or illegal practices shift to new areas? Will increases in land value incentivize more land grabbing?
 - What is the potential for conflict related to the program? Will it increase tension between groups (e.g., official title holders versus traditional tenure holders, participating versus non-participating communities)?
 - Is there a need to compensate groups who cannot meet the criteria for participation? In the best case, eligibility criteria do not contribute to exclusion, but there may be unavoidable technical criteria that by default exclude some stakeholders.
 - Are measures in place to prevent compensation or mitigation arrangements from being abused, manipulated, or captured?
- Will the benefits threaten existing privileges (e.g., enjoyed by elites)? If previously invisible or undervalued groups experience rapid socioeconomic improvements, is there a risk of backlash from clashes with the norms and expectations of the dominant group(s)?
 - What gender-specific impacts could the BSM have? Will women be expected to take on additional unpaid burdens, or to add participation in the NbS project to their familial tasks?
 - Is information available on how beneficiaries can access and use results-based payments, including any constraints on their use? Were these conditions agreed through a participatory process?
 - Will beneficiaries have access to banking facilities or other financial mechanisms? Will they have to rely on intermediaries? Are safeguards and accountability measures in place for those intermediaries?

 *Key Challenge: Mitigating negative impacts of the resource flows of the BSM*

The inflows of resources a BSM brings with it will likely shift local economic dynamics. It can also affect local power and politics and create new structures of authority and influence. In addition to the accountability elements described in Pillar 2, for safeguards for the BSM consider:

- How will the resource inflows affect local economic dynamics, like the price of land? How will this affect lower income people? Will it raise the risk of external forces engaging in land grabbing or other illegal intrusions?

Pillar 4: Effectiveness

4.1 Achieving objectives

In order to be effective, an NbS BSM must generate sufficient benefits to people such that the net socioeconomic value of the program is positive. If the socioeconomic objectives are not achieved, the environmental objectives of the project are jeopardized.



Key Challenge: Benefits greater than costs

To be net positive, the benefits to stakeholders must outweigh the costs of their time and effort in the program and the opportunity costs for allocating land or other natural resources to the nature-based solution. When designing the BSM to achieve benefits that outweigh costs, consider:


- Are the objectives, benefits, modes, and timelines of delivery clear to those administering the system?
- Is the source of funds for the NbS initiative sustainable to cover its long-term operation, including the BSM and GRM?
- Are the impacts, costs, and benefits of the project measured or estimated at baseline and monitored throughout the program? Is progress on achieving net positivity tracked?
- Are monitoring and evaluation measures in place to ensure that challenges in project operation can be identified, corrected, and adapted to? Is the BSM designed to respond and adapt to changes, address new or unforeseen risks, and take advantage of new or unforeseen opportunities?
- Are benefits timed for effectiveness?
 - Short-term benefits are essential to ensure buy-in and support start-up, while long-term benefits are key to sustainability.
 - Up-front benefits that are not results-based may enable wider participation including among poorer stakeholders. At the same time, regular benefits disbursed based on agreed performance benchmarks are key for actually motivating behavior change.
 - Local context may also influence timing. Stakeholders may need disbursements organized around an agricultural cycle rather than a fiscal cycle, for example.



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4.2 Accountability for effectiveness

The accountability elements introduced under sub-element 2.3 do not just support the overall integrity of the program; they are also key to ensuring the program's effectiveness.

 *Key Challenge: Effective management of operational funds*

Each additional level of government involved can add another layer of complexity to making sure that funds in the BSM are not siphoned off before reaching due beneficiaries. Transparency is key, as noted in Pillar 2, but is not necessarily sufficient. Consider:

- Do the administrators of the system have sufficient technical and financial capacity? Are there gaps in capacities at different levels, national to regional to local?
- What recordkeeping is available or can be created at the “last mile” level, between the most local level of program administration and the actual beneficiaries?
- Are investments in “enhanced” transparency needed to overcome information asymmetries? It may be incumbent on the program to remeasure areas or verify maps (with participation of local stakeholders) to make sure that all parties share the same understanding of the area of intervention.

 *Key Challenge: Effective performance and avoiding perverse incentives*

In theory, at least some of the benefits shared under payment for ecosystem services-type NbS arrangements are contingent on performance. The reality in many landscapes, however, is that very few schemes have managed to effectively link payments to measured performance. To do so, consider:

- What constraints on human and financial resources exist that may limit effective monitoring either through remote imagery or field inspections? Can the program address those constraints?
- If the actual desired outcome is too difficult to measure directly, are appropriate indirect measures possible? How closely related are the measures? Does the proxy have any risks of manipulation?
- Who is responsible for reporting results? Who is responsible for verifying those claims? Are they different entities / individuals?
- Have the incentive structures of the program been adequately mapped out? For example, officials measuring / verifying results should not be paid by funding contingent on the performance they are measuring. Such a set up incentivizes those officials to hide failures to protect their jobs and budgets.





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