



# KSWS REDD+

## BENEFIT SHARING MANUAL



Prepared by Harri Washington  
h.washington@wcs.org  
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This is a working document that reports the specific experiences of the KSWs REDD+ project and is shared as a resource for learning more about REDD+ benefit sharing in the context of Keo Seima Wildlife Sanctuary. The document is updated periodically as the benefit sharing system evolves. We recognize that methods applied in KSWs may not work elsewhere but that our experiences may be informative for others developing REDD+ benefit sharing systems.

## Executive summary

The Keo Seima Wildlife Sanctuary (KSWS) REDD+ project in northeastern Cambodia covers 166,983 hectares of forest habitat, and aims to reduce carbon emissions from unplanned deforestation and degradation whilst ensuring net biodiversity and community benefits. The project has been validated according to the Verified Carbon Standard (VCS) and the Climate, Community, and Biodiversity (CCB) standards.

Revenue generated by the project through carbon credit sales is distributed via a waterfall model, covering carbon credit transaction costs, a contribution to the Royal Government of Cambodia's forest conservation fund, core project activities for KSWS REDD+, the Cash for Communities (C4C) program, KSWS REDD+ project strengthening, and an operating reserve. An integral part of the project is benefit sharing with 20 local communities that participate in the project. Fourteen key principles have been outlined to guide the development of a mechanism for benefit sharing.

There are two main types of benefit sharing in the KSWS REDD+ project: non-monetary and financial. Non-monetary benefits include strengthening land and resource tenure, support for community-based law enforcement, and development of alternative livelihoods, and have been provided since project inception as core project activities. Financial bonus incentives became available in 2016 through C4C, following the first sale of carbon credits generated by the project. This manual describes the general processes of benefit sharing in the KSWS REDD+ project, with a particular focus on C4C.

Each participating village receives an equal amount of C4C revenue under the base payment mechanism. Additional incentives include performance-based payments, for which the same amount is available to each village *a priori* and then reduced in proportion to an annual performance score calculated for each village. Annual performance scores comprise the following measures: forest cover, conservation engagement, and community development. The better a village performs across these measures, the greater the proportion of their allocated payment that they receive. Community development indicators are selected by each village, allowing them to be tailored to each community's priorities. WCS Community Facilitators and the Compliance team work with communities to collect evidence to demonstrate community performance against

conservation engagement and community development measures. Thus, the performance-based payments operate on a participatory basis.

Revenue received through C4C—expected to exceed a total of USD 1 million by the end of 2022—is used to fund community development projects identified via a standard national administrative procedure. Proposed activities are screened to ensure that they do not have a negative impact on carbon, biodiversity, or the community. A key component of C4C is building capacity in participating communities in diverse areas including identifying long-term goals and objectives, financial management, and project planning and delivery.

C4C, and the benefit sharing system in general, is designed to be adaptive and capable of being improved following feedback from implementation. As one of the most advanced REDD+ projects in the region, there is little precedent to follow in terms of successful approaches to benefit sharing. Therefore the KSWS REDD+ project aims to produce periodic updates to this manual to document findings, accomplishments, and failures in order to facilitate other REDD+ projects looking to develop benefit sharing systems in the future.

# Contents

1. Introduction .....	7
2. Revenue generation and distribution .....	7
3. Community stakeholders .....	9
4. WCS general principles of benefit sharing .....	9
5. Types of benefit sharing .....	13
5.1. Non-monetary benefits .....	13
5.2. Cash for Communities (C4C) .....	14
5.3. Identifying Cash for Communities activities .....	15
5.4. Eligibility for funding under Cash for Communities .....	16
6. Community consultations .....	17
7. Community-level fund management.....	17
7.1. Community agreements.....	18
8. Grievance procedure.....	18
9. Fund disbursement .....	19
9.1. Guidance on financial policy.....	20
10. Performance-based payments.....	20
10.1. Strategic goals.....	20
10.2. Indicators.....	23
10.3. Measuring performance .....	25
10.4. Conversion of performance to payments.....	26
11. Capacity building .....	27
12. An adaptive approach .....	27
12.1. Lessons learned .....	27
12.2. Future considerations.....	29

## Abbreviations

AAW	Agreed annual work plan
ADA	Agency and Delegation of Authority (Agreement)
C4C	Cash for Communities
CCB	Climate, Community, and Biodiversity (Standards)
CDP	Commune development program
CIP	Commune investment plan
CPA	Community protected area
DoE	(Provincial) Department of Environment
FPIC	Free, prior, and informed consent
ICC	Indigenous community committee
ICT	Indigenous communal land title
KSWS	Keo Seima Wildlife Sanctuary
MoE	Ministry of Environment
NGO	Non-governmental organization
NTFP	Non-timber forest product
REDD+	Reducing emissions from deforestation and forest degradation
RGC	Royal Government of Cambodia
SCC	Seima Carbon Company
tCO <sub>2e</sub>	Tonnes of carbon dioxide equivalent
VCS	Verified Carbon Standard
VFP	Village Focal Person
WCS	Wildlife Conservation Society

## 1. Introduction

The Keo Seima Wildlife Sanctuary (KSWS) REDD+ project in northeastern Cambodia covers 166,983 hectares of forest habitat, and aims to reduce carbon emissions from unplanned deforestation and degradation whilst ensuring net biodiversity and community benefits. Key threats addressed by the project include conversion of land to smallholder farms, wildlife poaching, logging, land alienation and legal conflict, and limited agricultural productivity (direct threats), as well as ineffective border demarcation, incomplete application of protected area regulations, population movements, weak traditional institutions, lack of sustainable development opportunities, and climate change (indirect threats).

During the first fixed baseline period (2010–2019), the project avoided emissions of 16.3 million tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). The KSWS REDD+ project has been validated according to the Verified Carbon Standard (VCS) and the Climate, Community, and Biodiversity (CCB) standards.

## 2. Revenue generation and distribution

In 2016, the Royal Government of Cambodia (RGC) made the first sale of carbon credits from the KSWS REDD+ project and since then the project has continued to make high-volume sales, especially in 2021. This has secured sufficient revenue to fund the entire project for the short- to medium-term. In accordance with the project's aims and objectives, this revenue will be used to support the management of KSWS, including dedicated conservation activities and livelihood development. Furthermore, a portion of the revenue will be channeled to 20 local communities identified as key stakeholders in the project.

The process of revenue distribution was established through an Agency and Delegation of Authority (ADA) agreement between RGC and the Seima Carbon Company (SCC)<sup>1</sup> that provides SCC with the authority to market credits, conduct transactions, and manage revenue. It also specifies how funds are to be distributed to WCS Cambodia for in-country management. The revenue distribution model (Figure 1) is outlined in an Escrow Agreement signed by RGC, SCC, and each buyer of Keo Seima credits.

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<sup>1</sup> SCC is a limited liability company wholly owned by WCS.

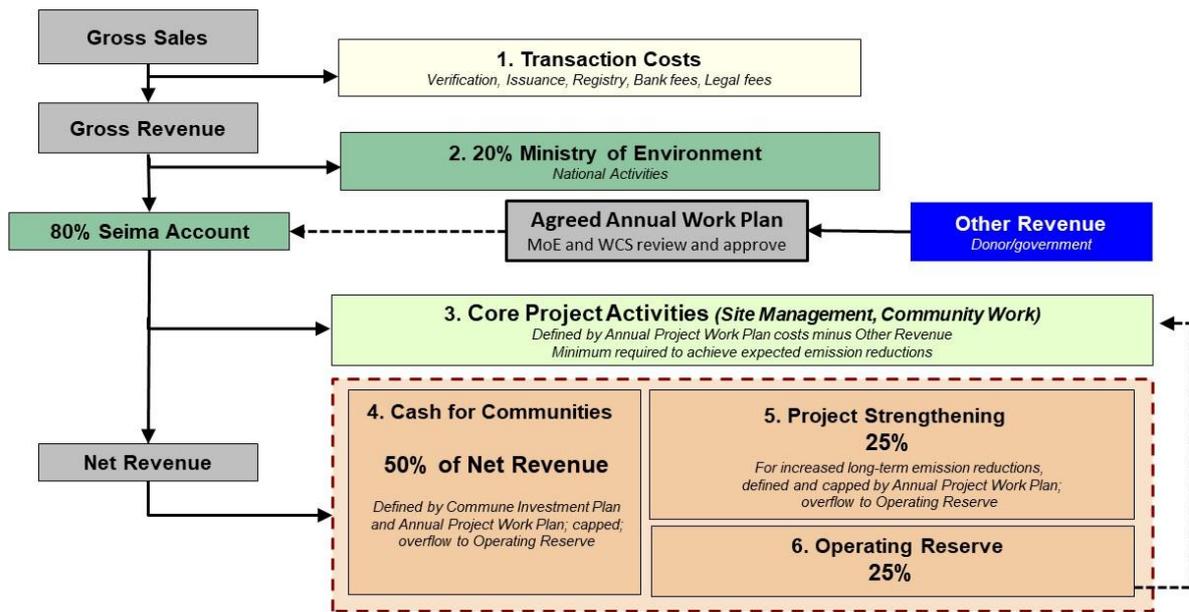


Figure 1 REDD+ revenue distribution model

The revenue distribution model has six principal stages:

1. A portion of the revenue generated from a sale of carbon credits must be used to cover transaction costs, which include credit verification, issuance, and registry costs.

The gross revenue from the sale is then fully invested in forest conservation in Cambodia:

2. A 20 percent share of gross revenue is transferred to the RGC and is used to support actions associated with forest conservation in Cambodia at a national or sub-national level, at the discretion of the government.
3. The remaining gross revenue (80 percent) is used to directly support the KSWs REDD+ project. Core project activities and budget, including site management and community work, are defined in an Agreed Annual Work Plan (AAW) developed on-site at KSWs in collaboration among WCS, the Ministry of Environment (MoE), the Provincial Department of Environment (DoE), local NGO project partners, and community representatives. Implementation of these activities is supplemented by other sources of revenue from the government, and national and international donors. In this way, revenue from credit sales leverages support from other institutions towards the broad aims and objectives of the project.

Revenue that is surplus to the requirements of the annual project activity budget, as established in the AAW, is then divided in a 2:1:1 ratio among the Cash for Communities (C4C) program, project strengthening, and an operating reserve:

4. The C4C program represents financial benefits shared directly with the 20 participating communities, in recognition of their contribution to the success of the project. Selection of activities under C4C is described in more detail in Section 5.3.
5. Project strengthening provides funding to activities or infrastructure to improve KSWS conservation outcomes. These are larger items that are not covered under regular site operations. This could include but is not limited to buildings, vehicles, additional law enforcement, and expanded research.
6. An operating reserve is an essential component that allows for the continuation of project activities in years when annual revenues are lower than project budget requirements.

### 3. Community stakeholders

During project inception, 17 villages were identified with residential, agricultural, or spiritual land within the project zone.<sup>2</sup> An additional three villages have a significant claim to regular forest access in the project zone, although they do not hold any land within this area. Together, these 20 communities participate in the REDD+ project and are regularly consulted on and participate in project activities. They are a target for improved wellbeing, including through development of sustainable livelihoods that are not reliant on deforestation. A strategy for sharing the benefits of the KSWS REDD+ project with these communities has been developed using a participatory approach. Regular reviews allow this strategy to be adapted to changing conditions and to incorporate lessons learned during implementation. Improvements in access to clean water, healthcare, and education are monitored as contributors to improved wellbeing.

### 4. WCS general principles of benefit sharing

The following principles are outlined in a policy brief.<sup>3</sup> Activities, mechanisms, and procedures aligned with these principles are noted throughout this document with a reference to the relevant principle.

Table 1 Benefit sharing principles

Principle	Implementation
1. A site-level, multi-stakeholder board should be established to oversee benefit sharing activities.	Fund management/activity management committees established in each community (individual design following community consultations). In villages with indigenous communal land titles (ICTs) or community protected areas (CPAs), the elected committee responsible for managing the ICT or CPA

<sup>2</sup> The project zone is a separate concept from the project area. The project area is the area from which carbon credits are generated. The project zone is larger, and includes the project area as well as a leakage belt and leakage management zones.

<sup>3</sup> Evans T., Milne S., and Travers H. 2014. *Local-level benefit sharing for REDD+: Findings from the Seima Protection Forest REDD+ Demonstration Project*. WCS Cambodia, unpublished report.

	<p>also acts as fund management committee. In villages without ICT/CPA, an elected committee, recognized by the commune council, is responsible for fund management.</p>
<p>2. The administrative structures used must be able to ensure that benefits can be made conditional on performance.</p>	<p>First tranche of C4C funding focused on building capacity of committees in representing their community, applying for funds, implementing projects, and justifying actions.</p> <p>A database of all the 20 participating villages, created in collaboration with village chiefs and commune staff, is used to record evidence in support of assessments of performance for performance-based payments.</p> <p>Administering performance-based payments at a village level removes the need for different levels of payments to be overseen by village committees, at least until necessary capacity is improved.</p>
<p>3. All participating villages should be consulted jointly to decide how benefits should be distributed between villages.</p>	<p>Community consultations with representatives of all 20 villages occur at least annually, during development of the AAW. Previously, consensus has been reached on various matters, including the definition and importance of transparency.</p> <p>Simplified financial guidelines for recording community-level C4C spending were developed during a series of community consultations and in close collaboration with the committees responsible for implementing the guidelines.</p>
<p>4. Within a standard national framework, village-level bodies should receive power and authority to exercise decision-making control over some elements of the design of the system and to govern benefit distribution within the village, as far as possible.</p>	<p>Continued community consultation during development of benefit sharing system, which is an ongoing, adaptive process.</p> <p>Selection of C4C activities is integrated into the standard national process that devolves budget administration to district and commune levels.</p>
<p>5. To reward their collective efforts, the people that changed their</p>	<p>Participating villages identified to benefit from project are those whose livelihoods and behaviors</p>

<p>livelihoods or behavior to achieve emission reductions should be the primary beneficiaries.</p>	<p>are already closely linked to KSWs and therefore the success of the project rests partly on their behavior choices.</p> <p>Performance-based payments ensure that those who do not change harmful behavior are not rewarded.</p>
<p>6. Benefit levels should not be based on the opportunity cost of avoiding activities that are already illegal.</p>	<p>Benefit levels are currently based on the amount of revenue available as outlined in Figure 1.</p>
<p>7. Community benefits should be set at a level that people are collectively willing to accept.</p>	<p>Community consultations with representatives of all 20 villages occur at least annually, during development of the AAW. C4C levels to date have been accepted at these meetings.</p> <p>The performance-based payment system is implemented after consultation, adaptation, and approval in each village. Before agreeing, communities know that the level of payments received depends on the level of performance. Performance-based payments are allocated annually, but each village receives progress updates quarterly, allowing them to track their projected payment and take steps to improve performance where necessary.</p>
<p>8. Benefits should be delivered as a combination of different types, including strengthened resource rights, alternative livelihood projects, and additional bonus incentives.</p>	<p>Benefits include assistance in the process of land titling to improve security of resource tenure, strengthening of community institutions, and employment in community patrols, as well as C4C activities and support for alternative livelihood projects. As revenue generated from the project has increased, the project has provided sub-grants to NGOs to enable provision of a wider range of benefits including vocational training, environmental education, savings groups, and agricultural improvement techniques.</p>
<p>9. Community-level benefits deriving from the management of state forests should be equitably distributed.</p>	<p>Communities are encouraged to select C4C activities that can benefit the whole community. Some have also chosen to implement activities that preferentially target vulnerable groups, such as the</p>

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	elderly and children from disadvantaged households.
10. Benefits derived from local employment opportunities in project activities should be distributed as widely and fairly as possible.	<p>Opportunities for employment are regularly reviewed. When positions become available they are offered across the community, through the community facilitation team. Members of the community and local area are prioritized for employment. For community patrols, participants are nominated by the commune and village chiefs.</p> <p>A Village Focal Person (VFP) has been recruited in each participating village. Each individual is a resident of their respective village, and is employed by WCS to support their community committee in C4C management. VFPs receive training to develop skills that they can pass on to the committees.</p>
11. Distribution of community-wide conditional benefits should not occur in any village before an agreed forest boundary has been established and mapped.	Boundaries in each village were mapped in consultation with the community and form a component of the performance-based payment agreement.
12. A set of benefit sharing criteria should be developed in consultation with project stakeholders and local communities.	All developments in benefit sharing procedures are subject to stakeholder and community consultation. Systems are presented, trialed, and then adapted following community input. A general system is applied to all communities, and then individual changes made where required.
13. Processes and decisions for benefit-sharing at each level should be transparent and open to third-party scrutiny.	<p>Communities were provided with independent legal support before signing agreements. Financial guidelines have been developed and refined.</p> <p>Involvement of community members in boundary mapping ensures transparent boundary identification.</p> <p>Participation of community members in community patrols within community-managed land increases transparency of rule adherence and identification of rule breakers.</p>

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	Presentation of system for performance-based payments describes scoring system used and the resultant payments available.
14. Clear procedures for receiving complaints and resolving disputes must be established from the outset.	Grievance procedure has been developed and communicated to communities. Commune council acts as independent third party for any unresolved grievances. Complaint boxes with paper and pens are installed in each village for (anonymous, if preferred) comments or complaints. A telephone hotline is also available.

## 5. Types of benefit sharing

The 20 participating communities are benefiting from a range of interventions and activities within the KSWS REDD+ project (Principle 8). Non-monetary benefits include assistance in the process of land titling to improve security of resource tenure, strengthening of community institutions, and employment in community patrols. Several communities are currently piloting alternative livelihood interventions. These activities fall within the scope of the core activities of the KSWS REDD+ project as outlined by the AAW. According to Principle 8, benefits should be delivered as a combination of different types, including strengthened resource rights, alternative livelihood projects, and additional bonus incentives.

Non-monetary benefits have been shared with participating communities since project inception, funded through grants and NGO activities. Bonus financial incentives became available through C4C following the first sale of carbon credits in 2016, and comprise payments made at a community level to reward participation in and engagement with the aims of the project. Following community consultations on fair benefit distribution (Principles 3 & 7) and research in KSWS,<sup>4</sup> some payments are given in equal amounts to all participating communities (base payments). Other payments are available *a priori* in equal amounts to all communities, but the final amount received is based on performance against a set of agreed measures that reflect the values and aims of the KSWS REDD+ project (Principles 5 & 12; performance-based payments). This means that some communities may receive more than others, if they perform better than others against the pre-agreed indicators.

### 5.1. Non-monetary benefits

Security of resource tenure is achieved in part by ensuring that communities have legal rights to their land through a process of land titling. WCS has offered assistance to all communities to obtain titles for their community land. To date, seven communities have received ICTs. A further eight have completed preparation of their documents and have submitted a request to the government that the

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<sup>4</sup> Travers H. 2014. *Making Friends with Benefits: An Investigation into the Use of Incentives for the Conservation of Forest Commons*. PhD thesis, Imperial College London, UK.

land in question be signed over from protected area land to a collective title. There are also seven CPAs at various stages of establishment in KSWs; three have been officially approved by MoE. There are four villages that do not wish to apply for an ICT nor to obtain a CPA.

Community patrols currently take place in 19 of the 20 participating villages—one village does not patrol as they do not have any forest remaining within their village administrative boundary. Teams comprise members of the local community, with technical advice and capacity building from WCS. Team members are recognized by a *deika*, an official document issued by the presiding commune council. Teams often patrol jointly with rangers from DoE and police officers. When teams patrol without support, they do not intervene in situations. Instead, they immediately contact DoE rangers to report incidents and to request their intervention. Community patrols allow the community themselves to take action against activities that are not permitted within the area of land for which they are responsible. This empowers the community to contribute to achieving the project's goal. Furthermore, if the community has a clear way to identify, prevent, and deter infractions within their boundary, then decisions surrounding assessment of performance in each community for C4C payments will be more transparent (Principle 13).

Alternative livelihood projects are supported in participating villages to try to alleviate some of the pressures on the forest and wildlife. These are provided both by WCS and other NGOs working in the relevant sectors, through sub-grants from the KSWs REDD+ project. Interventions include training in improved methods for agriculture—part of a program that offers a premium for organic, wildlife-friendly rice grown by community members—and support to develop income generation from non-timber forest products (NTFPs, such as bamboo), ecotourism and other vocational skills. Raising environmental awareness through Eco-School clubs and improving household financial management through community savings groups are also supported.

## **5.2. Cash for Communities (C4C)**

Financial benefits are available under a combination of two mechanisms that together comprise C4C: base payments and performance-based payments. Payments are awarded at the village level; previous research has indicated that in KSWs, collective—rather than individual—benefit sharing options provide the greatest incentive for conservation.<sup>5</sup> Base payments are provided equally to all villages. Performance-based payments are provided to each village based on their achievements against pre-agreed measures (discussed in detail in Section 10). The size of the payment received is proportional to the village's annual performance.

So far, C4C payments have been administered as grants to the community from WCS and documented using a system of work plans, budgets, and receipts detailed in community financial guidelines. The REDD+ committee for each village is responsible for managing the funds and for obtaining community consensus on activities to be funded with the revenue. Greater control over

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<sup>5</sup> Travers H., Clements T., and Milner-Gulland E.J. 2016. Predicting responses to conservation interventions through scenarios: A Cambodian case study. *Biological Conservation* 204B, 403–410.

the financial management of C4C funds will gradually be transferred to the communities as their capacity improves (see Sections 11 & 12.1).

In the first round of base payments, each community received an equal share. In subsequent rounds, communities have received annual lump sums comprising a base payment and performance-based payment (see Section 10). Community investments made using the first round of C4C include systems for drinking water (e.g., pump wells), construction of village meeting halls, maintenance of school buildings, and provision of toilets, as well as funding for training in administration and sustainable agriculture. A partnership with an NGO allowed one village to use their round of base payments to leverage further funding and install a water system worth many times the amount of the original base payment. Subsequent rounds of C4C have been used for diverse investments, including regular mobile health clinics, bicycles for children to travel to secondary schools, establishment of community savings groups, and school enrolment campaigns. By the end of 2022, a total of USD 1 million will have been disbursed through the C4C program.

### **5.3. Identifying Cash for Communities activities**

Benefits shared from the KSWS REDD+ project are intended to improve the livelihoods and wellbeing of participating communities, whilst promoting the project's biodiversity and carbon conservation objectives. In keeping with Principle 4 and supported by research,<sup>6</sup> it is important to ensure that village-level institutions can make decisions about benefits allocated to the community. A process already exists within the administration of the Ministry of Interior that enables participatory identification of village priorities for community development and improvement, and as the KSWS REDD+ project is owned by the government, it is appropriate to integrate it with government frameworks. The Commune Investment Plan (CIP) is an annual plan to implement the Commune Development Program (CDP), whereby community members are consulted about priority activities for village development. C4C activities are drawn for the most part from activities identified in the CIP, although there is an opportunity for communities to propose additional activities.

A CDP is created every five years. It outlines goals and strategies for commune development and prioritizes activities to achieve these goals. It is acknowledged that budgets available to the commune are insufficient to cover all needs; therefore, commune officials are encouraged to share the plan with other departments, NGOs, and donors in order to obtain further sources of funding. CIP creation is an annual process, beginning in the middle of each calendar year. Each village draws up a village development plan, with the assistance of staff from the commune administration. Following requests from commune staff, WCS Community Facilitators also assist in plan development for participating communities within KSWS, and maintain close communication with the CIP team. During development of the village plan, WCS advises the community of activities that would be eligible for C4C funding. The draft village development plan is edited and finalized during the District Integration Workshop, which also gives the opportunity for other departments and local

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<sup>6</sup> Travers H., Clements T., and Milner-Gulland E.J. 2011. Incentives for cooperation: The effects of institutional controls on common pool resource extraction in Cambodia. *Ecological Economics* 71, 151–161.

NGOs to pledge support for certain activities. The CIP is then submitted to each village for final approval. At this stage, WCS notifies the commune of any activities in the plans that are eligible for C4C funding, including possibilities for co-funding.

Consultations at the community level allow for proposal of additional activities not included in the finalized CIP—traditionally, the CIP focuses on rural infrastructure projects—but that the community sees as a priority for community improvement, such as health and education initiatives. WCS is developing partnerships with NGOs that work in and around KSWs and have successful track records providing health, education, agricultural, and sanitation interventions locally. Through these collaborations, participating communities are offered a wide range of services from experienced providers.

Desired activities are ranked by the community in order of priority, and any to be funded entirely from non-REDD+ sources are excluded. Through this process, a village annual work plan in the form of an ordered list of self-identified activities for community development is produced that can be used by the community to propose activities to be funded through the C4C program.

#### **5.4. Eligibility for funding under Cash for Communities**

In order to respect the overall aims and objectives of the KSWs REDD+ project, it is not appropriate for certain types of activities that may appear in CIPs to be funded by the C4C program. As WCS is involved during different stages of plan development, staff regularly advise communities on the type of activities that can and cannot be funded, in order to maintain transparency and provide ample time for the community to identify alternative activities. Communities are advised that activities that could harm forests or wildlife are not permitted. Periodically, during consultations in each of the 20 villages, the KSWs REDD+ team explains in more detail the rationale behind the eligibility of certain activities for funding.

Once each community has identified a shortlist of C4C activities, these shortlists are collated by the REDD+ team. Proposed activities are reviewed by WCS senior management to screen out any activities that are not suitable for C4C funding. Activities deemed eligible for funding are pre-approved and this feedback is returned to the communities. At this point, communities then draw up a final budget and work plan to implement as many of the pre-approved activities as they wish to and that they can fund from their C4C allocation.

Communities are encouraged and guided to select activities that will benefit the whole community, rather than a subset of members (Principle 9). This helps to ensure that all sectors of the community benefit from REDD+, regardless of income and status within the village. The KSWs REDD+ project has a particular focus on ensuring the improved wellbeing of vulnerable groups within the community, including female-headed households. During consultations in some of the participating villages, community members expressed a preference for specific activities targeting vulnerable groups, citing a collective responsibility to ensure that those less well-off could benefit from sustainable livelihoods to reduce their poverty. C4C activities that have already been implemented

in this vein include scholarships for children from disadvantaged families and school feeding programs (also known as breakfast clubs).

## **6. Community consultations**

Consultations with each community always include the village REDD+ management committee, and usually other community members who decide to attend. The detailed origin and procedures of REDD+ benefit sharing, and more specifically C4C, have been explained to the management committees, who in turn are encouraged to explain to the wider community the aims and objectives of the REDD+ project, and the contribution that each community member is expected to make towards the success of the project. Once each year, representatives from all participating villages are invited to a presentation of the AAW and a review of KSWs activities during the previous year.

Anecdotal reports suggested that the concept of REDD+ may not have been clearly understood in some communities, so continued awareness raising is important. A brief review of key principles is provided at the beginning of each community meeting and Village Focal Persons and Community Facilitators (see Section 11) are encouraged to explain concepts to community members.

## **7. Community-level fund management**

At an early stage, participating communities jointly described their interpretation of the concept of transparency in terms of REDD+ benefit sharing (Principle 3). This was defined as ensuring all community members were aware of the amount of money available under C4C, preparation of financial reports detailing spending, and creation of a committee to manage funds. During consultations with KSWs REDD+ staff in 2017, communities identified their preferred methods of managing and disbursing C4C funds (Principle 1). Fifteen villages have, or are in the process of applying for, an ICT. These villages used the rules within ICT legal documents to nominate the community-elected Indigenous Community Committee (ICC) to act as the fund management committee. In villages without ICTs, the community-elected CPA management committee acts as the fund management committee. In the four villages that have neither ICT nor CPA, a REDD+ fund management committee has been formed through elections. Fund management committees do not include members of the local authorities, in order to ensure that each committee member's voice carries equal weight. Due to traditional power dynamics, inclusion of local authority members on the committee would result in their opinion being prioritized. Committees range in size from eight to fifteen people.

In order to facilitate fund management, WCS has provided assistance to all 20 villages to set up community bank accounts. Some communities lack the documentation from the Ministry of Interior that is required by the bank before opening a community account. In the short-term, alternative arrangements for fund disbursement to these villages were developed (see Section 9), while support to obtain the necessary documents to open a community bank account or identify alternative solutions is being provided.

### **7.1. Community agreements**

In 2012, each community signed an agreement with the government, outlining the rights and responsibilities of both parties. This agreement indicated that free, prior, informed consent (FPIC) had been given by each of the participating communities. Each community agreed to respect laws protecting natural resources and their sustainable use, develop and follow land-use plans, cooperate in development of alternative livelihoods, avoid increasing deforestation outside the project area, and participate in future consultations. Participating communities have signed an agreement with WCS to accept annual grants in return for community support of the management of natural resources and wildlife (see Section 9). Upon receipt of each round of C4C funds, an annex is added to the agreement detailing any stipulations regarding financial management and outlining conditions that must be met in the case of performance-based payments.

## **8. Grievance procedure**

A grievance procedure has been developed to allow community members to raise any issues (anonymously if preferred) with the project (Principle 14). Learning from approaches used in the Northern Plains of Cambodia, the developed system includes a complaints box placed in a central location in each community, accompanied by posters explaining the grievance procedure and pens and paper for writing a complaint or feedback. In addition, there is a 24-hour telephone hotline available for those who prefer to make their views known verbally rather than in writing. This is a particularly important component in villages where levels of literacy can be lower in older generations. The grievance process is regularly explained to each community, including the assurance of anonymity if required. The hotline is manned by the WCS Compliance and Grievance Team Leader and uses the mobile network with the widest coverage in the project zone. It is advertised on posters and leaflets in each village, is printed on the outside of the complaints box, and is explained in community meetings. After each call, the reported information is documented, as well as the course of action taken (action is taken as soon as possible after the report is received).

The contents of each complaints box are collected at least twice per month. The REDD+ and Grievance Officer opens each box once per month. WCS Community Facilitators have keys for the complaints boxes in the villages in which they work, and opportunistically collect complaints from the boxes when visiting villages for their regular activities. Community Facilitators are not permitted to read the complaints and must pass them unopened to the Grievance team. This ensures that anonymity is preserved.

The REDD+ and Grievance Team Leader reports complaints to the Grievance Committee, who first classify complaints as project grievances (specifically against the REDD+ project or its implementation) or general grievances (any other challenges being experienced by communities). The Grievance Committee is an internal WCS body comprised of the KSWs Technical Manager, Community and REDD+ Manager, Forest Carbon Technical Advisor, Operations Manager, Regional Carbon Advisor, and the REDD+ and Grievance Team Leader. Next, appropriate steps to resolve the grievance are identified. Where resolution of a grievance requires the support of a project partner, e.g., DoE, the partner is notified as soon as possible. All grievances are logged in a

database, recording the date and nature of the complaint, the response process, outcome, supporting evidence, and a short report.

The complaint system has been designed to give the community a means of anonymously providing information, comments, and complaints about implementation of the KSWS REDD+ project (project grievances). Community members have also been submitting general grievances as they are aware that certain activities such as illegal land clearance may have a negative impact on performance-based C4C. Reports on illegal activities are passed directly to the KSWS Law Enforcement team for immediate investigation.

In the first instance, grievances are processed by the KSWS REDD+ team—this occurs in real-time. If the issues cannot be addressed at this level, they are passed to WCS management, or if they concern other stakeholders, are passed to the relevant authorities. Grievances must be addressed within 30 days. If a solution cannot be obtained through WCS intervention, then the matter is referred to the relevant commune council who have a legal mandate to help address complaints from their commune members. In the unlikely event that the commune council cannot solve the issue, it would be referred to a formal court process for resolution.

## **9. Fund disbursement**

A multi-year agreement between each community and WCS has been approved and signed, outlining each party's responsibilities and the terms of the agreement (see Section 7.1). The agreement covers the general provision of grants to the community under the C4C program in return for community support of the management of the natural resources and wildlife of KSWS. The agreement has been presented and explained to the committee of each community in a consultation meeting with WCS. Committees are then provided with independent legal support to allow them to fully understand the agreement and its implications (Principle 13). A period of modifications approved by both parties follows, and final agreements are signed by the committee of each community and WCS Cambodia (where relevant) in the presence of the KSWS park director (DoE). Annexes are signed and added annually, summarizing the total funds available for the village during that period.

Following this, each community is required to develop a proposal, including a work plan and budget, detailing how they intend to spend their C4C allocation. These proposals comprise the C4C activities discussed in Section 5.2, which are identified by the community themselves. The work plan includes who will be responsible for implementing each activity, an anticipated timeline, and identification of potential challenges and their solution. All proposals must be approved by WCS. The activities included in the proposal are recognized by the commune and village chief.

Once proposals have been approved, the entire annual sum is transferred to community bank accounts. These funds are then withdrawn by the community in smaller sums, in accordance with activities outlined in monthly activity plans and budgets. WCS community staff support the communities in development of these plans. Some villages do not have community bank accounts. For these villages, funds are issued by WCS, with WCS fulfilling the role of bank to the community.

Withdrawals follow the same procedure as for villages with bank accounts (outlined in the community financial guidelines), but the request for funds is submitted to WCS instead of the bank. The monthly budget and advance clearance documents are posted on the village noticeboard or on the wall of the community meeting hall, to demonstrate transparency in spending C4C funds. A hard copy of each village's annual financial report is kept in their meeting hall and is available for all community members to access.

In the long term, management of funds will be transferred more wholly to communities, though withdrawals will still need to be approved by a third party. In order to prepare the communities for this eventuality, capacity building is a key part of the support provided by WCS Community Facilitators and VFPs, as many community members have no experience in financial management procedures.

### **9.1. Guidance on financial policy**

A set of financial guidelines was developed by KSWs REDD+ staff in collaboration with the communities, in order to guide the communities in appropriate financial policy (Principle 13). The guidelines were shared with the committees of each of the 20 participating communities and support given to follow them (see Section 11). The guidelines outline the process for receiving and spending funds as detailed above. Following implementation of the original financial guidelines during the first two years of the C4C program, it became clear that the guidelines were too complicated to allow timely application by community committees. KSWs REDD+ staff worked closely with community committees and WCS financial staff to develop a set of simplified financial guidelines that meet basic requirements for transparency and due diligence but are less demanding on the time and capacity of committee members. The simplified guidelines were developed during a series of iterative consultations with committees, which was followed by training in how to apply the new guidelines. VFPs have been recruited to provide further support in applying the guidelines. Committee members are now fairly accustomed to applying the new procedures.

## **10. Performance-based payments**

### **10.1. Strategic goals**

Performance-based payments are designed to encourage changes in behavior that are beneficial for the long-term goals of the REDD+ project. The purpose of making some benefits conditional on performance, rather than universal, is to engender a change in behavior towards achievement of previously identified objectives. These can be understood in terms of the conceptual model for the KSWs REDD+ project (Figure 2). Specifically, performance-based payments can contribute to mitigating the direct threat of forest clearance and land grabbing by individuals, as well as the indirect threat of undefined borders and regulations for KSWs (Table 2). Furthermore, it ensures that those who change their behavior or their livelihoods are the primary beneficiaries of benefits accruing from the project (Principle 5).

Table 2 Threats faced by KSWS that most closely relate to the concept of bonus C4C incentives in the form of performance-based payments

Threat	Threat type	How could performance-based payments address threat?	Is threat targeted?
Forest clearance by individuals	Direct	Motivating people not to clear, and to discourage others from clearing, in order to receive greater financial reward for the community	Yes
Over-fishing, over-hunting	Direct	Motivating people not to hunt or fish commercially, and to discourage others from doing so, in order to receive greater financial reward for their community	Potentially in future; currently reliable data to measure performance in this area is not available
Undefined borders and regulations for KSWS	Indirect	Financial reward is based on performance against indicators that mirror expected/ideal regulations for KSWS.	Mitigates threat but does not target root cause
Weak traditional institutions and lack of voice	Indirect	System of performance-based payments promotes strong traditional institutions as it gives them more power to enforce their land use plans and more widely their visions for sustainable community development.  Must avoid putting traditional institutions in a position where they may have a vested interest in identification of individuals responsible for reducing community performance.  Support communities to achieve peak performance	Indirectly
Population growth, in-migration, better access	Indirect	Communities may decide that they want to prevent in-migration to improve their performance and to retain greater value of the resulting payments (dividing improved resources with fewer people).	No, but need to reduce likelihood that performance-based payments will exacerbate threat.

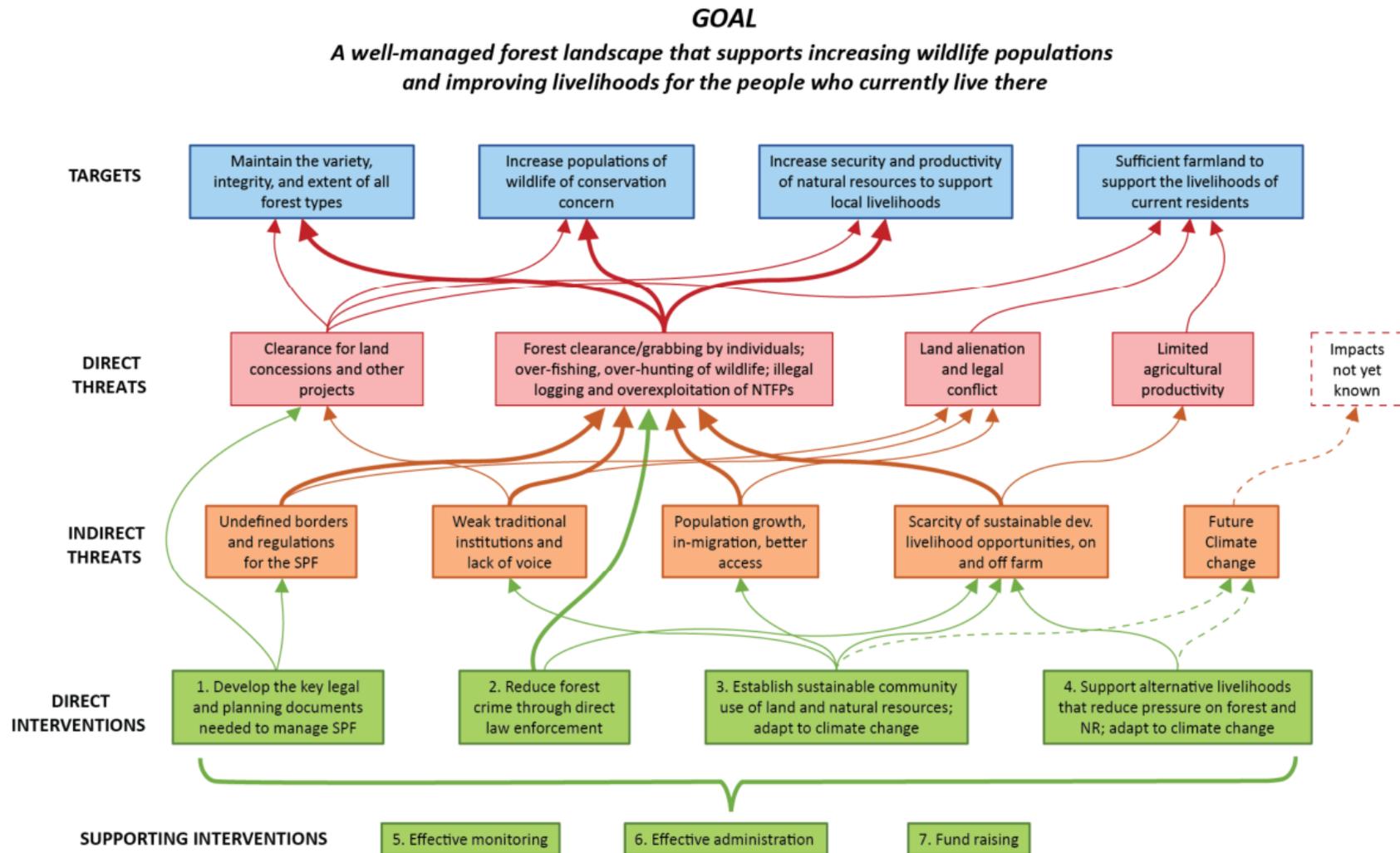


Figure 2 Conceptual model of the KSWs REDD+ project. SPF refers to Seima Protection Forest, the name under which KSWs was known from 2014 to 2017

## 10.2. Indicators

Each community's performance is measured in three areas: forest cover, conservation engagement, and community development.

### Forest cover

Avoiding unplanned deforestation, or maintaining forest cover, is an integral part of the REDD+ project. A buffer area surrounding each village has been identified and assigned to the community under their guardianship. The boundary of each buffer area is based on current land use, administrative boundaries, and the results of participatory land-use planning in each community during implementation of the REDD+ project. The buffer area consists of the entirety of the forested area within the village administrative boundary<sup>7</sup>—a boundary set by the state. During consultations with each community to discuss the performance-based system, the proposed buffer area was presented for modification and approval (Principle 11). Buffer areas are reviewed annually to ensure that they continue to represent an area of KSWS over which the community can realistically exert some influence either administratively, traditionally, or both. Minimizing forest cover loss, or indeed increasing forest cover, results in a higher performance score.

### Conservation engagement

This indicator is partly intended to counteract the effect of loss of forest cover that occurs outside of the control of a community. If the community can demonstrate that they took all possible steps to prevent forest cover loss, then even if forest cover was eventually reduced, the community will receive a high score for conservation engagement. This encourages engagement with addressing the threats faced by KSWS and motivates communities to actively participate in protecting the forest. Actions include reporting illegal activity using the anonymous hotline or complaints box, organizing community law enforcement patrols, and lodging official complaints directly with relevant authorities (e.g., with village or commune chief, or DoE). The more actions that communities take to mitigate adverse impacts on the forest and wildlife in their buffer area and KSWS more widely, the higher their performance score will be.

### Community development

The indicator for community development is split into three components: participation, representation, and community work. Each community must choose three sub-indicators (one from each component) for which they wish their performance to be measured over the monitoring period (Table 3). A suggested list is provided; however, communities may instead suggest their own measures. Similarly, thresholds are selected by each community, starting from a suggested set of thresholds based on the community's historical achievements in the chosen sub-indicator. This indicator is designed to empower participating communities to strive to improve their communities

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<sup>7</sup> The administrative boundary of one village includes forest that borders Vietnam. Due to security concerns in transboundary areas, a 3 km exclusion buffer from the international border has been applied to this village's forest cover area.

in the ways that they think are most important. By setting targets (thresholds) for performance scores, community members are provided with the leverage to motivate others in the community to work to improve conditions with a long-term goal of promoting sustainable community development. The higher the targets that the community meets, the higher their performance score for community development.

*Table 3 Components of community development indicator and example sub-indicators. Each community chooses three sub-indicators (one from each column) for which they wish their performance to be measured.*

<b>Participation</b>	<b>Representation</b>	<b>Community work</b>
Percentage of households attending village meetings	Percentage of women on the ICT/REDD+ committee	Poor households supported by collective community action
Percentage of ICT committee members attending committee meetings	Percentage of members on ICT/REDD+ committee under 30 years old	Percentage of children attending primary school
	Displaying village financial records in public place	Percentage of children attending secondary school
	Displaying meeting minutes in public place	Demarcation of ICT

Communities review their community development sub-indicators annually and can revise sub-indicators and thresholds for the following year if desired.

### 10.3. Measuring performance

Performance is measured across the period of one year. Scores are weighted so that forest cover accounts for the largest part of the overall annual performance score, reflecting the level of impact that outcomes in each indicator will have on the project as a whole (Figure 3)

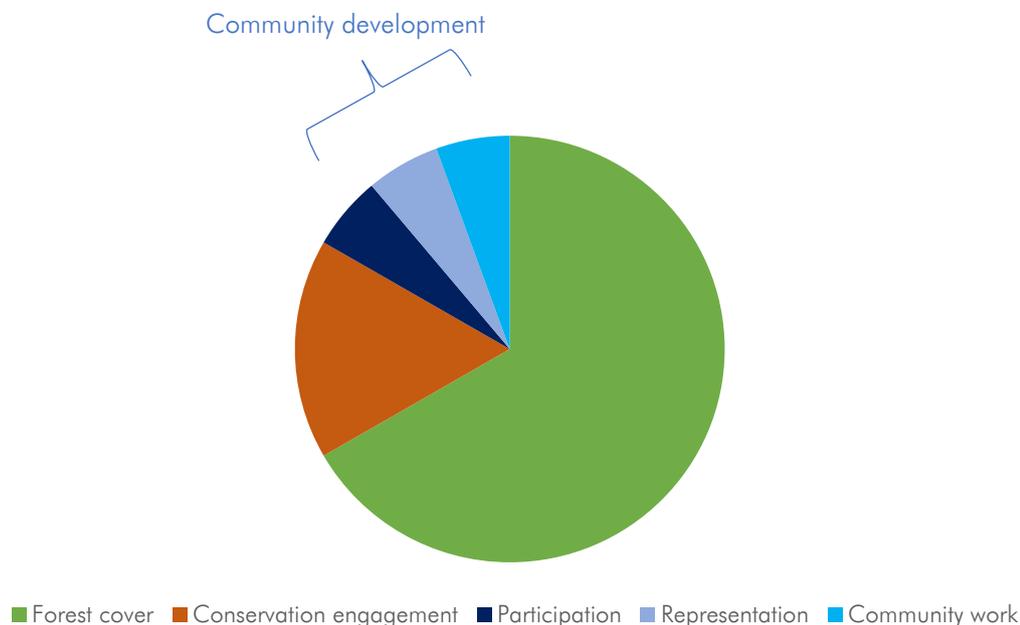


Figure 3 Weighting of overall performance score by indicator

Forest cover in the buffer area is measured at the beginning and at the end of each performance period, using remote sensing and ground truthing. Areas of land clearance are monitored in real-time throughout the year. Annual forest cover loss is measured on a continuous scale that is converted into a score for forest cover. Forest cover loss of 0 percent within a community's buffer translates to the maximum performance score for the forest cover component.

Conservation engagement and community development are both measured quarterly. The community is responsible for documenting evidence of actions that relate to conservation engagement and community development. Information that can count as evidence is pre-defined and comprises a range of media including meeting attendance lists and photographs. Once every quarter, the WCS Compliance team hold a meeting in each community to collect the documents that evidence community actions related to conservation engagement and community development actions in the preceding three months. This also provides an opportunity to provide feedback on the scores for conservation engagement and community development from the previous quarter. This feedback ensures that communities are aware of their performance throughout the year and are given opportunities to take steps to improve their performance where needed. Depending on the community development indicators chosen, supplementary information is collected by the Compliance team from relevant individuals (e.g., school attendance list from school director, anonymized hotline information from WCS Compliance and Grievance Team Leader).

#### 10.4. Conversion of performance to payments

The overall performance score attained by a village translates directly into the proportion of money that is received by that community. At the beginning of each performance monitoring period, an equal amount of money is reserved for each of the participating communities (which can be thought of as 100 percent). At the end of the monitoring period, the overall performance score attained by a village determines the actual percentage of funding that they receive (Table 4).

*Table 4 Relationship between overall performance score and percentage of funds received by each community.*

Overall performance score	Percentage of total amount received (%)
21	100
20	95.2
19	90.4
18	85.6
17	80.9
16	76.1
15	71.3
14	66.5
13	61.7
12	56.9
11	52.1
10	47.4
9	42.6
8	37.8
7	33

Any funds remaining at the end of the monitoring period—from villages achieving less than the maximum performance score and therefore receiving less than 100 percent of their allocated payment—are rolled over into the existing pool of C4C funds that will be distributed to communities over the lifetime of the project.

## 11. Capacity building

Each participating community is supported by a Community Facilitator from WCS. Each facilitator is responsible for two or three villages (depending on location and scope of C4C activities). The facilitators assist the implementation of C4C activities, providing general support to communities. As the scope of the C4C program has expanded, WCS has recruited 20 VFPs (one resident from each participating village) to work closely with community committees and help them fulfil their responsibilities. The VFPs receive specific, targeted training to help them understand REDD+, the benefit sharing system and C4C in particular, and to allow them to facilitate greater understanding in the wider community. They are responsible for building the capacity of the community committees in general coordination, financial procedures, work plan development, and selecting among tenders for C4C projects. They also act as a point of direct contact between communities and WCS—ensuring frequent communication of community needs—and facilitate liaison with local authorities.

Increased capacity of village committees is an essential component of conditional distribution of benefits (Principle 2). Some communities identified capacity building of the committee as a specific priority to be funded under C4C. Training in the form of an orientation to transparent financial procedures has been provided for representatives from each community committee, as well as to Community Facilitators and VFPs. Refresher training is provided at intervals and focuses on more complicated aspects of the procedures with which committee members continue to struggle. This training is important for the long-term development of each community and will allow them to secure funds from alternative sources and undertake additional community improvement activities, as well as increasing a sense of community participation in the KSWS REDD+ project. Fund management committees that are also responsible for managing natural resources (ICTs and CPAs) have received training on natural resource management, CPA regulations, bylaws, and institutional management (CPAs); and ICT rules and regulations, and land use inventory mapping (ICTs).

When appropriate opportunities arise, refresher training is provided to individuals involved in the project on the concept of REDD+, carbon credits, and the importance of conservation. Over time, this helps to increase the foundational level of understanding of REDD+ and will facilitate greater engagement with the project's activities. A specific training course on the basic concepts of REDD+ and climate change, and protected area legislation, is planned for all participating villages in 2023.

## 12. An adaptive approach

### 12.1. *Lessons learned*

Certain types of activities will have seasonal timing constraints, and procedures need to account for this. Delivery of some infrastructure projects funded under the C4C program was delayed because access to some of the villages is very difficult during the rainy season, especially with vehicles heavily loaded with equipment and materials.

Some communities struggled to identify activities that they felt were a priority to fund under the C4C program, because those on the top of their annually identified list were generously covered by

external donors. This difficulty is reducing over time, as part of the long-term vision of the project is to support communities to make a plan for their development and engage in creating strategies that will improve all aspects of community life in a sustainable way. Some communities felt that it was too difficult to identify development priorities by themselves without suggested input. Therefore, lists of suggested initiatives from which communities can choose (if they desire) have been developed. Options on this list include initiatives offered in partnership with other NGOs working in the project area, covering priorities that have been identified by the communities, such as health, education, and institutional management. If communities have their own ideas of what they would like to undertake, these proposals will continue to be welcomed. Options explored by some communities are then shared with other communities as additional possibilities.

The original procedure for documenting the financial aspects of C4C at the village level was difficult for committees to fulfil. This resulted in delays to the release of funding instalments to communities, which in turn delayed payments to contractors. As well as supporting committees to liaise with contractors to develop appropriate payment terms, KSWs REDD+ staff also worked with committees to develop simplified financial guidelines that meet requirements for transparency and are easier to implement with current capacity levels on committees. Instead of transferring funds in instalments, the entire annual C4C total is transferred to communities in one lump sum. Communities then withdraw funds in smaller amounts based on requirements calculated using work plans and budgets.

Under the first round of C4C, communities signed annual agreements to receive funds. However, it became evident that it was sometimes challenging for communities to spend all of their funds within one year. To relieve the burden on KSWs REDD+ staff, who were spending much of their time organizing contract extensions in each village, and make C4C as flexible as possible, a multi-year contract was developed. This type of contract has now been signed by each participating community and annexes are added each year detailing the funds available for that year. The annexes stipulate that the disbursement of additional funds is dependent on review by WCS—this provision allows staff to confirm that funds are being spent appropriately and transparently, but does not penalize communities for taking longer to spend funding.

The grievance procedure has provided communities with an alternative platform on which to raise queries about the REDD+ project and management of KSWs. When the system was first introduced, the hotline was more popular than the complaints boxes, which at first did not have paper and pens provided alongside. However, the grievance box is now the most popular method, followed by the hotline. Individuals have also given opportunistic, private in-person reports to the Compliance and Grievance Team Leader during village visits for meetings and other activities. Some individuals may not feel confident raising questions in regular community meetings, although they are very welcome to do so. For example, one community member wrote in the complaints box that they did not understand why C4C funds took time to be transferred to the community. Staff took the time to explain the process of fund allocation and disbursement to this individual so that they better understood the limitations. The individual was content with the explanation, and staff used this exchange as an opportunity to think about how they could improve the explanation of financial procedures during community meetings.

The buffer within which communities are responsible for maintaining forest cover for performance-based payments was originally proposed as a 3-kilometre radius from each village's center point. This was based on assumptions that an individual community was likely to be able to exert direct influence over areas within 3 km from the village, and that in general, individuals would be fairly unlikely to have traditionally travelled much further than this to regularly access common resources. Its application appeared to be fair in that it allocated the same total area to each community. However, during consultation with communities to present the proposed buffers and seek feedback to update drafts, community members raised concerns over the application of this arbitrary boundary. They felt that it did not reflect the areas over which they realistically have some control. Following community suggestions, it was agreed that the most appropriate approach would be to use the state-defined village administrative boundaries instead.

## **12.2. Future considerations**

There is recognition of the need to raise greater awareness of the funds available at the beginning of each annual period under the C4C program. This will help communities to appreciate the impact of their performance on the funds allocated at the end of the annual period. When planning activities to be funded under C4C, Community Facilitators work closely with community members to identify activities that will help the community to achieve their goals in terms of infrastructure development, natural resource management, and livelihood improvements. Discussions consider how these activities benefit the specific sub-goals but currently do not cover the more general benefits to conservation and long-term sustainability that can arise from these activities. The team plans to begin introducing these considerations during the activity planning process.

The ability of individuals to influence the behavior of others with the aim of achieving higher performance will be observed by Community Facilitators throughout the monitoring period for performance-based payments. There will also be the opportunity for members of the community to express any concerns with the process through the grievance procedure. Together, these will help to identify whether group size for performance assessment should be reduced in future. In some villages, the sub-villages (*kroms*) are scattered widely, potentially making it more difficult for members of one sub-village to have a tangible influence on the behavior of those of other sub-villages—an essential component of collective, conditional benefit sharing systems. If it is deemed necessary to reduce group size, then it will also be important to concurrently develop the relevant institutions to allow sub-village-level performance-based payments to be administered (Principle 2). At this time, there is no means by which a sub-village can hold a separate bank account, so if different sub-villages in one village received different performance-based payments, these would need to be managed in parallel within one bank account, requiring additional financial monitoring.