

What is the cost of providing livelihood projects to local communities as part of REDD+ and forest conservation projects?



- **Providing small scale livelihood projects is a common way of trying to provide benefits to local communities from tropical forest conservation and REDD+ projects.** Advocates of providing livelihood projects claim they can contribute to conservation outcomes and, in the case of REDD+, that they can be used to share the benefits of payments for greenhouse gas emission reductions.
- Policy makers and conservation practitioners projects use various approaches to deliver livelihood projects, such as giving grants, using specialist contractors, working through local NGOs or hiring specialist staff to implement the livelihood projects.
- **Despite widespread use of livelihood projects in REDD+ pilots and conservation projects, there is surprisingly little information about the best way of delivering them, what their relative costs are and how much local communities gain.** To understand the costs of implementing livelihood projects, we analysed detailed cost data from livelihood projects provided as part of a REDD+ pilot in eastern Madagascar.



CONCLUSIONS

- **The transaction costs of delivering livelihood projects in remote rural areas typical of forest conservation projects/ REDD+ programs can be high, and need to be carefully factored into project design and funding.**
- **If the priority is to reduce project delivery costs then implementers should use approaches that minimize the use of intermediaries or specialist contractors.** However, cost considerations are only one of many factors affecting the choice of approach and ultimately the priority should be reducing delivery costs while maximizing impact.
- **There is an urgent need for much more rigorous assessment of both the costs and benefits of livelihood projects** implemented within REDD+ interventions and forest conservation efforts more generally to inform policy decisions and field implementation

Study details : To understand the costs of implementing livelihood projects, we compiled detailed cost data from 463 small-scale livelihood projects (microprojects) provided to smallholder farmers as part of a REDD+ pilot in the Ankeniheny Zahamena Corridor (CAZ) in eastern Madagascar. The specific goals of our research were to 1) characterize the overall costs of delivering microprojects and 2) examine how different approaches of microproject delivery affected both the overall cost and the proportion of available funds spent in the community and per household.

We compared costs across four approaches: conservation agreements where livelihood microprojects were contingent on community conservation activities; small grants provided through local NGOs; direct implementation by the conservation project staff; and application of social safeguards by specialist contractors. The analysis of costs was focused on the actual delivery and implementation of the microproject and hence costs associated with fundraising were not included.



Results

Our results highlight that how livelihood microprojects are delivered within REDD+ pilots can have significant impacts both on microproject costs, as well as on how much money reaches local communities. Therefore the approach used to provide livelihood benefits to local people deserves careful consideration in the design and implementation of REDD+ and forest conservation policies.

We found significant differences in microproject costs across different approaches, with microprojects delivered as part of a safeguards process costing significantly more than other approaches, and directly implemented microprojects costing the least. In our study, an average of 41% of microproject costs were incurred at the intermediary or lead organization, while the remaining 59% was spent at the community level (though the proportions varied greatly across microprojects). The proportion of funding that reached a community also varied significantly across approaches, with conservation agreements and direct microprojects spending the greatest proportion at the community level, while safeguard microprojects spent the least.



MacKinnon, J.L., Andriamaro, L., Rambeloson, A., Razafindrazakaso, M., & Harvey, C.A (*in review* Costs of delivery approaches for providing livelihood projects to local communities as part of REDD+ programs: an analysis from Madagascar