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Title: Preferences for REDD+ Contracts and Community Managed Forestry: Evidence from Choice Experiments Nepal

Approximately 30% of global forests has been cut down and deforestation and forest degradation accounts for 11%–20% of annual greenhouse gas emissions. Worldwide, some 1 to 2 billion people continue to depend primarily on forests for their livelihoods. Therefore preventing deforestation and forest degradation is necessary from both a climate stabilization and a sustainable development point of view. Reducing Emission from Deforestation and Forest Degradation (REDD+) is a payment for ecosystem services (PES) system created under the UN-FCCC tasked with creating markets for carbon sequestration services.

Effective REDD+ instruments must carefully consider preferences of participants, incentives, opportunity costs, and community interactions. A significant portion of the world's forests that are eligible for REDD+ payments are in communities with community forest management (CFM). At the same time there is little knowledge in the existing literature about preferences of households in communities with CFM for REDD+ contracts and the opportunity costs of accepting REDD+ contract. This paper contributes to filling this knowledge gap. We use an experiment survey conducted in rural Nepal (1200 respondents) to understand preferences towards the institutional structure of REDD+ contracts, the opportunity costs of the contracts, and how existing CFM institutions influences these outcomes.

The results show that respondents care about how the payments are divided between the households and the communities, the restrictions on grazing and firewood collection, and the level of payments. We include attribute and socio-economics interactions to better understand the preferences and find that the payment level and the values of the other attributes affect the respondents' preferences for each attribute. We also find that good governance and ensuring equitable access to common forest resources increases the likelihood of respondents participating in the REDD+ program. Finally, we calculate the opportunity cost of REDD+ payments and find that, while being cheaper than many other CO2 abatement options, opportunity cost of REDD+ payments is higher than previously suggested in the literature for deforestation.

The results highlight that by improving livelihoods and mitigating climate change REDD+ contracts can be a pathway to shared prosperity! and contributes to the conference themes on "Development and Climate Change".