

Document of
The World Bank

READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$ 3.6 MILLION

TO THE

REPUBLIC OF VANUATU

FOR

VANUATU - FCPF READINESS PLAN PREPARATION PROJECT (P124806)

MARCH 27, 2015

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DATA SHEET

VANUATU

Vanuatu - FCPF Readiness Plan Preparation Project

READINESS PREPARATION PROPOSAL (R-PP) ASSESSMENT NOTE

EAST ASIA AND PACIFIC

GENDR

Basic Information			
Date:	March 27, 2015	Sectors:	Agriculture, fishing and forestry sector: Forestry (100%)
County Director:	Franz Drees-Gross	Themes:	Climate Change (100%)
Practice Manager:	Iain Shuker	EA Category:	B
Project ID:	P124806		
Lending Instrument:	IPF		
Team Leader(s):	Stefanie Sieber / Haddy Jatou Sey		

Date of country selection into FCPF: October 22, 2008
Date of Participation Agreement signed by Country: September 17, 2009
Date of Participation Agreement signed by Bank: October 15, 2009
Date of R-PP Formulation Grant Agreement signature: March 21, 2010
Expected date of Readiness Preparation Grant Agreement signature: April 10, 2015

Joint IFC: N/A

Project	Implementation	Start	March 31, 2015	End	June 30, 2019
Period:		Date:		Date:	

Project Financing Data					
<input type="checkbox"/>	Loan	<input checked="" type="checkbox"/>	Grant	<input type="checkbox"/>	Other
<input type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee		

For Loans/Credits/Others (US\$M):

Total Project Cost :	3.6	Total Bank Financing:	3.6
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Total Cofinancing :	N/A	Financing Gap :	N/A
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Financing Source	Amount
BORROWER/RECIPIENT	
IBRD	
IDA: New	
IDA: Recommitted	
Others: FCPF	3.6
Financing Gap	N/A

Total

3.6

Regional FCPF Trust Fund Number: TF017524
 FCPF Country Child Trust Fund Number: TF019203

Recipient: Republic of Vanuatu

Responsible Agency: Department of Forestry, Ministry of Agriculture, Livestock, Forestry and Fisheries and Biosecurity

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Institutional Data

Practice Area / Cross Cutting Solution Area Environment and Natural Resources

Cross Cutting Areas

- Climate Change
 Fragile, Conflict & Violence
 Gender
 Jobs
 Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Agriculture, fishing and forestry sector	Forestry	100	40	60
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Green House Gas Accounting N/A since the REDD+ Readiness activities will not involve any site-specific activities and focus on analytical work, capacity building and consultation and participation activities.

Is GHG accounting applicable for your project? No

Themes

Theme (Maximum 5 and total % must be equal to 100%)

Major theme	Theme	%
Climate Change	Climate Change	100
Total		100

Private Capital Mobilized N/A

Gender Tag

Does the activity plan to undertake any of the following? **Please select Yes or No for each:**

Gender analysis and/or consultation on gender related issues. Yes

Specific actions to address the distinct needs of women and girls, or men and boys, or positive impacts on gender gaps. Yes

Mechanisms to facilitate monitoring and/or evaluation of gender impacts. Yes

Clearances to the Readiness Preparation Proposal Assessment Note

Practice Manager: Iain Shuker, February 21, 2015

Regional Safeguards Advisor: Peter Leonard, February 28, 2015

Safeguards Specialists (Environment and Social): Penelope Ferguson, February 26, 2015 and Ann McLean, February 21, 2015

Procurement Specialist: Jinan Shi, February 25, 2015

Financial Management Specialist: David Bruce Whitehead, February 20, 2015

PURPOSE OF THE READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

As part of its responsibilities for the FCPF, the World Bank has been asked to ensure that the FCPF's activities comply with the relevant World Bank Operational Policies and Procedures, in particular the Safeguard Policies, and the policies on Procurement and Financial Management.

The World Bank has also been asked to assist REDD Country Participants to formulate and implement their Readiness Preparation Proposals (R-PPs).

The purpose of this Readiness Preparation Proposal Assessment Note (R-PP Assessment Note), therefore, is for the World Bank to assess if and how the proposed REDD+ Readiness Support Activity, as presented in the R-PP, complies with Safeguard Policies, and the World Bank's policies on Procurement and Financial Management, discuss the technical quality of the R-PP, record the assistance it has provided to the REDD Country Participant in the formulation of its R-PP, and describe the assistance it might potentially provide to the REDD Country Participant in the implementation of its R-PP.

ABBREVIATIONS AND ACRONYMS

AWG	Ad-hoc Working Group
C&P Plan	Consultation and Participation Plan
CQS	Selection Based on Consultant's Qualifications
CSO	Civil Society Organization
DEPC	Department of Environmental Protection and Conservation
DoF	Department of Forestry
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
EFCS	Enhancing Forests Carbon Stocks
EIA	Environmental Impact Assessment
ER	Emission Reduction
ESMF	Environmental and Social Management Framework
FCPF	Forest Carbon Partnership Facility
FGRM	Feedback and Grievance Redress Mechanism
FM	Financial Management
FMT	Facility Management Team
GIZ	Gesellschaft für Internationale Zusammenarbeit
GoV	Government of Vanuatu
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IDA	International Development Association
IP	Indigenous People
IPF	Investment Project Financing
IPP	Indigenous Peoples Plan
IRCCNH	Increasing Resilience to Climate Change and Natural Hazards Project
ISDS	Integrated Safeguards Data Sheet
JBE	Jastis Blong Evriwan (Justice for the Poor)
MALFFB	Ministry of Agriculture, Livestock, Forestry and Fisheries and Biosecurity
MDRR	Mainstreaming Disaster Risk Reduction Project
MEFM	Ministry of Finance and Economic Management
MRV	Measurement, Reporting and Verification
NAB	National Advisory Board on Climate Change and Disaster Risk Reduction
NAPA	National Adaptation Program of Action
NGO	Non-Governmental Organization
NTFP	Non-Timber Forest Product
PAA	Priorities for Action Agenda
PF	Resettlement Policy Process Framework
PMU	Project Management Unit
QBS	Quality-Based Selection
QCBS	Quality and Cost-Based Selection
REDD+	Reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
REL	Reference Emissions Level
RPF	Resettlement Policy Framework
R-PIN	Readiness Preparation Idea Note
R-PP	Readiness Preparation Proposal
SESA	Strategic Environmental and Social Assessment

SFM	Sustainable Forest Management
SOPAC	SPC Applied Geoscience and Technology Division
SPC	Secretariat of the Pacific Community
SSS	Single Source Selection
TAC	Technical Advisory Commission
ToR	Terms of Reference
UNFCCC	United Nations Framework Convention on Climate Change
VANGO	Vanuatu Association of Non-Government Organisations
VCC	Vanuatu Christian Council
VCCP	Vanuatu Carbon Credits Project
VKS	Vanuatu Kultural Senta
VMGD	Vanuatu Meteorology and Geohazards Department
WBG	World Bank Group
WDI	World Development Indicators

VANUATU
Vanuatu - FCPF Readiness Plan Preparation Project

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Vanuatu

Vanuatu - FCPF Readiness Plan Preparation Project

I. Introduction and Context

A. Country Context

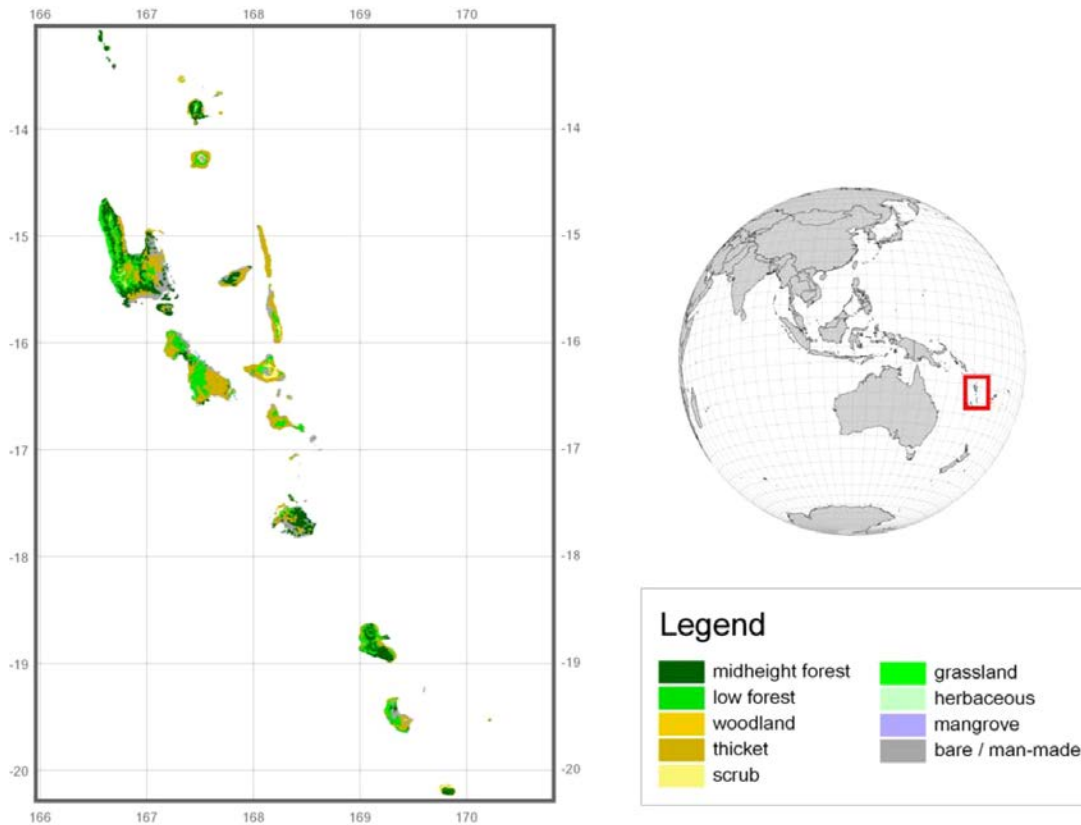
1. **Vanuatu is a low income Melanesian archipelagic nation in the South Pacific Ocean (see Figure 1), whose small, widely dispersed population is highly dependent on subsistence agriculture and fisheries.** Given its low per capita income, Vanuatu belongs to the group of Least Developed Countries. Its population is estimated at 250,000 with Ni-Vanuatu, or indigenous Vanuatu, making up the majority. Around three-fourths of Ni-Vanuatu live in rural areas, inhabiting 70 of the 80 islands. As a consequence, many citizens are located at great distances from economic hubs, limiting their ability to participate in the formal economy and access services. Reliance on subsistence farming and fishing for rural livelihoods is thus high, with agriculture contributing significantly to both incomes and food security. According to the World Development Indicators (WDI), agriculture's share in GDP was 28 percent in 2013, which captures the importance of cash crop exports but undoubtedly underestimates the sector's importance to living standards in Vanuatu due to the informal nature of rural economies.

2. **The country's economy is highly dependent on the tourism sector with growth declining sharply in recent years due to the impacts of the global financial crisis and high travel costs.** The services sector, dominated by tourism, accounts for the largest share of GDP in Vanuatu (63 percent in 2013). Most of the tourists originate from Australia and New Zealand, including members of the diaspora from the Pacific Islands. Since 2005, arrivals from the United States and Europe have declined significantly, due to changing travel patterns and more recently the effects of the global financial crisis. Tourist arrivals have stagnated in the past few years, partly as a result of a saturation of the Australian and New Zealand market, but also reflecting the relative high cost of airfares to reach these destinations. Therefore, economic growth, which averaged 5.6% a year between 2002 and 2008, has declined sharply to an average of 1.9% percent in recent years. The global financial crisis has also led to a subsequent reduction in donor-led infrastructure investment, as well as weak investment in the property market, subdued export commodity prices, and weak performance of the telecommunication sector, further reducing economic growth rates (Reserve Bank of Vanuatu, 2013).¹

3. **The Government of Vanuatu (GoV) has set the goal of diversifying the economy by promoting low-carbon development in the productive sectors and liberalizing international trade.** The Priorities for Action Agenda (PAA) 2006-2015 is the Government's multi-sectoral action plan for development. Its objectives are to diversify the economy to decrease dependence on commodity exports and tourism, improve governance and public service delivery, foster rural development by expanding market access, increase private investment, enable greater stakeholder participation in policy formulation, and improve equity in access to income and economic opportunities. The PAA focuses, in particular, on the need for low carbon development in the productive sectors. The Overarching Productive Sector Policy (2012-2017), officially endorsed by the Council of Ministers, establishes a coherent policy framework to guide strategic actions and investments to improve efficiency and performance in the productive sectors, which encompass agriculture, forestry and fisheries.

¹ Reserve Bank of Vanuatu, Quarterly Economic Review, June 2013.

Figure 1. Map of Vanuatu



Source: Vanris 1993.

4. **Due to Vanuatu’s high level of vulnerability to the impacts of anthropogenic climate change² as well as natural disasters³, the GoV has identified ‘no-regrets’ options for key sectors, including forestry, that provide both climate mitigation and resilience benefits.** In particular, the National Adaptation Program of Action (NAPA) of 2007 identified ‘no regrets’ options for five key sectors: agriculture and food security, sustainable tourism development, water management, community-based marine resource management, and most important for this Readiness Preparation Grant, sustainable forest management (SFM). The sustainable management of forests and watersheds can provide both climate mitigation and resilience benefits. For example, healthy forest ecosystems enhance the resilience of local communities to economic and environmental shocks by providing food, water, shelter and medicine as well as flood and erosion control. Moreover, climate mitigation benefits could potentially accrue through a future performance-based system from Reducing Emissions from Deforestation and Forest Degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries – or REDD+ – within the context of the international climate negotiations of the UN Framework Convention on Climate Change (UNFCCC).

² IPCC (2007) *Fourth Assessment Report: Climate Change 2007*

³ Vanuatu is one of the most vulnerable countries of the world due to its geographic location in the Pacific’s “ring of fire” and “cyclone belt” (according to the Commonwealth Vulnerability Index). This is in part owing to its limited economic diversification and high dependence on small-scale agriculture and commodity exports.

B. Sectoral and Institutional Context

Forest Management

5. **Vanuatu has vast forest resources relative to its land area.** Estimates are that approximately 74 percent of the land area, or about 900,000 ha, are covered with different types of forests (FAO, State of the World's Forests 1999; and Vanuatu National Forest Policy, 2011). Forest cover is mostly secondary growth inter-planted with native fruit and nut tree species; undisturbed primary forests no longer exist except for small cloud forests in the highlands. All forest areas in Vanuatu are customarily owned by Ni-Vanuatu people; the 10 percent of government-owned land is not forested.

6. **Compared to other countries in the region, such as Solomon Islands and Papua New Guinea, Vanuatu has historically low rates of deforestation but its forests have been heavily degraded.** In particular, selective logging by international timber companies during the 1980-1990 period have degraded Vanuatu's forests significantly. A detailed national forest cover area change assessment using Landsat, ASTER and SPOT imagery for 1990 and 2000 was carried out for all the islands in 2007.⁴ The analysis revealed a variety of change patterns due to the high social, economic and ecological diversity of the islands, and their widely varying sizes. The study estimated gross deforestation at 4,677.6 ha, or 467.8 ha/year, over the period. More than one fifth of the total forest loss was observed on the island of Espiritu Santo, the largest in the archipelago. The results of a recent assessment of deforestation on Santo indicate that the island lost 1,396.8 ha of forests, or 465.6 ha/year, over a period of 3 years (2007-2010), which suggests that deforestation continued at the rate assessed in the earlier study.⁵

7. **Downstream financing for REDD+ is not likely to be significant however upstream analytical and policy work will improve land management practices in forestry, agriculture and NRM more generally.** The analysis of the drivers of deforestation and forest degradation, land ownership, REDD+ strategy options and benefit sharing mechanisms will enhance the understanding of the social and environmental trade-offs associated with different land-use options. This technical and policy advice can in turn help strengthen sustainable land and forest management practices, in particular within a landscape under population, development, food security and climate adaptation pressures.

8. **With forests covering so large a proportion of Vanuatu's land area, forest sector governance is of key importance for GoV's climate mitigation and resilience efforts.** The sector governance framework has three main elements:

- The Ministry of Agriculture, Livestock, Forestry and Fisheries and Biosecurity (MALFFB) has the overarching mandate for coordinating land use and productive sector strategies, including the PAA, which focuses on low-carbon rural development. Under the MALFFB, the Department of Forestry (DoF) has the administrative responsibility to manage forests and forest operations (Forestry Act 2001) and promotes the integral and sustainable management of all forest resources. The DoF also collects information about forest resources, conducts forest research, and regulates the development of commercial plantations and agroforestry systems.
- Vanuatu's Forest Policy (2011-2020) integrates the goals of climate change adaptation and reforestation/conservation, based on the knowledge that intact forests increase resilience. The

⁴ Herold, M., Sambale, J., Lindner, M., Urban, M. and Weaver, S. (2007) "Satellite-based monitoring of the national forest resources in the Pacific Island state of Vanuatu," *DGPF Tagungsband 16 / 2007 – Dreiländertagung SGPBF, DGPF und OVG*.

⁵ Zeballos, D.M, Seifert-Granzin, J. (2013) *SAR-based Deforestation Assessment, Espiritu Santo Island Vanuatu: Processing Description and Results Version 1.0* January 18, 2013. SPC/GIZ Regional Project: Climate Protection through Forest Conservation in the Pacific Island Countries.

policy also aims to improve the participation of Ni-Vanuatu in the development and management of the forest sector.

- The Secretariat of the Pacific Community (SPC), in partnership with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and funded by the German Federal Environment Ministry, elaborated a Pacific regional policy framework for REDD+ in 2012. The key objectives of this policy include increasing the capacity of SPC and its member states to cope with the negative impacts of climate change by mainstreaming climate change concerns into national policies, plans and strategies. Vanuatu has been actively implementing this policy since 2010, and REDD+ implementation is already on the agenda of many sector policies and implementing laws.

Climate Change Policy

9. **The Government's efforts to develop a national climate change and disaster risk reduction (DRR) policy and action plan⁶ will be supported by the resilience co-benefits of a future REDD+ Program.** The policy will consolidate, update and clarify the priorities and establish a medium to long-term strategic direction for climate change and DRR in Vanuatu. Though primarily aimed at climate change mitigation, REDD+ will contribute to these broader climate resilience goals by improving the management of forests and the ecosystem services they provide. For example, re/afforestation of mangroves will provide improved coastal zone protection services that will enhance the resilience of local communities and resources. Sustainable forest and watershed management will in turn safeguard critical ecosystem services, such as water supply, flood and drought mitigation, as well as soil and erosion control. Furthermore, the identification of REDD+ strategy options will help inform strategic land use and resource management and planning. For instance, the development of Non-Timber Forest Products (NTFPs) value chains (e.g. sandalwood) linked to a future Enhancing Forests Carbon Stocks (EFCS) program could yield significant social and environmental co-benefits to poor forest dependent communities by reducing poverty and enhancing their climate resilience at the same time.

10. **Climate change activities are coordinated by the National Advisory Board on Climate Change and Disaster Risk Reduction (NAB), while its Secretariat serves as the Project Management Unit (PMU) for all related projects in Vanuatu.** The NAB was mandated by the Council of Ministers in 2012 to act as Vanuatu's supreme policymaking and advisory body for all climate change and DRR programs, projects, initiatives and activities. It is comprised of high-level representatives from key government departments and agencies as well as representatives from civil society. It is co-chaired by the Director General of the Ministry of Climate Change Adaptation, Meteorology, Geo-Hazards, Environment, Energy and Disaster Management and the Director of the National Disaster Management Office. Under NAB oversight, the GoV is developing the new national climate change and DRR policy and action plan. The PMU of the NAB will be responsible for the fiduciary aspects of the proposed Readiness Preparation Grant consistent with its existing management of all climate change and DRR projects in the country.

Decentralization

11. **Vanuatu is a highly decentralized country but its provincial forest and land management arrangements are weak.** Each of Vanuatu's six provinces has a Secretary General, responsible for looking after all services and information provision in their province. Area Councils are the smallest administrative level, with 64 Area Councils in Vanuatu. However, none of these provinces has a provincial forest department; instead, the DoF has extension officers at the provincial level who are the main providers of

⁶ The GoV DRR policy and action plan will be supported by the by the Pacific Islands Disaster Risk Reduction and Disaster Management Framework for Action 2005–2015 and the Pacific Islands Framework for Action on Climate Change 2006-2015, which are currently undergoing integration to into one framework (due for completion in 2016).

forestry extension services to resource users. It will be critical to strengthen decentralized forest and land management arrangements, including extension services provision, during the REDD+ readiness phase.

Land governance

12. **All land in Vanuatu is owned by Ni-Vanuatu customary land owners and most of it is not leased and registered, leading increasingly to boundary and ownership conflicts.** Vanua means “land” or “home” and tu is “stand” in several Austronesian languages. Upon achieving independence in 1980, the nation’s name was changed to Vanuatu (from the New Hebrides), as land ownership played an important role leading up to independence. According to the Constitution, all land in Vanuatu is vested to Ni-Vanuatu customary land owners in perpetuity, and these landowners collectively decide how their forest resources are managed. The Land Leases Act allows for customary land to be leased to non-indigenous citizens for a period of up to 75 years. Despite this law, nearly 90 percent of customary land is not leased and therefore not registered, which can lead to boundary and ownership disputes among customary owners. Disputes are exacerbated by the rapid transition to a market-based economy and by the demand by foreign investors for legal certainty regarding land dealings.

13. **There are several ongoing national initiatives that are helping to facilitate policy dialogue about customary and formal systems of land governance in Vanuatu.** For example, the implementation of the 2006 National Land Summit Interim Transitional Strategy and National Land Summit Resolutions have helped create the basis for the development of the Land Sector Framework (2009-2018). The implementation of the latter is overseen by the Vanuatu Land Governance Committee, which has a thematic working group on Land Use Planning. Vanuatu is currently in the process of drafting a National Land Use Planning and Zoning policy, which will include land use zoning maps and vulnerable area mapping.

REDD+ Readiness and the Forest Carbon Partnership Facility (FCPF)

14. **The FCPF was established to help countries get ready for future systems of financial incentives for REDD+, but also helps countries strengthen their existing mechanisms to manage and develop their forests in a sustainable manner.** Within the context of the international climate negotiations of the UNFCCC, performance-based payments from REDD+ will be based on (i) environmentally and socially sound policies and programs for REDD+, (ii) a credible and marketable reference level (forest carbon emission “baseline” scenario), and (iii) technically robust systems of forest monitoring and emissions reporting. Since its inception in 2008, the FCPF has developed a framework and processes for REDD+ readiness built on these three main pillars, which are applied and adjusted to different country contexts. The Readiness Preparation Activities also help strengthen existing forest policy and management systems, information and data, participatory methods as well as human and institutional capacity all of which will also contribute to the sustainable management and development of forests.

15. **The REDD+ process in Vanuatu began in 2006 with the Vanuatu Carbon Credits Project (VCCP), which enabled the country to implement demonstration activities and launched its participation in the FCPF.** The VCCP helped build Vanuatu’s capacity to access carbon and ecosystem services financing for climate change mitigation and sustainable development in the forest and energy sectors. The project also assisted Vanuatu in developing a Readiness Preparation Idea Note (R-PIN) in 2007, which launched its participation in the FCPF when it became operational in 2008. The R-PIN provided an initial overview of Vanuatu’s land use patterns and causes of deforestation, as well as of the stakeholder consultation process and potential institutional arrangements for REDD+ readiness.

16. **Based on the R-PIN, Vanuatu was awarded a US\$ 200,000 grant in 2008 to support establishment of a REDD+ Technical Committee and to formulate a Readiness Preparation Proposal (R-PP).** The REDD+ Technical Committee comprises GoV agencies from the forestry, agriculture, climate

change, land tenure, trade, commerce and finance sectors. It led the drafting of the R-PP with significant assistance from the SPC and GIZ, which laid out the components and activities needed for Vanuatu to achieve REDD+ Readiness. In accordance with the FCPF framework and REDD+ Readiness Preparation processes, the R-PP has been widely reviewed and assessed by the World Bank Group (WBG) task team, the FCPF Facility Management Team (FMT), independent reviewers on behalf of the FCPF's Technical Advisory Panel, and the FCPF Participants Committee,⁷ as part of a multi-step review process and feedback mechanism.

17. **The R-PP preparation process, under the overall guidance of the NAB,⁸ included extensive consultations at the national and provincial levels with various stakeholders,⁹** including government agencies, Non-Governmental Organizations (NGOs)/Civil Society Organizations (CSOs), customary chiefs, business leaders, development partners, cultural groups, local communities, and forest-dependent people. In addition, the NAB oversaw initial assessments of the drivers of deforestation and forest degradation, the identification of REDD+ strategic options, an institutional review of laws and policies related to forest management and climate change, and an assessment of measurement, reporting and verification (MRV) systems and Reference Emission Levels (RELs). The information derived from these studies and early consultations enabled Vanuatu to develop a comprehensive Readiness Roadmap of what the country needs to do to prepare for REDD+.

18. **In March 2013 the FCPF Participants Committee authorized grant funding of US\$ 3.6 million to support the preparation of Vanuatu's REDD+ strategy.¹⁰** This Readiness Preparation Grant, which makes up almost 50 percent of the estimated budget for REDD+ Readiness, will fund key elements of the R-PP. In particular, it will support the development of the REDD+ strategy through a highly consultative and participatory process, which will carefully assess the environmental, social and economic impacts associated with different land use options and will be informed by a range of technical and policy studies. The Readiness Preparation Activities will also strengthen existing institutions and stakeholder engagement processes at the national and decentralized level, including the Vanuatu National REDD+ Unit, REDD+ Technical Committee, Provincial REDD+ Committees, as well as a feedback, and grievance redress mechanism (FGRM) for REDD+. Vanuatu is expected to leverage other resources to finance the remaining components of the R-PP, including implementation of the MRV and REL.¹¹

19. **The Readiness Preparation Activities will also support 'no regrets' activities by, for example, strengthening sustainable land and forest management practices through technical and policy advice.** More specifically, the REDD+ Readiness Preparation process will provide the opportunity for broad-based strategic discussions of land use options for its forested and mixed agricultural lands, considering criteria such as: (i) revenue for government, (ii) benefits and livelihoods for communities, (iii) environmental and social sustainability, (iv) climate adaptation and resilience benefits, and (v) potential carbon benefits. Based on these discussions and the associated technical and policy analysis, the Government will be able to strengthen sustainable land and forest management practices and possibly attract funding to support some of the multi-sectorial solutions proposed under the REDD+ strategy related to SFM, agriculture and climate change resilience. In addition to these 'no regrets' options, the Readiness Preparation Activities will lay the foundation for Vanuatu to enter into an emissions reduction program in the future. However, given

⁷ The committee comprises an equal number (14) of donors and recipients.

⁸ The NAB acted as the Steering Committee for the National REDD+ Program prior to establishment of the REDD+ Technical Committee.

⁹ These consultations were carried out by Live & Learn Environmental Education, in partnership with the DoF.

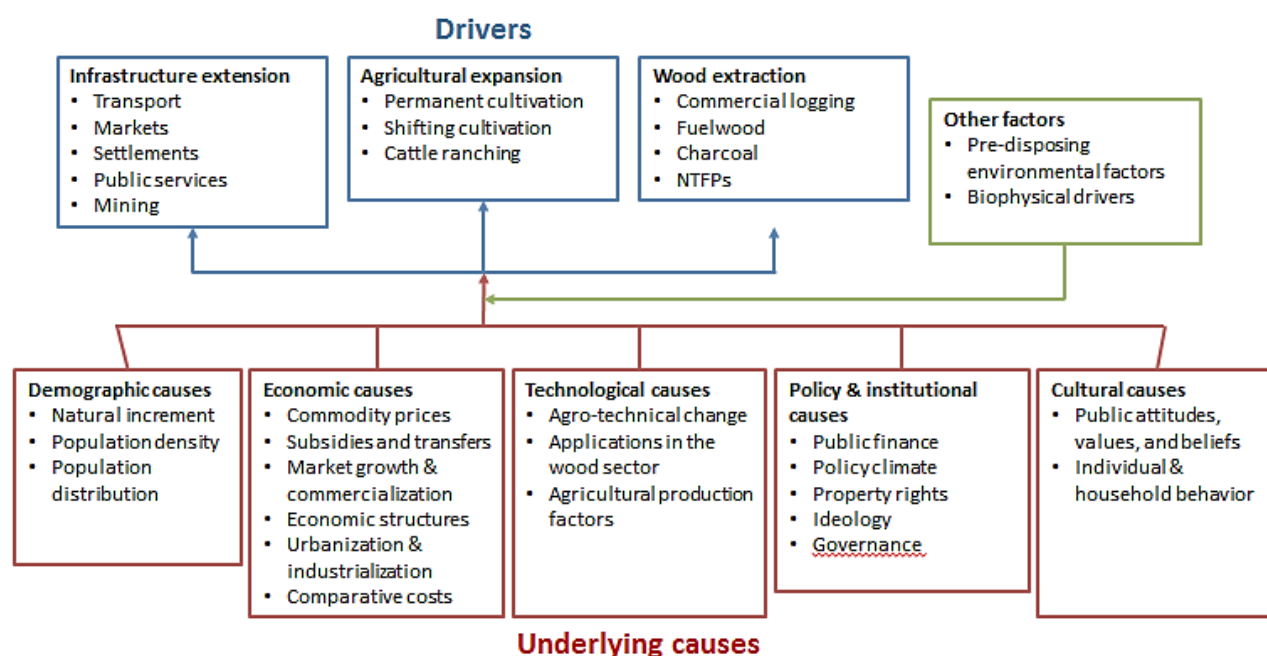
¹⁰ A draft R-AN was prepared in October 2013, but processing was delayed due to a few outstanding audits, including one for the R-PP Formulation Grant and concerns about Government capacity. It took a year to resolve both issues.

¹¹ Possible support might be forthcoming from AusAID, GIZ, the European Commission or UNREDD (see para 28).

Vanuatu’s size and the fact that it is a low deforestation/high forest cover country, future REDD+ revenues are likely to be modest.¹²

20. To inform the REDD+ strategy and associated ‘no regrets’ options, it will be critical to analyze the multi-sectorial drivers and underlying causes of deforestation and forest degradation in Vanuatu, which have not been comprehensively assessed to-date. The current assumption is that small-scale subsistence activities are the most important driver. Recently, the SPC/GIZ funded a detailed study of drivers on Santo, which showed that more than 50 percent of deforestation is driven by small-scale (less than 1.3 ha) forest and farming activities. Given the country’s development objectives, however, increasing pressures on forests are likely to come from agro-industrial development, including cattle ranching and coffee production. Figure 2, developed for the R-PP, gives an overview of the multitude of drivers and underlying causes at play across the many islands.

Figure 2. Deforestation and Forest Degradation Drivers and Underlying Causes in Vanuatu



21. The REDD+ strategy options to address the drivers of deforestation and forest degradation will be further developed and consulted upon during the REDD+ readiness phase. Vanuatu has historically low rates of deforestation but forests are degraded due to conversion for timber production and unsustainable land use such as shifting cultivation. The REDD+ strategy will thus need to be multi-sectoral, encompassing the interface between forestry and agriculture, and the linkages with climate change resilience and disaster risk management (DRM). During the R-PP formulation, several initial options were identified, including increasing agricultural productivity, crop intensification, improved extension services and land use planning (Table 1). Greater attention could also be given to biodiversity conservation through Conservation Agreements, in the absence of protected areas under Vanuatu’s land tenure system. In addition, the strategy will need to address governance and law enforcement issues. The final selection of strategic options and the eventual formulation of the REDD+ strategy will require further analytical work,

¹² A back-of-the envelope calculation suggests that Vanuatu could potentially generate \$250,000/yr in REDD+ revenue (assuming an annual deforestation rate of 500 ha/yr, a forest carbon density of 200t CO₂e/ha, a 50% reduction in emissions and a price of \$5/t CO₂e).

consensus building, prioritization, and learning-by-doing during operationalization. The ongoing Live and Learn pilot REDD+ project will also provide lessons for development of the REDD+ strategy.

Table 1. REDD+ Strategy Options in Vanuatu

Strategy Option	Driver Addressed
Forestry extension: National enhancement of forest carbon stocks (EFCS)	Small-scale subsistence resource users
Agricultural extension: Intensification of cattle ranching and copra production	Permanent pasture for cattle ranching and agro-industrial expansion
Development of NTFP chains (e.g. sandalwood, Canarium) linked to EFCS program	Small-scale subsistence resource users
Conservation agreements	Potential future deforestation and forest degradation
Improved land use planning	Small-scale subsistence resource users, agroindustry and permanent pasture, tourism, mining
Institutional strengthening, capacity building, and improved forest governance	Overarching, not directly applicable to any driver
Performance-based compensation or national investment scheme	Small-scale subsistence resource users
Disaster Risk Management (DRM)	Effective DRM reduces damage to livelihoods and resulting increased use of forest resources
Mainstream REDD+ into other sectors by, e.g., making carbon assessments a requirement of Environmental Impact Assessment (EIAs)	Agroindustry, infrastructure development, mining

Source: R-PP Section 2b, Table 3, p. 66, October 7, 2013

22. **Vanuatu has chosen an activity-based approach to address the multi-sectorial drivers of deforestation and forest degradation not with a conventional area-based approach typically used for REDD+.** There are two main reasons for this decision. First, deforestation in Vanuatu is low compared with other South Pacific states and none of the forest patches are large enough to warrant a REDD+ scheme of their own. Second, the majority of land in Vanuatu is customarily and communally owned and unleased, leading to unofficial use and benefit arrangements, especially on forested land. As a consequence, legislative changes (e.g., land registration or recording) would be required to make the tenure arrangements for unleased land compatible with REDD+. ¹³ By choosing an activity-based approach for REDD+, the need for land registration may be obviated, as REDD+ revenues would flow as in-kind technical assistance or provision of extension services to beneficiaries. However, the legality of this approach needs to be more fully assessed during the REDD+ Readiness Preparation process. Moreover, as the Ni-Vanuatu people collectively are the legal owners of land, a national dialogue will be conducted concurrently to ensure that the Ni-Vanuatu can give their informed and common consent to the activity-based approach proposed by the GoV for REDD+.

¹³ Corrin, Jennifer. REDD+ and forest carbon rights in Vanuatu: background legal analysis. International Climate Initiative, BMU Regional Project: Climate Protection through Forest Conservation in Pacific Island Countries. November 2012.

C. Relationship to the Regional Strategy

23. **Historically, the WBG has prepared regional strategies for the Pacific Island Countries (PICs),¹⁴ since they face similar development challenges, such as remoteness, size and high vulnerability to external shocks, which require regional solutions.** This engagement has focused in recent years on: (i) generating economic opportunities through greater global and regional integration, and (ii) building institutional capacity and resilience to external shocks, including those associated with climate change and natural disasters. The need for immediate action to address the latter is further articulated in the Policy and Practice Note for Climate and Disaster Resilient Development for the Pacific Region (2012). The WBG is currently updating this regional approach through the development of a Strategic Country Diagnostic for eight small and remote PICs, including Vanuatu,¹⁵ which will form the basis for a new Country Partnership Framework for the same group of countries.

24. **The proposed Readiness Preparation Activities are in line with the WBG's regional objectives of generating economic opportunities through greater global integration and building institutional capacity and resilience to external shocks.** In particular, the development of the REDD+ strategy will provide the opportunity for comprehensive and participatory strategic discussions of land use options for Vanuatu's forested and mixed agricultural lands supported by technical and policy analysis. This will in turn strengthen the Government's capacity to improve sustainable land and forest management practices and support some of the multi-sectorial solutions proposed under the REDD+ strategy related to SFM, agriculture and climate change resilience. The REDD+ readiness activities will, thus, provide climate mitigation benefits as well as a broad range of co-benefits aimed at reducing poverty, enhancing the resilience of local communities, and promoting the sustainable management of Vanuatu's natural resources. The capacity of decentralized government structures will also be strengthened to support Vanuatu's activity-based approach to REDD+ and to improve delivery of forestry and agriculture extension services.

25. **Due to Vanuatu's high level of vulnerability, most climate change programs focus on climate resilience and DRR, which are complementary to and will be supported by the proposed Readiness Preparation Activities.** In fact, many of these programs include SFM, tree planting, and improved agriculture as resilience-building activities, which will be informed by the policy and technical work produced as part of the REDD+ Readiness Preparation process. Moreover, they also place emphasis on building institutional capacity. For example, the WBG is currently supporting two climate change projects in Vanuatu, aimed at reducing vulnerability and improving service delivery through institutional capacity building: the Mainstreaming Disaster Risk Reduction (MDRR) and Increasing Resilience to Climate Change and Natural Hazards (IRCCNH)¹⁶ projects. Initiatives focused on land ownership and use, such as the WBG's Jastis Blong Evriwan (JBE)¹⁷ and the AusAID and New Zealand Aid Mama Graon program¹⁸, also promote equitable land and natural resource exploitation through community-level decision making and dispute resolution processes. Related programs by other donors include the EU's Global Climate Change Alliance, which focuses on national, provincial and community consultations, on communication of standardized messages, and on mapping of stakeholder activities. The Global Environment Facility program also includes twelve pilot projects to strengthen DRR at the community level.

¹⁴ Regional Engagement Framework FY2006-FY2009 for Pacific Islands (Report No: 32261-EAP, May 2005) and Pacific Regional Strategy (Report No. 20370 – EAP, May 2000).

¹⁵ The other PICs are Federated States of Micronesia, Kiribati, Marshall Islands, Palau, Samoa, Tonga and Tuvalu.

¹⁶ Supported by the European Union, Global Environment Facility and the Global Facility for Disaster Reduction and Recovery.

¹⁷ Justice for the Poor program promotes equitable development and access to justice through constructive engagement and interaction between formal and customary systems of governance. It is currently focusing on land leasing, land justice and infrastructure and urban land governance.

¹⁸ Mama Graon was designed to support implementation of Vanuatu's Land Sector Framework.

II. Proposed Project Development Objectives

A. Proposed PDO

26. The development objective of Grant is to assist Vanuatu to carry out the Readiness Preparation Activities by supporting the preparation of its REDD+ strategy through a participatory and inclusive process and by producing technical and policy advice to help strengthen sustainable land and forest management practices.

B. Key Results

- Existing institutions for REDD+ are strengthened at the national and decentralized level, including an operational Vanuatu National REDD+ Unit, REDD+ Technical Committee and Provincial REDD+ Committees;
- Existing stakeholder engagement process are strengthened at the decentralized level, including an operational Feedback and Grievance Redress Mechanism (FGRM) for REDD+; and
- A National REDD+ strategy and Environmental and Social Management Framework (ESMF) are developed and validated by a broad spectrum of stakeholders through the Strategic Environmental and Social Assessment (SESA).

III. Project Context

A. Concept

1. Description

27. **The R-PP Roadmap¹⁹ includes all activities necessary for Vanuatu to achieve a state of REDD+ Readiness.** The proposed Readiness Preparation Grant will provide US\$ 3.6 million over a period of four years (2015 to 2019) to finance a subset of those activities, with the remainder to be mobilized by the Government from other sources, including GIZ.

28. **The Readiness Preparation Grant will finance key elements of the R-PP Roadmap that will not only help Vanuatu develop its REDD+ strategy, but strengthen sustainable land and forest management practices through targeted technical and policy advice.** In particular, it will fund three components, which aim to: (i) strengthen existing institutions for REDD+ at the national and decentralized level through the establishment and operation of a Vanuatu National REDD+ Unit and Provincial REDD+ Committees, as well as support to the REDD+ Technical Committee, the NAB and its PMU, (ii) strengthen the stakeholder engagement at the decentralized level, including the assessment and strengthening of existing FGRMs for REDD+, and (iii) develop a National REDD+ strategy and ESMF, which will be validated by a broad spectrum of stakeholders through the SESA (Table 2). These activities will also strengthen existing forest policy, practices and management systems, information and data, participatory methods and human and institutional capacity, which will directly support sustainable land and forest management.

¹⁹ Please see Component 5 of the R-PP for a summary of all the activities and budget.

Table 2. Project Components and Costs, 2015-2019

Support to REDD+ Readiness Funded by FCPF	In US\$ million	R-PP component
1. Institutional Strengthening for REDD+ Management Arrangements at the national and decentralized level	1.30	
1.1. Set-up of Vanuatu National REDD+ Unit and support to REDD+ Technical Committee	0.80	1a
1.2. Support to NAB and its PMU	0.42	1a
1.3. Set-up of Provincial REDD+ Committees	0.08	1a
2. Strengthening of the stakeholder engagement process at the decentralized level	0.98	
2.1. Strengthening of the decentralization structures for stakeholder engagement	0.78	1a-c
2.2. Assessment and strengthening of existing FGRMs for REDD+	0.20	1c
3. Development of a REDD+ strategy for Vanuatu	1.32	
3.1. Analytical work to inform REDD+ strategy options	0.27	2a-b
3.2. SESA process and ESMF development	0.25	2d
3.3. Consultation and participation activities	0.80	1b-c, 2d
TOTAL BUDGET	3.60	

29. **Other development partners will be identified to support the remainder of the activities outlined in the R-PP, most notably the MRV and REL.** The achievement of the proposed REDD+ Readiness Activities will not depend on these more technical aspects of REDD+ Readiness, which will, however, need to be accomplished before Vanuatu can engage in a future performance-based system for REDD+. There are several partners currently active in climate change and natural resources management in Vanuatu, which are likely to fund follow-up work. For example, GIZ has funded preparatory work on MRV and REL and is currently testing these approaches on Santo Island, as well as the European Commission and AusAID. Vanuatu has also recently applied to join the UN-REDD program. The main CSO is Live & Learn Vanuatu, an environmental education NGO, which has supported the development of the Consultation and Participation Plan. The participation of international NGOs such as Oxfam, World Vision, Red Cross, and Save the Children is under discussion. Involvement of national NGOs in REDD+ is limited due to the lack of awareness and resources, as well as limited technical capacity.

Component 1: Institutional Strengthening for REDD+ Management Arrangements at the national and decentralized level (US\$ 1.30 million)

30. This component will support the structures responsible for leading the REDD+ Readiness Preparation process in Vanuatu, including the Vanuatu National REDD+ Unit within DoF, the REDD+ Technical Committee, the NAB and its PMU, as well as the Provincial REDD+ Committees. Given the low levels of capacity and limited understanding of REDD+, extensive capacity building, awareness raising and outreach efforts will be necessary. These activities will also help strengthen existing sustainable land and forest management practices more broadly, providing important co-benefits. Strengthened decentralized government structures will in turn ensure a better service delivery of extension for forestry and agriculture. This component has three sub-components:

- a) *Sub-component 1.1: Set-up of Vanuatu National REDD+ Unit and support to REDD+ Technical Committee (US\$ 0.80 million).* The REDD+ process in Vanuatu will be led at the national level by the REDD+ Technical Committee, which will establish ad-hoc working groups (AWGs) to provide thematic technical guidance as needed. To further strengthen their capacity, the Readiness Preparation Grant will finance training, workshops, and associated operational costs. The Vanuatu National REDD+ Unit will be established within DoF to manage day-to-day implementation of the

REDD+ Readiness Preparation process. It will comprise of the Vanuatu REDD+ coordinator (to be funded by GoV) and a REDD+ Technical Specialist (an international consultant to be funded by the Readiness Preparation Grant), who will support the Vanuatu REDD+ coordinator and help strengthen the DoF's capacity more broadly.²⁰ The FCPF resources will also support the recruitment of an Outreach and Extension Officer (a local consultant to be funded by the FCPF Grant), who will coordinate the extensive consultations required for REDD+ Readiness and the development of the REDD+ strategy. Key tasks include: (i) ensure effective delivery of the Consultation and Participation Plan, (ii) develop and implement the communication strategy/plan and outreach, which are culturally appropriate to fit the target audience, (iii) ensure the results of the consultations are properly documented and effectively disseminated to the relevant stakeholders using the right channel/medium of communication, and (iv) ensure the procedures for how these consultations influence REDD+ strategy development are followed. An operational budget will also be provided to the Vanuatu National REDD+ Unit to procure office furniture and equipment, and one vehicle.

- b) *Sub-component 1.2: Support to NAB and its PMU (US\$ 0.42 million).* The NAB is the supreme policymaking and advisory body for all climate change and DRR programs, projects, initiatives and activities in Vanuatu, but has limited capacity and knowledge of REDD+. To support its strategic and advisory role, capacity building will be financed under the Readiness Preparation Grant through trainings and workshops. The PMU of the NAB will be responsible for the fiduciary aspects of the grant consistent with its existing management of all climate change and DRR projects in the country. The Readiness Preparation Grant will support the position of a procurement officer and procurement advisor to ensure the PMU can take on this additional grant. Sufficient financial management capacity already exists, which is supported by the MDRR and IRCCNH projects.
- c) *Sub-component 1.3: Set-up of the Provincial REDD+ Committees (US\$ 0.08 million).* It is expected that the REDD+ projects in the provinces will generate knowledge that will enrich the development of the REDD+ strategy and inform the choice of legal and institutional options for the national REDD+ implementation framework. It will thus be critical to assess existing provincial structures, including the Technical Advisory Commissions (TACs), forest and agriculture extension officers, Cultural Center field workers, farmers' associations, island councils of chiefs, women's associations, and churches, to identify those that could form the basis of Provincial REDD+ Committees. The Readiness Preparation Grant will finance this assessment as well as training, workshops, and the operational costs of the Provincial REDD+ Committees.

Component 2: Strengthening of the stakeholder engagement process at the decentralized level (US\$ 0.98 million)

31. This component aims to ensure broad stakeholder engagement and use of stakeholder feedback in shaping the REDD+ Readiness program and the REDD+ strategy. Activities will be guided by the Consultation and Participation Plan prepared in conjunction with the R-PP, and by the Communication, Partnership and Engagement Strategy developed by the Vanuatu Meteorology and Geo-Hazards Department (VMGD). The strengthened decentralized stakeholder engagement process will also support the GoV in improving governance and transparency and ensuring active community level participation in the management of Vanuatu's forests. The same structures will be able to support more active engagement and feedback from related sectors, most notably agriculture and disaster risk management. This component has two sub-components:

- a) *Sub-component 2.1: Strengthening of the decentralization structures for stakeholder engagement (US\$ 0.78 million).* This sub-component will fund strengthening of participatory structures at the provincial and area council levels in order to enhance stakeholder engagement in REDD+. Structures to be supported include provincial governments, TACs, forest and agricultural extension

²⁰ It is important to note that the FCPF grant will only fund the salaries of contractual staff for the Readiness Preparation Activities. It will not fund consultants' services and salaries of officials for Vanuatu's civil service.

workers, local NGOs/CSOs and community-based forest associations, custom institutions, women's and youth associations, and farmers associations. The DoF has already initiated the establishment of community-based forest associations in some provinces. This component will help strengthen those associations where they exist, and will help in setting up others as required. The resources shall be used to strengthen stakeholder structures specifically in prioritized areas/regions where Vanuatu expects REDD+ to be concentrated. Given low levels of capacity and limited knowledge of REDD+ at the local level, strengthening decentralized structures will be costly but critical to ensure the communities on the ground are actively involved in and contributing to the REDD+ Readiness process.

- b) *Sub-component 2.2: Assessment and strengthening of existing FGRMs for REDD+ (US\$ 0.20 million).* This sub-component will fund the assessment of existing FGRMs at the national and decentralized levels, assess the capacity of institutions and customary mechanisms that would handle grievances, and support their strengthening specifically for REDD+.

Component 3: Development of a REDD+ strategy for Vanuatu (US\$ 1.32 million)

32. This component will support the GoV in developing its REDD+ strategy, which will help identify the best balance of land use options to promote sustainable and inclusive economic growth in Vanuatu. This will require developing a deep understanding of the multi-sectorial drivers of deforestation and forest degradation, integrating social and environmental concerns into the REDD+ strategy and building broad-based support across all relevant stakeholders. The policy and technical analysis produced under this component will also help strengthen sustainable land and forest management practices. It will also help inform possible future programs to implement some of the proposed REDD+ strategy options aimed at reducing emissions from deforestation and forest degradation, improving SFM, strengthening agricultural practices and enhancing climate change resilience. This component has three sub-components:

- a) *Sub-component 3.1: Analytical work to inform REDD+ strategy options (US\$ 0.27 million).* The current state of knowledge indicates that Vanuatu has relatively low rates of forest loss compared to other countries in the region, but that its forests are highly degraded. National forest policy is based on the assumption that the largest pressures on forests stem from small-scale activities by Ni-Vanuatu subsistence farmers. However, there has not been a comprehensive assessment of Vanuatu's deforestation and forest degradation processes. The Readiness Preparation Grant will thus finance several studies to (i) comprehensively assess the multi-sectorial drivers and underlying causes of deforestation and forest degradation in Vanuatu,²¹ (ii) analyze the land ownership and title to Emission Reduction (ER), (iii) identify and prioritize REDD+ strategy options, and (iv) review and analyze the existing benefit sharing systems in the country and how they will be affected by REDD+.
- b) *Sub-component 3.2: SESA process and development of the ESMF (US\$ 0.25 million).* To ensure that negative impacts of future performance-based REDD+ programs are eliminated or minimized, social and environmental concerns will need to be taken into account during the development of the REDD+ strategy. This sub-component will fund the SESA process, which will assess the extent to which the proposed REDD+ strategy options address the environmental and social issues associated with Vanuatu's customary and present patterns of land use and forest management. Any identified gaps will be addressed throughout this process. In addition, the SESA will develop an ESMF that outlines the procedures for managing potential environmental and social impacts resulting from REDD+ implementation including guidance for the preparation of future environmental and social safeguard instruments.
- c) *Sub-component 3.3: Consultation and participation activities (US\$ 0.80 million).* This sub-component will fund consultation on key activities of the FCPF, including on (i) the multi-sectorial drivers and underlying causes of deforestation and degradation, (ii) the identification of strategy

²¹ This analysis will include assessing the economic competitiveness of the REDD+ strategy options against other potential uses of land such as leasing of land for cash arising from development pressure.

options, (iii) legal implications of activity-based approach for REDD+,²² and (iv) benefit sharing. It will also fund the development of targeted communication materials and tools for all components supported by the Readiness Preparation Grant. Since a large part of the population lives in remote and often inaccessible areas with high levels of illiteracy, considerable awareness raising and outreach efforts will be necessary. Activities will be guided by the Communication Strategy and Consultation and Participation Plan that were developed during preparation of the R-PP. This sub-component will also support further strengthening of the Communication, Partnership and Engagement Strategy developed and implemented by VMGD.

2. Overall Risk and Explanation

33. **Governance.** Effective governance is needed to ensure that REDD+ revenues reach the intended beneficiaries, that rules for carbon transactions are transparent, that revenue sharing schemes are understood and respected by stakeholders, and that funds are properly managed. Some policy decisions regarding the national REDD+ legal framework will require strong levels of government commitment and strong inter-ministerial coordination.

34. *Mitigation measures* include strengthening the capacity of the relevant government institutions, and critical analytical work (e.g., on benefit sharing, social impacts, legal aspects) to ensure that governance aspects are included in the final REDD+ strategy and implementation framework. Some concern will be mitigated if an activity-based approach to REDD+ is indeed chosen, since future REDD+ revenues would flow as in-kind technical assistance or provision of extension services to beneficiaries.

35. **Institutional capacity for implementation and sustainability.** Due to limited consultation and awareness raising on REDD+ during formulation of the R-PP, many stakeholders – including those in critical land use sectors – do not understand what REDD+ is and how it could contribute to sustainable development. This lack of understanding poses a serious risk to the effective implementation of Readiness Preparation Activities. Additional risks come from the DoF's low administrative, financial, and technical capacity for REDD+ Readiness implementation.

36. *Mitigation measures* include extensive social mobilization and awareness campaigns on REDD+ and climate change. Enhancing the capacities of various institutions engaged in land use, and of key REDD+ stakeholders, will be a continuous effort during the Readiness process. In addition, the Readiness Preparation Grant will fund the set-up of the Vanuatu National REDD+ Unit within the DoF, with a REDD+ Technical Specialist and an Outreach and Extension Officer to support the Vanuatu REDD+ coordinator. This office will be equipped with the supplies and operational budget needed to function effectively.

37. The PMU of the NAB as well as the body responsible for policy coordination for REDD+ and other climate change adaptation and mitigation programs. This arrangement puts REDD+ Readiness at the center of Vanuatu's approach to climate change and natural resource management, ensures a coordinated and transparent dialogue with national and international partners, and facilitates the alignment of various new and ongoing programs. The value of the FCPF depends in large part on effective coordination across the different initiatives. If this fails, the value added from the FCPF may be limited.

38. *Mitigation measures* include fully equipping the PMU with the technical, human, and financial resources needed to effectively coordinate the various programs, and maintaining open communication and

²² As has been discussed in paragraph 22, Vanuatu has chosen an activity-based approach for REDD+. As a consequence, beneficiaries will receive in-kind technical assistance and/or extension services instead of REDD+ revenue. This will help avoid complex legal changes, e.g. land registration. However, the legality of this approach needs to be more fully assessed during the REDD+ Readiness, which this study will help inform.

information dissemination across all relevant sectors. The PMU should also have the capacity to efficiently disburse resources to the planned Vanuatu National REDD+ Unit within the DoF, to enable the timely delivery of the proposed Readiness Preparation Activities.

39. **Fiduciary.** During formulation of the R-PP and management of the R-PP Formulation Grant, the PMU of the NAB demonstrated a lack of capacity in reporting, documentation of expenditures, and requesting additional funds, as reflected in both WBG supervision missions and the external audit of the financial statements. This capacity limitation poses serious risks to effective implementation of the much larger Readiness Preparation Grant. In particular, six technical specialists will be hired, six analytical studies contracted and minor office equipment and supplies procured. The PMU will be responsible for procurement, with assistance of a procurement officer and procurement advisor to be funded by the Readiness Preparation Grant.

40. *Mitigation measures* include significant strengthening of the PMU under the ongoing WBG-assisted IRCCNH Project including hiring of experienced Financial Management (FM) and Procurement Specialists, who would help manage the Readiness Preparation Grant and training of PMU staff on a continuous basis by the WBG Financial and Procurement specialists in country. Since the R-PP Formulation Grant, the VMGD has taken on two other WBG-funded projects and established the PMU including a Financial Management Advisor and a number of accounting staff to support each project. These systems, processes and procedures established and operating for these projects are expected to be utilized for the Readiness Preparation Grant, and if required, recruitment of additional accounting staff to support the extra workload. These changes are addressing many of the issues identified by the WBG supervision missions and the report of the external auditor.

41. **Environmental and Social.** A SESA will be conducted as part of the REDD+ Readiness Preparation process to ensure compliance with WB safeguards and their integration into policies and procedures introduced through REDD+. The capacity for implementing the SESA at the national level will need to be significantly increased to ensure that social and environmental risks are mitigated in implementation of strategy options under REDD+.

42. *Mitigation measures* include close supervision of the SESA process by the WBG task team, provision of capacity building to the Government team by the consultants leading the SESA process, and inclusion of environmental and social specialists from government and civil society in the SESA ad-hoc Working Group.

43. **Stakeholders.** REDD+ is a mechanism that requires multi-stakeholder engagement and has raised both the expectations and concerns of various groups of stakeholders. In Vanuatu, there were some obstacles related to inadequate stakeholder consultation during R-PP formulation, due to the challenges of conducting effective consultations and outreach over 90 islands. It will therefore be critically important to build on existing participatory structures at decentralized levels throughout the REDD+ Readiness Preparation process.

44. *Mitigation measures* include emphasis on a robust information sharing and stakeholder consultation process during REDD+ strategy formulation. It will be particularly important that the stakeholder involvement processes of the FCPF and other climate change adaptation projects work together to manage expectations, particularly regarding often unrealistic expectations of large near-term payments. The participatory and consultative approach will need to be maintained throughout the REDD+ Readiness Preparation process and when key decisions on REDD+ strategy development are made; but especially when benefit sharing mechanisms, conflict resolution mechanisms, and title to ER are discussed.

45. The WBG JBE's research on land lease arrangements suggests that systems for benefit sharing are weak. Leasing tends to concentrate benefits in the hands of a small number of senior men, and cash payments are often quickly dissipated on consumables with little sustainable impact. Women, in particular, appear to be largely excluded from any decision making processes. Customary landholders generally negotiate from a position of disempowerment, with little access to support or information to guide decisions on how to develop their communities.

46. *Mitigation measures* include extensive consultations and strengthening of participatory structures during Readiness, to ensure that relevant stakeholders continue to be informed and engaged in the decision making process. This will depend on using the right communication tools and channels for information dissemination to enhance stakeholder involvement in the design of benefit sharing mechanisms and analytic work on land tenure and governance. Under the planned REDD+ scheme in Vanuatu, less emphasis is on cash payments and more on provision of services.

47. **The overall risk rating for the REDD+ Readiness Activities is high.** The REDD+ Readiness process presents a high level of risk, as it depends on a conducive governance environment. For Vanuatu, a successful REDD+ mechanism touches upon sensitive issues, such as land tenure rights and revenue distribution across relevant stakeholder groups. In addition, the program has high visibility internationally, due to its high stakes for various stakeholders, including vulnerable forest-dependent communities. Stakeholder expectations of large near-term payments for REDD+ are high and may not be realistic, especially if the planned benefits materialize in the form of in-kind or governmental extension services should an activity-based approach to REDD+ be selected. The lack of capacity and knowledge of REDD+ on the part of key stakeholders poses additional high risks for the implementation of the proposed Readiness Preparation Activities.

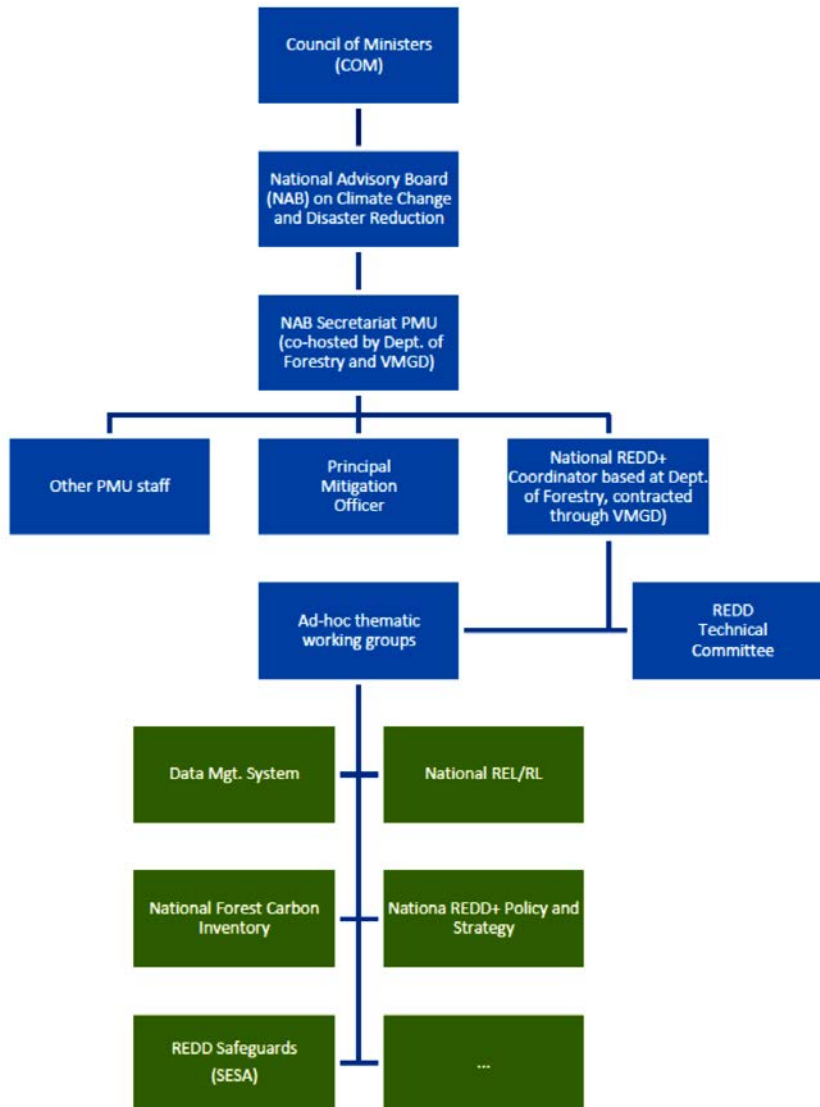
B. Implementing Agency Assessment

48. **The NAB will provide oversight and strategic direction for the Readiness Preparation Activities, while its PMU will be responsible for the fiduciary aspects of the Readiness Preparation Grant.** The responsibility for policy-related guidance shall thus continue to rest with the NAB consistent with its national policy and advisory functions for climate change. However, given the large size of NAB, it is recommended that an executive committee is formed under the NAB to provide oversight on a regular basis. The arrangement whereby the PMU of the NAB has responsibility for overall coordination of all climate change and DRR projects in Vanuatu was put in place because of the limited availability of experienced personnel in the country to staff separate PMUs in each sector agency, DoF being no exception. To ensure that the PMU can take on the Readiness Preparation Grant, it will fund the position of a procurement officer and procurement advisor. This institutional arrangement will ensure that the DoF can focus its limited capacity on the technical aspects of the Readiness Preparation Activities. All consultants and implementers will thus be contracted by the PMU, but will report to the REDD+ Technical Committee through the Vanuatu REDD+ coordinator.

49. **However, the responsibility for day-to-day implementation and technical leadership will lie with the Vanuatu National REDD+ Unit at the DoF, headed by the Vanuatu REDD+ coordinator and the REDD+ Technical Committee.** The Vanuatu National REDD+ unit will comprise of the Vanuatu REDD+ coordinator, a REDD+ Technical Specialist and an Outreach and Extension Officer. The technical oversight to ensure timely progress and completion of activities shall be the responsibility of the REDD+ Technical Committee, which is a multi-sector body set up at the national level to manage and coordinate REDD+. It also serves as a coordination body for the sectors engaged in land use. The Working Groups, which will be ad hoc and formed for specific technical or sub-sector focus, will be responsible for helping move some of the analytical work forward and providing more specialized technical support. They will

work closely with the Vanuatu REDD+ coordinator and report directly to the REDD+ Technical Committee, which will oversee the process and ensure that activities are being implemented in accordance with the work plans and schedules. The national institutional arrangements for REDD+ is presented in Figure 3 below.

Figure 3. REDD+ National Institutional Framework



Source: R-PP, component 1.a Figure 1, p. 16, October 7, 2013

50. **To ensure sustainability of the proposed implementation arrangement, the REDD+ Readiness Activities will build, where possible, on existing institutional structures.** The NAB and its Secretariat are well established bodies in Vanuatu, whose capacity, especially with regards to REDD+ and project management respectively, will be further strengthened during REDD+ Readiness. Similarly, the proposed Provincial REDD+ committees and decentralized structures for stakeholder engagement will build on existing organizations and institutions that will be further strengthened through targeted training and support. The REDD+ unit, on the other hand, will be newly set up within the DoF. Nonetheless, the GoV has re-confirmed their ownership of the REDD+ process, by reposting a DoF staff to head the new unit. There is also a GoV commitment to take over the local consultant hired as the Outreach and Extension

Officer at the end of the project. Moreover, the capacity building efforts by the REDD+ Technical Specialist, who will likely be an international consultant, will help strengthen the REDD+ unit as well as DoF more broadly. Lastly, the REDD+ Technical Committee has been set up specifically for the REDD+ process and it will be critical to ensure its sustainability. The WBG task team will continue discussions with the Government on a suitable exit strategy during the REDD+ Readiness process.

C. Project Stakeholder Assessment

51. **Early dialogue on the Readiness process has been held in rural areas with forest-dependent people and community associations to elicit their views on effective consultation and participation and on effective land management opportunities (Table 3).** Of central importance will be the provincial governments, which will act as central communication points and are likely to play a central role in future REDD+ programs. Dialogue with the three largest provincial governments was held during the R-PP formulation phase.

Table 3. Coverage of Stakeholder Consultations

Region and Area of Focus	Lead
National Government Departments, National Institutions, and National CSOs	Department of Forests and GIZ
Forest Dependent People in Sanma, Torba and Malampa provinces	Department of Forests, Live & Learn Environmental Education, and GIZ
Provincial Government stakeholders in Sanma, Shefa and Torba provinces	Live & Learn Environmental Education

52. **Future REDD+ activities will align well with activities being supported by other development partners,** especially in the areas of data systems and storage, climate change adaptation, food security, rural economic opportunity, and land use change. With the funding support provided by FCPF and an increased confidence for the REDD+ process, the REDD+ Technical Committee will be in a stronger position to engage with other projects and programs on potential synergies. It is important to stress that the FCPF will only fund a subset of the entire readiness phase as described in the R-PP. The Government will need to raise additional funds to implement those activities not funded by the FCPF.

IV. Proposed Team Composition and Resources, including Technical Assistance Provided by Bank Staff to Date

53. **To support the REDD+ Readiness Preparation, the WBG has mobilized specific technical expertise to respond to Vanuatu’s needs** and supported the drafting of this R-P Assessment Note (see Table 4 below). The WBG team was actively consulted throughout the R-PP formulation process and supported its development with a US\$ 200,000 R-PP Formulation Grant. It also provided feedback on final draft R-PP prior to its submission to the FCPF FMT.

Table 4. Readiness Preparation Stage Task Team

Name	Title	Unit
Stefanie Sieber	Environment Economist, TTL	GENDR
Haddy J. Sey	Senior Social Development Specialist, co-TTL	GCCGT
Tevi Maltali Obed	DRM Specialist	GSURR
David Bruce Whitehead	Financial Management Specialist	GGODR
Jinan Shi	Senior Procurement Specialist	GGODR
Marjorie Mpundu	Senior Counsel	LEGES
Vidya Narasimhan	Finance Officer	WFALN
Ross James Butler	Social Safeguards Specialist/Regional Safeguards Coordinator	GURDR
Claire Forbes	Social Safeguards Specialist	Consultant
Penelope Ferguson	Environmental Safeguards Specialist	Consultant
Ann McLean	Social Safeguards Specialist	Consultant
Sophia Carodenuto	Independent Consultant	Consultant
Hanny Fnu	Program Assistant	GENDR

V. Assessment Summary

A. Technical

54. **Vanuatu’s R-PP underwent extensive review both by the independent Technical Advisory Panel of the FCPF as well as the Participants Committee.** As a result the R-PP was revised and approved by the PC in 2013. The Bank team conducted several preparation missions discuss with the GoV activities to be funded with FCPF resources during the readiness phase. Consensus on the specific activities to be included (summarized in Table 2) was reached through dialogue with the REDD+ Technical Committee, taking into account the technical and financial needs of Vanuatu’s REDD+ Readiness Preparation process, the WBG’s comparative advantages, the urgency and importance of the different activities, and complementarities with other partners’ climate change adaptation and DRM projects. Activities will be coordinated with the external support provided by AusAID and New Zealand for the Mama Graon project, and with the Ministry of Agriculture’s project to set up cooperatives at the provincial level. The Vanuatu REDD+ coordinator and Vanuatu National REDD+ Unit, once in place, will need to clearly identify critical interfaces between components and proposed activities that are complementary and mutually enhancing. Still, careful coordination and timing of multiple donor activities during the grant implementation phase will be crucial.

55. **The Readiness Preparation Grant will finance the hiring of an REDD+ Technical Specialist** who will support the relevant national and decentralized institutions during REDD+ Readiness implementation, and ensure that Readiness Preparation Activities meet international technical requirements. The Technical Specialist will liaise with regional REDD+ technical programs and activities, including those receiving technical support from GIZ and the SPC Applied Geoscience and Technology Division (SOPAC) located in Suva, Fiji.

56. **The proposed Readiness Preparation Activities will also include important analytical and technical work** on the multi-sectoral drivers and underlying causes of deforestation and degradation and REDD+ strategy options, on the right institutional and management arrangements for REDD+, and on

issues related to the SESA, including benefit sharing and FGRM. The FCPF will further finance some aspects of stakeholder engagement and participation, and the strengthening of decentralized structures in all provinces, to ensure meaningful participation of relevant stakeholders in decision making during the Readiness process.

57. **Technical support for Vanuatu's REL and MRV development is being provided by GIZ through SOPAC.** GIZ currently finances the testing of REL/RL development and aspects of the MRV methodology on Santo Island, and has supported the procurement of satellite imagery for the years 1990-2000-2007-2010, which has yielded sufficient high-quality data to undertake MRV tasks. Vanuatu continues to rely on SOPAC to generate data to account for forest-related greenhouse gas emissions and removal. GIZ has also contracted a Ni-Vanuatu remote sensing technician currently being trained at SOPAC, who will soon be transferred back to DoF with continued support from GIZ. Further, GIZ is helping to coordinate the activities to be financed by the Readiness Preparation Grant. It is crucial that the coordination and timing of multiple donor activities continues during the grant implementation phase. The REDD+ Technical Specialist will play a critical role in assisting the REDD+ Technical Committee with this coordination.

B. Financial Management

58. **The Financial Management (FM) risk associated with the Readiness Preparation Activities is Substantial and with successful implementation of the mitigation strategies would reduce to Moderate.** The PMU will be responsible for the fiduciary aspects of the grant and is being significantly strengthened under the ongoing WBG-assisted IRCCNH Project including hiring of experienced FM and Procurement Specialists, who would help manage the Readiness Preparation Grant and training of PMU staff on a continuous basis by the WBG Financial and Procurement specialists in country. The PMU also has a FM Advisor and a number of accounting staff to support each project. These systems, processes and procedures established and operating for these projects are expected to be utilized for the Readiness Preparation Grant, and if required, recruitment of additional accounting staff to support the extra workload. These changes are addressing many of the issues identified by the WBG supervision missions and the report of the external auditor. Additionally the finance functions may be transferred to or work more closely and be supported by the Ministry of Finance and Economic Management (MoFEM) in line with government's plan to centralize the financial management function for externally financed projects. A total budget for the proposed Readiness Preparation Activities would be developed, monitored and updated annually. The MoFEM will manage execution of the Trust Fund and the Readiness Preparation Grant will be implemented through the PMU at the VMGD.

59. **Funds will flow directly from the WBG to a Designated Account established for the Readiness Preparation Grant under the GoV's Development Fund account and will be maintained in the local currency (Vatu) in the Central Treasury account which will be managed by the MoFEM.** Although there is some exchange risk associated with the use of the local currency, recent trends show that the currency has generally been stable. The GoV FM systems and processes will be used for the processing of payments and the recording of transactions. The accounting software package used within the agency and all other government agencies is Smartstream financials. The PMU's financial accountant will need to ensure adequate internal controls as required by the government financial manual and the operations manual are complied with.

60. **There is no internal audit function at MEFM or VMGD.** The external auditors will need to provide assurances internal controls are adequate. Unaudited interim financial reports for the Readiness

Preparation Activities will be required on a quarterly basis. Annual audits of the Financial Statements for the Readiness Preparation Activities will be required. The Readiness Preparation Grant could use three disbursement methods: (i) advances into the DA, (ii) direct payment, or (iii) reimbursement. The ceiling of the DA will be determined and documented in the Disbursement Letter. The FCPF resources will be disbursed against eligible expenditures as set out in the legal agreements. No retroactive financing is expected. The operations manual will include a section on FM. As the Readiness Preparation Activities will, where possible, follow national government processes and procedures the FM section of the operations manual should simply refer to government manual rather than been repeated, and only provide further details where required.

C. Procurement

61. **Procurement arrangements.** Procurement for the proposed Readiness Preparation Activities will be carried out in accordance with the WBG’s “Guidelines: Procurement under IBRD Loans and IDA Credits,” dated January 2011 and revised July 2014 (Procurement Guidelines), and “Guidelines: Selection and Employment of Consultants by WBG Borrowers,” dated January 2011 and revised July 2014 (Consultant Guidelines). For each contract to be financed by the Readiness Preparation Grant, the different procurement methods or consultant selection methods, estimated costs, prior review requirements, and timeframe will be agreed between the Recipient and the WBG task team in the Procurement Plan.

62. **Procurement of goods and non-consultant services.** Goods to be procured under the Readiness Preparation Activities will include office equipment, office furniture, one vehicle, and communication and outreach materials. International competitive bidding (ICB) procedures shall be used for procurement of goods estimated to cost US\$ 500,000 or more per contract. Shopping may be used to procure goods estimated to cost less than US\$ 500,000 per contract. Direct Contracting may be used in circumstances that meet the criteria set out in para. 3.7 of the Procurement Guidelines.

63. **Selection of consultants.** Consultant services required for the for the Readiness Preparation Activities include a procurement officer, procurement advisor, outreach and extension officer, and REDD+ Technical Specialist: assessment of institutional capacity to manage key social and environmental issues, development of communication and outreach program, assessment and strengthening of existing FGRMs for REDD+, drivers of deforestation and degradation study, analytical work on REDD+ strategy options, study on benefit sharing, legal implications of activity-based approach for REDD+, analytical work on social and environmental considerations on deforestation and degradation and strategy options. Consultants will be selected in accordance with the following procedures:

64. **Selection of consulting firms.** Consulting contracts expected to cost more than US\$ 300,000 equivalent per contract will use Quality and Cost-Based Selection (QCBS) or Quality-Based Selection (QBS) in conformity with the Consultant Guidelines. Consulting services estimated under US\$ 300,000 equivalent per contract will follow the Selection Based on Consultant’s Qualifications (CQS). Under the circumstances described in paragraph 3.9 of the Consultant Guidelines, consultants may be selected and awarded on a Single Source Selection (SSS), subject to the WBG’s prior approval.

65. **Selection of individual consultants.** Individual consultants will be selected and contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.5 of the Consultant Guidelines. Under the circumstances described in paragraph 5.6 of the Guidelines, individual consultants may be selected and awarded on a single-source basis, subject to the WBG’s prior approval.

Assessment of the Agency’s Capacity to Implement Procurement

66. **Implementation arrangement.** As mentioned previously, the DoF will be responsible for the implementation of the proposed Readiness Preparation Activities. However, considering its lack of capacity, the PMU established in the VMGD for WBG-financed projects will provide procurement services to DoF for the Readiness Preparation Activities. Given that the PMU has limited resource and procurement performance needs to be improved, a procurement officer and part time international procurement advisor will be financed by the Readiness Preparation Grant to support PMU and assist with handling procurement for the proposed Readiness Preparation Activities.

67. **Procurement risk and mitigation measures.** The overall procurement-related risk is substantial. The main risks identified at the procurement capacity assessment include: (i) lack of capacity of the implementing agency, (ii) non-compliance with the agreed procurement procedures and processes, (iii) low interest by consultants and lack of local market, and (iv) lack of proper reporting. Mitigation measures include: (i) PMU established in VMGD, with assistance of a procurement officer and part time international procurement advisor, who will provide procurement service to DoF. A MOU will be signed between VMGD and DoF to define the procurement services provided by VMGD, (ii) the procurement simplification initiatives in the Procurement Guidance Note: Making Procurement Work for Fragile and Small States in the Pacific issued by the East Asia and the Pacific region in January 2013 will apply to the Readiness Preparation Grant, (iii) the templates developed for Shopping procurement, and selection of consultants as well as the automated procurement documents developed for the EAP Region will be used for this grant and continuing procurement training will be provided to the PMU and DoF, (iv) Requests for expression of interest shall be broadly and adequately advertised on the United Nations Development Business website and other websites and media, at the same time, PMU/DoF should directly approach potential consultants to seek expressions of interests and CVs, (v) a procurement checklist developed by PMU will be used for recordkeeping, and (vi) the procurement database system developed for the Pacific should be used for procurement data record. In addition, the WBG team will provide intense support for procurement during implementation.

68. **Procurement threshold and prior review threshold.** Prior review and procurement thresholds for the proposed Readiness Preparation Activities are shown below.

Table 5. Procurement and Prior Review Thresholds

Procurement Methods	Procurement Thresholds	Prior Review Thresholds
Goods		
International Competitive Bidding (ICB)	≥US\$ 500,000	All contracts subject to prior review
Shopping	<US\$ 500,000	First two contracts
Direct Contracting	Meet the criteria set out in para. 3.7 of Procurement Guidelines	All contracts subject to prior review
Selection of Consultants		
Selection Methods	Procurement Thresholds	Prior Review Thresholds
Firms (QCBS, QBS, LCS, CQS and SSS)	In accordance with the WBG's Consultant Guidelines	≥US\$ 100,000, and all SSS contracts
Individual Consultants		≥US\$ 100,000; and all SSS contracts

69. **Procurement plan.** The DoF has prepared a draft procurement plan for the implementation of the proposed Readiness Preparation Activities. The plan will be available in the grant’s database and on the WBG’s external website. The plan will be updated, in agreement with the task team, annually or as required to reflect actual implementation needs and improvements in institutional capacity. A summary of the 18-months procurement plan is presented in the two tables below:

Table 6. Goods and Non-Consulting Services

Ref. No.	Contract Description	Estimated Cost (US\$)	Procurement Method	WBG Review (Prior/Post)
G1	Office equipment	20,000	Shopping	Post
G2	Office furniture	20,000	Shopping	Post
G3	Vehicle	50,000	Shopping	Prior
G4	Communication and outreach materials	300,000	Shopping	Prior

Note: This is a summary table of the procurement activities over the first 18 months of project implementation.

Table 7. Consulting Services

Ref. No.	Description of Assignment	Estimated Cost (US\$)	Selection Method	WBG Review (Prior/Post)
C1	Procurement Officer	120,000	IC	Prior
C2	Outreach and Extension Officer	120,000	IC	Prior
C3	REDD+ Advisor	320,000	IC	Prior
C4	Procurement Advisor	20,000	IC	Prior
C5	Development of communication and outreach program	100,000	IC	Prior
C6	Assessment and assessment and strengthening of existing FGRMs for REDD+	200,000	IC	Prior
C7	Drivers of deforestation and forest degradation study	50,000	IC	Post
C8	Analytical work on REDD+ strategy options	50,000	IC	Post
C9	Study on benefit sharing	10,000	IC	Post
C10	Legal implications of activity-based approach for REDD+	10,000	IC	Prior
C11	Strategic environment and social assessment	250,000	CQS	Prior

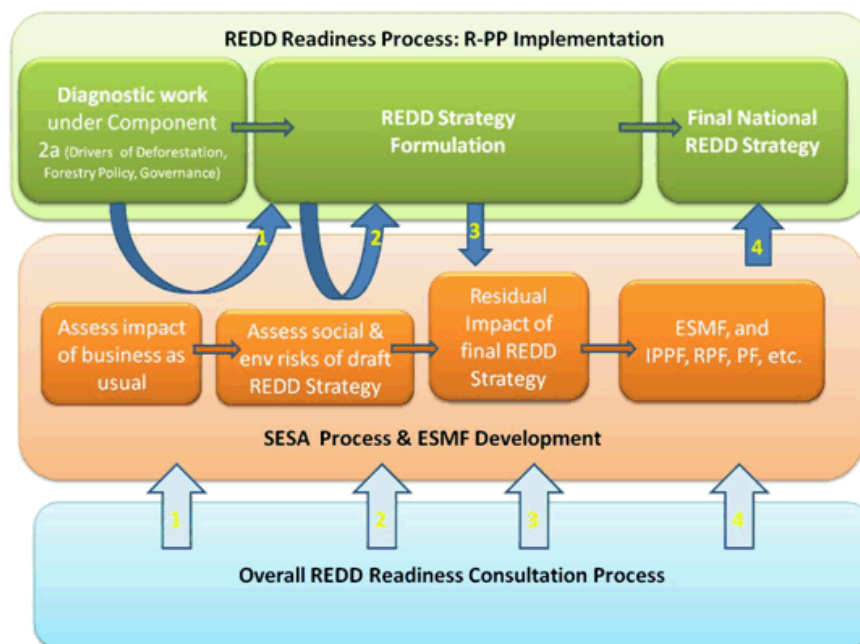
Note: This is a summary table of the procurement activities over the first 18 months of project implementation.

D. Social and Environmental (including Consultation, Participation, Disclosure and Safeguards)

70. **The proposed Readiness Preparation Activities will comply with World Bank safeguard policies regarding the management of environmental and social impacts.** They will, in part, support the country’s activities to identify the potential risks associated with REDD+ and mitigation options. In order to do this, the FCPF is using a SESA to integrate key environmental and social considerations into REDD+ Readiness by combining analytical and participatory approaches (see Figure 4). The SESA allows: (i) social and environmental considerations to be integrated into the REDD+ Readiness Preparation process, in particular the REDD+ strategy; (ii) stakeholder participation in identifying and prioritizing key issues, assessment of policy, institutional and capacity gaps to manage these priorities and recommendations, and

disclosure of findings in the REDD Country’s progress reports on Readiness preparation; (iii) an ESMF to be put in place to manage environmental and social risks and to mitigate potential adverse impacts; and (iv) development of a Resettlement Policy Framework or Process Framework (if required) to identify specific provisions to address potential displacement or restriction to and use of natural resources (see Terms of Reference (ToR) in Annex 4).

Figure 4. SESA in the REDD+ Readiness Preparation process



71. **The SESA will be the key means for identifying and addressing all environmental and social aspects, risks and impacts of the proposed REDD+ Strategy Options and activities.** In particular, the SESA will critically analyze REDD+ strategy options from a social and environmental point of view, with the aim of minimizing risks. This will include the development of criteria/indicators for the identification and prevention of social and environmental risks. It will also propose measures to mitigate environmental and socio-economic risks and impacts during REDD+ strategy implementation and develop a multi-stakeholder engagement approach (that will be part of the Consultation and Participation Plan) to minimize risks and adverse impacts. Options will be identified and discussed to improve sustainable development impacts of REDD+ activities as well as any associated measures that will complement climate change adaptation strategies.

72. **The final stage of the SESA process would be the development and validation of the ESMF.** The ESMF provides a framework for managing and mitigating social and environmental risks and impacts associated with REDD+ operations. It will ensure compliance of proposed REDD+ interventions with World Bank Safeguard Policies, most notably Environmental Assessment (OP/BP 4.01). The framework will also pay particular attention to the “do no harm” aspects of the applicable safeguard policies, such as Involuntary Resettlement (OP/BP 4.12) with its focus on the restriction of access to resources in legally designated protected areas and on physical and economic displacement. At the same time, the framework will identify ways to maximize benefits with regard to social, cultural and economic well-being of particularly forest dependent populations and marginalized groups within these populations; and prevent or mitigate any negative impacts on the forest biodiversity and wider ecosystem. Other Policies to be triggered

include: OP/BP 4.04 on Natural Habitats; OP/BP 4.36 on Forests; and OP/BP 4.11 on Physical Cultural Resources.

73. **The national institutional capacity for implementing World Bank environmental and social safeguards is limited.** In terms of capacity, the DoF currently has little experience in, or a mandate for, environmental or social management. To manage the delivery of the SESA and ESMF, the Vanuatu National REDD+ Unit will be supported by the AWG for the REDD+ Safeguards to be established under the auspices of the REDD+ Technical Committee. The REDD+ Safeguards AWG will coordinate the development of the SESA/ESMF and will ensure that institutional and capacity gaps for managing identified risks are fully assessed. The REDD+ Safeguards AWG will work closely with the REDD+ Technical Committee, the Vanuatu National REDD+ Unit, and the consultant team hired to carry out the SESA process.

1. Social (including Safeguards)

74. **Conducting the SESA for Vanuatu's REDD+ strategy development will involve consultations with key stakeholders and interest groups, including forest-dependent groups (forest dwellers and communities living adjacent to the forests).** It will give special consideration to livelihoods, land rights (including those of forest-dependent people), biodiversity and cultural heritage and equitable distribution of benefits, gender and special protection of vulnerable groups in society, capacity development, and governance.

75. **The SESA would ensure that REDD+ is consistent with Vanuatu's relevant environmental, land and forest laws and regulations.** Vanuatu land law requires customary owners to be consulted and they have to consent to all matters relating to the use of the land and its resources. Although Ni-Vanuatu customary rights to land may be upheld by the Constitution, the lack of land registration results in many conflicts regarding boundaries. There is no mechanism for knowing who owns which areas of customary land without investigation on the ground.

76. **The SESA process will take into consideration that men and women's knowledge of and management strategies for forests are directly related to their use and dependence on forest resources.** Poor rural women for example are dependent on forest resources for extraction consumption and sale of fuel wood and other NTFP, which provides crucial livelihoods opportunities. Any REDD+ strategic options have to take into consideration the gender dimension. Mitigation measures must be put in place to ensure that the institutional frameworks and policies for REDD+ equally benefit both men and women, especially in the areas of land tenure and security and with regards to the multiple co-benefits that REDD+ has to offer.

2. Environmental (including Safeguards)

77. **The Terms of Reference for the SESA/ESMF will ensure a mix of international and local expertise in REDD+, environmental management, and stakeholder engagement.** While deforestation rates in Vanuatu are comparatively low and estimates of the forest cover vary between 34 percent and 74 percent, there is little primary forest left on the islands, as most was damaged or disrupted by commercial logging in the 1980s and 1990s. Current pressures include shifting agriculture, small-scale logging, and

invasive weed species. The significant impact of these pressures on biodiversity of forestry areas will be considered in the SESA and REDD+ strategy.

78. **An important co-benefit of the SESA will be the introduction of this comprehensive assessment tool to the country.** The Environmental Management and Conservation Act provides for the Department of Environmental Protection and Conservation (DEPC) to carry out Preliminary Environmental Assessments and EIAs for all of the activities listed in the Act’s regulations. However, the Act does not give sufficient attention to the link between environmental management, strategic planning, and other land/resource use planning, and has so far failed to effectively improve the quality of strategic environmental planning. The SESA will therefore serve as a model for future strategic environmental assessment and planning.

79. **The DEPC is a crucial stakeholder and participant in REDD+ but may require additional resources to actively and meaningfully engage in the REDD+ Safeguards AWG Group.** The Director of DEPC is on the REDD+ Technical Committee, was involved in the development of the R-PP, understands the purpose and processes of the SESA, and has access to information on other REDD+ programs in the Pacific. DEPC staff do not have a working knowledge of WB safeguards, but this can be overcome with training which will be provided through the Readiness Preparation Activities.

3. Consultation, Participation and Disclosure

i. Experience to Date

80. **Efforts have been made to identify and engage a wide range of stakeholders on REDD+.** This process began in 2008 with a stakeholder mapping exercise, and has continued throughout 2012 and 2013 with consultations held at the national level and in Sanma, Malampa and Torba provinces. Further work towards identifying and grouping stakeholders was carried out during development of the Consultation and Participation Plan. Potential stakeholder representation for the AWGs and Provincial REDD+ Committees has been outlined in Table 8 below.

Table 8. Stakeholder Groupings

Stakeholder Groupings for Ad-hoc Thematic Working Groups	
Thematic Area	Stakeholders
Safeguards	Live & Learn Vanuatu, Transparency Vanuatu, Department of Women’s Affairs, Department of Foreign Affairs, Vanuatu Kultural Senta (VKS), Jastis Blong Evriwan Program, VANWOODS, Vanuatu Association of Non-Government Organisations (VANGO), Vanuatu Christian Council (VCC), DEPC, Vanuatu National Council of Women
Land Use Planning	DoF, Department of Agriculture, DEPC, Physical Planning Unit, Department of Lands, Malvatumauri Council of Chiefs, Live & Learn Vanuatu, Department of Geology and Mines, Department of Tourism, VRDTKA, Farmers Support Association, DEPC
Land Legislation And Customary Land Based Issues	Customary Lands Tribunal Unit, State Law Office, Jastis Blong Evriwan Program, University of the South Pacific (Law Department), VKS

Stakeholder Groupings for Ad-hoc Thematic Working Groups	
Law And Policy	Department of Strategic Planning, Policy Office (State Law Office), PMU of NAB, University of the South Pacific (Law Department), Law Commission
Communication And Participation	VANGO, Extension & Outreach Stakeholders, VKS, PMU of NAB, VCC
Mapping And MRV	Department of Lands, Physical Planning Unit, NAB PMU, DoF, Department of Agriculture, SOPAC, SPC/GIZ, Department of Geology and Mines, DEPC
Financing	Department of Trade, Treasury, Department of Foreign Affairs, Department of Tourism, Agriculture Bank of Vanuatu
Stakeholder Groupings in Provinces	
Province	Stakeholders
Torba	Provincial Government – TAC; Government Extension Office (Forestry, Cooperatives, Agriculture, Environment); Transparency Vanuatu, World Vision, Red Cross, Customary Land Tribunal Unit, Church Council
Sanma	Live & Learn, Provincial Government – TAC; Government Extension Office (Forestry, Cooperatives, Agriculture, Environment); Transparency Vanuatu, World Vision, Red Cross, Customary Land Tribunal Unit, Church Council
Penama	Provincial Government – TAC; Government Extension Office (Forestry, Cooperatives, Agriculture, Environment); Live & Learn, Transparency Vanuatu, World Vision, Red Cross, Customary Land Tribunal Unit, Church Council
Malampa	Provincial Government – TAC; Government Extension Office (Forestry, Cooperatives, Agriculture, Environment); Transparency Vanuatu, World Vision, Red Cross, Customary Land Tribunal Unit, Church Council
Shefa	Provincial Government – TAC; Government Extension Office (Forestry, Cooperatives, Agriculture, Environment); Live & Learn, Transparency Vanuatu, World Vision, Red Cross, Customary Land Tribunal Unit, Church Council
Tafea	Provincial Government – TAC; Government Extension Office (Forestry, Cooperatives, Agriculture, Environment); Live & Learn, Transparency Vanuatu, World Vision, Red Cross, Customary Land Tribunal Unit, Church Council

81. **The national multi-stakeholder consultation and participation process for REDD+ was, however, hampered by a lack of funds to support travel to distant islands.** This constraint was lessened to some extent by the R-PP Formulation Grant and an international REDD+ consultation process funded through the SPC/GIZ regional project entitled: “Climate Protection through Forest Conservation in Pacific Island Countries.” Inputs received through the latter significantly contributed to various components of the R-PP.

ii. Proposal Going Forward

82. **A central element of the Consultation and Participation Plan for Vanuatu is outreach and extension.** An Outreach and Extension Officer responsible to the Vanuatu REDD+ coordinator and REDD+ Technical Committee will lead the outreach and extension teams based in the provinces, which will manage on-the-ground consultations with Vanuatu’s rural population. The team for each province will be identified through an assessment of existing communication channels. For example, in Tafea Province, farmers associations work closely with DoF Extension Officers. The DoF does not, however, have a presence in Torba Province, so a different existing structure will be strengthened for outreach and extension, such as the Vanuatu Red Cross and International Council for the Red Cross, which have a strong presence in this remote province. In other provinces, the following communication channels have been identified:

- Multi-stakeholder TAC used for land-use planning by the Department of Local Authorities;

- Vanuatu Cultural Center’s Field Officers;
- Island Council of Chiefs;
- Vanuatu National Council of Women;
- Community-based forest associations.

83. **This approach allows for the enhancement of decentralized communication structures and for local knowledge to increase the effectiveness of consultation and participation.** Given that more than 90 percent of land in Vanuatu is held under customary tenure, the outreach and extension team’s relationship with forest-dependent Ni-Vanuatu will be crucially important to the REDD+ process. The REDD+ Readiness Activities will help strengthen decentralized structures for stakeholder engagement, develop communication and outreach materials, consult on key issues funded under the FCPF, build capacity and raise awareness, and assess and strengthen existing FGRMs for REDD+. The consultations will solicit participants’ views on the multi-sectoral drivers and underlying causes of deforestation and degradation, REDD+ strategy options, social and environmental impacts, benefit sharing and governance, and grievance redress.

84. **A part of the Consultation and Participation Plan is a communication strategy,** which aims to raise stakeholders’ awareness of the opportunities and risks associated with REDD+, and of ways that REDD+ will benefit poor, marginalized and vulnerable groups. The Government recognizes the importance of using culturally appropriate methods of communications to reach forest dependent communities, and is likely to work closely with CSOs that have comparative advantage in this area (see Table 9 below).

Table 9. General Information Flows

Medium	Details
Government Bulletin	Bulletin to all GoV staff
Vanuatu Climate Change Portal	Announcement posted on internet site used as central point of communication between Government and Non-Government stakeholders working in climate change and DRR
Department of Local Authorities (Port Vila)	Central message point. Information goes to all Provinces through Secretary Generals and Town Clerks, the TAC and Area Councils
Physical Planning Unit	Principal Physical Planner distributes information to Government stakeholders engaged in land use planning
Vanuatu Climate Action Network	Coordinator distributes information to all major NGOs
VANGO	Distributes to all NGOs and CSOs in the country
Department of Cooperatives	Assist in reaching women, in harnessing participation regarding income generation and benefits sharing for REDD+ and also in information dissemination of REDD+ programs.
Education and Communication Working Group (under NAB)	DVDs and visual information materials, such as power point presentations, are highly effective if developed in the national language. To ensure a clear and cohesive message from government, all materials used in communication with communities can be first endorsed by the Information
Vanuatu Christian Council	Information distributed throughout Church network of different denominations. Some Churches across Vanuatu are very active in community forestry and acting through the central point of the VCC can be an effective way to spread information

85. **Key considerations for communication with rural community stakeholders have been identified.** While newspapers are limited to the urban population, radios and mobile phones are the most effective means of spreading information in rural areas. The large majority of cooperatives in Vanuatu are managed by women, so the Department of Cooperatives could be effective in reaching women and harnessing their participation in the design of income generation and benefits sharing mechanisms. Talk back shows on radio are an effective means of spreading messages and getting general feedback from the public. DVDs and visual information materials, such as PowerPoint presentations, are highly effective if developed in the national language. To ensure a clear and cohesive message from government, all communication materials should be first endorsed by the Information, Education and Communication Working Group under the NAB.

86. **An initial assessment of options for enhancing existing FGRM for REDD+, undertaken by Live & Learn Environmental Education, found that many informal customary grievance mechanisms exist at decentralized levels.** The outreach and extension teams will play a central role in collecting data on customary and local grievance redress activities and feed it up to a national mechanism, to be designed by the REDD+ Technical Committee with the assistance of CSOs and the State Law Office. The national mechanism must recognize customary approaches to conflict resolution while ensuring transparency of government responses.

4. Safeguard Policies Triggered

87. **The operation is classified as Category B.** The Readiness Preparation Activities will support the GoV to make wide-ranging changes to the way forests and forest resources are assessed and managed, and may have both positive and adverse impacts on existing forest uses, customs around ownership, and livelihoods of people dependent on forest resources. It is envisioned that the safeguards policies mentioned below will be triggered in the REDD+ Readiness Preparation process.

Safeguard Policies Triggered (<i>please explain why</i>)	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
<p>The REDD+ Readiness preparation stage is meant primarily for technical assistance and capacity building activities. The grant will not finance any implementation of REDD+ activities on the ground (investments, pilot activities etc.), but will directly influence such activities. The policy is triggered for the REDD+ strategy and for the future potential investments. The proposed Readiness Preparation Activities seek to positively impact Vanuatu's forest management by designing a national strategy for REDD+. However, the analytical and other products of this grant will have some potential environmental risks and impacts in its area of influence. A SESA is to be carried out under the readiness phase and will help ensure compliance with the WB's safeguards policies. It will serve to identify, avoid, and mitigate the potential negative environmental and social impacts associated with the final REDD+ strategy. It will also serve to identify and promote potentially positive impacts and benefit sharing opportunities in connection with the strategy. The SESA will influence the final national REDD+ strategy, by ensuring that the consideration of social and environmental risks and potential impacts is a factor in its preparation. It will also provide guidance and key elements for the preparation of the ESMF.</p> <p>Future investments and carbon finance transactions will require specific environmental assessments and social assessments, which will benefit from the strategy context created by the SESA and ESMF. The ESMF will include standing methods and procedures, along with appropriate institutional arrangements for screening, reviewing, implementing, and monitoring specific risks to prevent adverse impacts, including cumulative impacts.</p>			

Safeguard Policies Triggered (please explain why)	Yes	No	TBD
Natural Habitats (OP/BP 4.04)	X		
The application of this policy seeks to ensure that all options proposed in the national REDD+ strategy take into account the conservation of biodiversity, as well as the numerous environmental services and products that natural habitats provide to human society. Overall, REDD+ activities are expected to have significant positive impacts on natural habitats, as the country puts in place an effective strategy to reduce loss of natural forests. The SESA will address issues related natural habitats and potential impacts of the national REDD+ strategy, and findings will feed into the ESMF.			
Forests (OP/BP 4.36)	X		
REDD+ activities in forest lands aim to reduce deforestation, enhance the environmental services contribution of forested areas, promote reforestation, reduce poverty, and encourage economic development, therefore the Forests safeguard policy is triggered. Overall, REDD+ activities are expected to have significant positive impacts on forests, in that the main goal of the program is to reduce deforestation and forest degradation, while contributing to the well-being of forest-dependent communities. Potential impacts of the National REDD+ strategy on natural forests will be assessed through the SESA and included in the ESMF. The SESA and associated ESMF will reflect the requirements of the WB's Operational Policy regarding forest management.			
Pest Management (OP 4.09)	X		
This policy is triggered because, depending on the scope of REDD+ strategies, the program might include reforestation activities or the intensification of agricultural activities on degraded lands. SESA will assess the application of this policy and if appropriate, a Pest Management Plan with mitigation (including consideration for Integrated Pest Management) will be developed and included in the ESMF.			
Physical Cultural Resources (OP/BP 4.11)	X		
This policy is triggered as the Readiness Preparation Activities will result in drafting of REDD+ Strategy Options, which could affect areas containing sites with physical cultural resources (e.g. monuments, historical buildings, archaeological or paleontological sites, holy sites, etc.). The SESA (and ESMF) will assess if ground implementation of REDD+ Strategy Options is likely to include these sites and ensure the appropriate measures are adopted in order to protect them.			
Indigenous Peoples (OP/BP 4.10)		X	
Recent analytical work completed by the East Asia Pacific Regional Safeguard Secretariat found that three out of the four defining characteristics of Ips under OP 4.10 are not met in Vanuatu. Accordingly, OP 4.10 is not triggered for projects in Vanuatu.			
Involuntary Resettlement (OP/BP 4.12)	X		
The Readiness Preparation Grant will not finance operational activities, including site-specific carbon-reduction projects. Ni-Vanuatu, especially in remote areas, derive a substantial proportion of their livelihoods from land-based resources. Depending on the strategy options selected under Component 3, downstream REDD+ activities might impact land-dependent groups and trigger voluntary land donation or land acquisition/involuntary resettlement in situations involving restrictions of access to present or future legally designated parks, protected areas, or forest management/reforestation areas. This policy is triggered to ensure landowners, leaseholders and land users and forest-dependent communities and/or individuals are properly consulted and not coerced or forced to accept or commit to REDD+ activities or other forest management/reforestation activities involuntarily, and that best practice approaches as informed by OP 4.12 are adopted. Through the SESA process, any issues related to land acquisition, voluntary donation or involuntary resettlement will be identified, and management processes will be embedded into the ESMF. The ESMF may include, as required, a Resettlement Policy Framework (RPF) and/or Process Framework (PF), all of which will be part of the SESA, in order to ensure avoidance, minimization, and/or appropriate compensation for adversely affected persons or populations in downstream implementation. Sub-component 2.2 of the Readiness Preparation Grant will fund assessment of existing grievance mechanisms at the national and decentralized levels, assess the capacity			

Safeguard Policies Triggered (please explain why)	Yes	No	TBD
of institutions and customary mechanisms that would handle grievances, and support their strengthening specifically for REDD+.			
Safety of Dams (OP/BP 4.37)		X	
The REDD+ activities do not involve the construction of, nor will be affected by, new or existing dams.			
Projects on International Waterways (OP/BP 7.50)		X	
The REDD+ activities do not involve international waterways.			
Projects in Disputed Areas (OP/BP 7.60)		X	
The REDD+ strategies and activities will not be located in any disputed areas.			

Annex 1: Systematic Operations Risk-Rating Tool (SORT)

Risk Categories	Rating (H, S, M or L)
1. Political and governance	S
2. Macroeconomic	M
3. Sector strategies and policies	M
4. Technical design of project or program	M
5. Institutional capacity for implementation and sustainability	S
6. Fiduciary	S
7. Environment and social	H
8. Stakeholders	H
Overall	H

Annex 2: Preparation Schedule and Resources

Preparation Schedule				
Milestone	Basic	Forecast	Actual	
AIS Release				
Concept Review	November 20, 2013	January 29, 2015		
Auth Appr/Negs (in principle)	N/A			
Bank Approval	December 18, 2013	February 23, 2015		
Sector Unit Estimate of Resources Required from Preparation through Approval				
Source of Funds	Preparation Expenses to Date (USD)	Estimate of Resource Requirements (USD)		
		Fixed	Variable	
Bank Budget				
Trust Funds				
Team Composition				
Bank Staff				
Name	Title	Specialization	Unit	UPI
Stefanie Sieber	Environmental Economist	TTL	GENDR	364876
Haddy Jatou Sey	Senior Social Development Specialist	Co-TTL	GCCGT	146523
Marjorie Mpundu	Senior Counsel	Legal	LEGES	289323
Jinan Shi	Senior Procurement Specialist	Procurement	GGODR	95542
David Bruce Whitehead	Financial Management Specialist	Financial Management	GGODR	320696
Vidya Narasimhan	Finance Officer	Disbursement	WFALN	255977
Ross James Butler	ETC	Social Safeguards Specialist	GURDR	458893
Fnu Hanny	Program Assistant	Program Assistant	GENDR	282386
Non Bank Staff				
Name	Title	Office Phone	City	
Ann McLean	Social Safeguards Specialist		Wellington	

Claire Forbes	Social Safeguards Specialist		Brisbane, Australia
Penelope Ferguson	Environmental Specialist		Christchurch
Sophia Carodenuto	Consultant		Bonn, Germany

Additional Information (Optional)

Annex 3: R-PP Submitted by the REDD Country Participant

The R-PP can be found on the FCPF website at <http://www.forestcarbonpartnership.org/vanuatu>

Annex 4: ToR for Strategic Environmental and Social Assessment (SESA) for Vanuatu REDD+ Readiness

I. Introduction

1. Reducing Emissions from Deforestation and Forest Degradation (REDD+) is a proposed global mechanism to mitigate climate change caused by forest loss or degradation, while mobilizing financial resources for socio-economic development in forest countries. The Forest Carbon Partnership Facility (FCPF), facilitated by the World Bank Group (WBG), brings together about 50 donor and forest country participants with the aim of supporting the forest countries in the preparation and subsequent implementation of their national REDD+ strategies.

2. Vanuatu is a participant country in the FCPF. Due to its currently low levels of deforestation, this small island nation has proposed to focus on the “+” aspects of REDD+, which include sustainable forest management (SFM), enhancement of forest carbon stocks, and conservation. Customary landowners²³ collectively own forested land in Vanuatu and together decide how their forest resources are managed. Local Ni-Vanuatu forest communities therefore play a central role in developing and implementing the strategies for reducing the drivers of deforestation and forest degradation,²⁴ as well as promoting SFM, conservation, and enhancement of forest carbon stocks. Given these unique land tenure and resource ownership arrangements, the country has chosen to take an activity-based approach to REDD+, which provides a promising opportunity to creating incentives for improved land management at the local level and for equitably distributing REDD+ benefits among Ni-Vanuatu forest communities.

3. Until now, the GIZ/SPC has dedicated significant funding and technical support to Vanuatu’s REDD+ process through regionally-based operational staff, contributing to the development of the country’s Readiness Preparation Proposal (R-PP). The R-PP serves as the framework for all REDD+ preparatory activities in the country and will inform the preparation of the country’s future REDD+ strategy. The FCPF will contribute to the implementation of the R-PP by supporting a subset of its activities. The proposed FCPF support includes three components: (i) strengthen existing institutions for REDD+ at the national and decentralized level through the establishment and operation of a Vanuatu National REDD+ Unit, support to the REDD+ Technical Committee, support to the NAB and its PMU, as well as the set-up of Provincial REDD+ Committees, (ii) strengthen the stakeholder engagement at the decentralized level, including the assessment and strengthening of existing Feedback and Grievance Redress Mechanisms (FGRMs) for REDD+, and (iii) develop a National REDD+ strategy (including its implementation framework), which will be validated by a broad spectrum of national stakeholders through the Strategic Environmental and Social Assessment (SESA) and be informed by several analytical studies.

4. Component (iii), relating to SESA, is essential for both avoiding negative impacts (“do no harm”) and enhancing positive or “additional” REDD+ benefits, especially in terms of socio-economic, cultural, and livelihood development benefits, governance enhancements, and wider environmental or biodiversity benefits. The SESA is an integral part of the FCPF’s approach to the Readiness phase of REDD+, which covers the implementation of the R-PP and subsequent Readiness preparation. In its objectives, the SESA is similar to assessments that were conducted in relation to forestry and forests in Vanuatu, such as through the consultations done to develop the recently revised Forest Policy (2011-2020). A key difference in the

²³ The term landowner describes the Ni-Vanuatu people, whose customary rights to land ownership in Vanuatu is upheld by the 1980 Constitution. However, the term ‘landholders’ instead of ‘landowners’ more appropriately echoes the customary principle of group ownership, where those considered landowners are not individual owners but holders of the land for a broader group.

²⁴ Hereafter referred to as “drivers.”

assessment to be conducted in the context of REDD+ Readiness, however, is its scope: the SESA both draws from and informs the coordination among multiple sectors and institutions whose activities have some kind of impact on forests in the country, in keeping with the multi-sectoral, multi-level character of REDD+.

5. The Vanuatu Department of Forestry (DoF) will be the implementing agency for the Readiness several key activities outlined in the R-PP, and will host the Vanuatu National REDD+ Unit headed by the Vanuatu REDD+ Coordinator. Sitting above the Vanuatu National REDD+ Unit is the REDD+ Technical Committee, made up of representatives from Government ministries. Thematic ad-hoc working groups (AWG) will be set up to advise the Vanuatu REDD+ Coordinator on specific issues relating to the SESA.

II. Objectives and Context

6. The work and deliverable required in this contract includes a collection of linked activities: (i) development of the SESA, (ii) an ESMF; and (iii) analysis of land issues and if necessary, the preparation of a Resettlement Policy/Process Framework. These activities will support the integration of social and environmental safeguards into the REDD+ policy development. Each of these initiatives is discussed in detail below. A key overarching principle for this consultancy is that the outputs need to be generated in an integrated manner in tandem with the other REDD+ Readiness processes. There needs to be close coordination with the REDD+ Technical Committee, and depending on the specific activities, cooperation in planning, undertaking and analyzing the results with designated stakeholders and as appropriate, other consultants.

7. The development of the SESA will be done in tandem with the evaluation of the strategic options described in the R-PP, Component 2b. The SESA will assess the different REDD+ strategy options in an iterative and participatory way. This will be accomplished through a national policy dialogue that includes Ni-Vanuatu who represent the daily needs of subsistence land users at the local level. The SESA will value Ni-Vanuatu principles and traditional authority and will include processes to build these principles into design. The REDD+ Safeguards AWG of the REDD+ Technical Committee will provide oversight and coordination for the SESA and other safeguards reports described below.

1. Objectives

8. The core of this consultancy is the SESA that will assess the potential environmental and social risks and impacts, both positive and negative, of the proposed REDD+ strategy. The SESA makes use of a variety of tools, and can be defined as “a range of analytical and participatory approaches that aim to integrate environmental and social considerations into policies, plans and programs and evaluate the inter linkages with economic, political, and institutional considerations”.

9. The SESA will provide a cumulative assessment of the potential impacts of REDD+, according to the different strategy options. The identification of negative impacts and formulation of adequate mitigation measures will be integrated in the preparation of other components of the R-PP, as a means of ensuring that the WB Safeguards are incorporated from the onset to avoid, limit and/or mitigate harm to people and the environment, and strive to achieve benefits instead. The SESA protocols will comply with the WB safeguard policies.

10. The SESA will integrate environmental and social considerations in the Vanuatu’s REDD+ strategy options (R-PP, Component 2b) and will advise on a framework for managing potential environmental and social risks and impacts associated with the implementation of these strategy options (R-PP, Component 2c).

11. The SESA aims to:
- Critically analyze REDD+ strategy options from a social and environmental point of view, with the aim of minimizing risks. This will include the development of criteria/indicators for the identification and prevention of social and environmental risks;
 - Propose measures to mitigate environmental and socio-economic risks and impacts during REDD+ strategy implementation;
 - Develop a multi-stakeholder engagement approach (that will be part of the Consultation and Participation Plan) to minimize risks and adverse impacts; and
 - Identify and discuss options to improve sustainable development impacts of REDD+ activities as well as any associated measures that will complement climate change adaptation strategies.

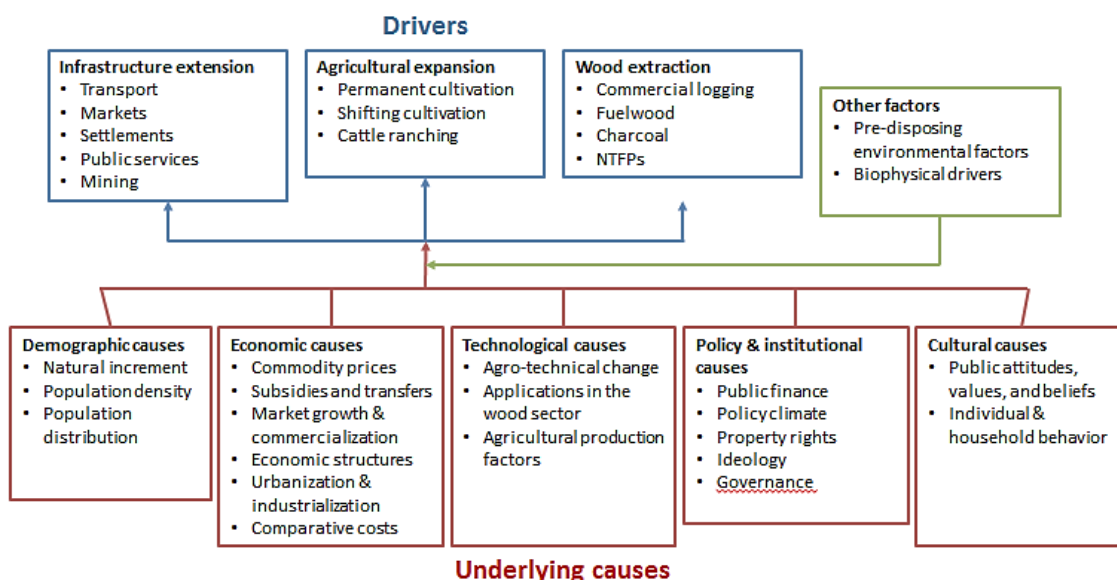
12. The outcome of abovementioned assessments will lead to the development of mitigation, risk management and capacity building measures that will be defined in the Environmental and Social Management Framework (ESMF). If found necessary, this will include the application of appropriate measures to avoid or properly compensate for displacement and continued access and use of resources as part of the Resettlement Policy/Process Framework.

2. Context

3.

3.1 Drivers of deforestation and forest degradation

13. Drivers vary considerably among different islands due to distinct natural environments, local customs and culture. Initial analysis suggests the main drivers include subsistence land use activities, forest conversion for agro-industrial agriculture and urbanization. Recently, the SPC/GIZ funded a detailed study of drivers on Santo, which showed that more than 50 percent of deforestation is driven by small-scale (less than 1.3 ha) forest and farming activities. Given the country’s development objectives, however, increasing pressures on forests are likely to come from agro-industrial development, including cattle ranching and coffee production. The figure below, developed for the R-PP, gives an overview of the multitude of drivers and underlying causes at play across the many islands. However, in general the rate of deforestation remains low throughout the country’s six island provinces. Therefore, Vanuatu highlights its opportunities for implementing ‘+’ activities such as reforestation and agroforestry.



3.2 Addressing the drivers of deforestation and forest degradation - potential strategy options

14. In order to address the multi-sectorial drivers, preliminary strategic options were proposed in the R-PP to guide the discussion during Readiness. The SESA will contribute to the REDD+ Readiness

Preparation process in Vanuatu by assessing (i) inter-sectoral linkages within the land-use planning process and trade-offs and opportunity costs involved with different land uses; (ii) forest governance and management; (iii) land use and ecosystem valuation; (iv) forest land tenure and ownership looking at the issues of customary rights, users access rights and informal and formal grievance mechanisms; (v) legal and regulatory systems related to land tenure, land administration and land transfer; (vi) allocation of revenue benefits to land owners and those leasing lands; (vii) clear identification of who owns the title to ER; and (viii) gender dimensions of forest use and management and role of women in decision-making about land use, resource management and benefit sharing arrangements. The SESA will also propose mitigation options to identified risks.

15. Gaps identified through these assessments will strengthen the proposed REDD+ strategy options. An ESMF will be developed and validated as an output to the SESA process. It will outline the procedures to be followed for managing environmental and social impacts of specific strategy options during the implementation of REDD+.

16. The R-PP outlines nine strategy options, shown in Table 1. These options are expected to be refined and adapted to align with knowledge gained from the various analytical studies to be undertaking during the REDD+ Readiness Preparation process, especially regarding the drivers. But most importantly for these TOR, the full list of strategy options will need to be assessed according to their socioeconomic and environmental costs and benefits, as identified through the SESA.

Table 1: REDD+ Strategy Options and Drivers Addressed

Strategy Option	Drivers Addressed
Forestry extension: National enhancement of forest carbon stocks (EFCS)	Small-scale subsistence resource users
Agricultural extension: Intensification of cattle ranching and copra production	Permanent pasture for cattle ranching and agro industrial expansion
Development of NTFPs chains (e.g. sandalwood, Canarium) linked to EFCS program	Small-scale subsistence resource users
Conservation agreements	Potential future deforestation and forest degradation
Improved land use planning	Small-scale subsistence resource users, agroindustry and permanent pasture, tourism, mining
Institutional strengthening, capacity building, and improved forest governance	Overarching, not directly applicable to any driver
Performance-based compensation or national investment scheme	Small-scale subsistence resource users
Disaster Risk Management (DRM)	Effective DRM reduces damage to people's livelihood and increased use of resources in response.
Mainstream REDD+ into other sectors by, e.g., by making carbon assessments a requirement of EIAs	Agroindustry, infrastructure development, mining

III. Scope of the Consultancy

1. Setting the Context for the SESA

17. The SESA will assess and analyze the different REDD+ strategy options in an iterative and participatory way. The remoteness of islands and difficulty of travel pose significant challenges to setting up effective institutions that allow localized resource users to vocalize their concerns and influence the policy making process. This will be overcome through a national policy dialogue, as well as with the participation of Ni-Vanuatu stakeholders including subsistence land users at the local level. The SESA process should value *kastom*²⁵ principles and traditional authority. An underlying goal of the SESA will be to induce politically centralized power structures in Port Vila to share decision making with local and traditional actors in the provinces.

18. The SESA process will be guided by Consultation and Participation Plan (in the R-PP) and also involve consultations with key stakeholders and interest groups, including forest-dependent groups (indigenous peoples (IPs), forest dwellers, and communities living adjacent to the forests). It will be an inclusive process giving special consideration to livelihoods, land rights (including informal rights of forest-dependent people), biodiversity, cultural heritage, equitable distribution of benefits, gender, special protection of vulnerable groups, capacity development, and governance aspects of FCPF unique to Vanuatu.

2. National Validation Workshop

19. The SESA team will prepare a SESA Work Plan, which will be subjected to broad stakeholder validation in a national workshop, which will be crucial for establishing the legitimacy of all subsequent stakeholder consultations and participation actions. All key stakeholder groups related to forest management in Vanuatu should therefore be represented. The REDD+ Technical Committee already provides a readily available and informed group of participants for this workshop, which can be broadened to include a wider group of stakeholders.

20. The workshop should be held at a location readily accessible to participants coming from different parts of the country. The format and facilitation of the workshop should also ensure that all stakeholders feel comfortable voicing their views and concerns, that all voices are heard (including women's representation), and that all inputs are considered.²⁶ The issues to be discussed should include legitimacy and representativeness of the stakeholder groups that have been defined, as well as mechanisms for providing feedback during the SESA process. Criteria for including new stakeholders in future consultation and participation activities should be set out and included in the Consultation and Participation Plan, as well as the rules for reaching agreements at key points in the SESA process. Views, comments, and agreements from the validation workshop should be used by the consultants to finalize the SESA Work Plan.

3. Importance of REDD+ Co-Benefits

21. While some analysts and policymakers focus on avoiding risks to local populations by adopting safeguards to ensure that REDD+ does no harm, others focus on enhancing REDD+'s socio-economic

²⁵ *Kastom* is the mixture of values, beliefs, institutions and practices perceived as traditional in Vanuatu.

²⁶ A national workshop in itself may be considered an inappropriate setting for certain groups to voice their concerns, and if so, alternatives should be found.

benefits.²⁷ The UNFCCC safeguards require measurement and reporting on REDD+'s socio-economic impacts, including its positive benefits. Forests in Vanuatu provide countless ecosystem and cultural services that have long been recognized by the Ni-Vanuatu indigenous cultures, and are acknowledged by the Government. These services include water quality and quantity, biological diversity (including many species that are harvested from natural forests), non-wood forest products (many of which are integral to indigenous cultures), local climate services, medicinal plants, and assets for the growing nature-based tourism sector. As these kinds of co-benefits are very important to the local economy and culture, and forest carbon protection through REDD+ is only one aspect of the many global and local benefits of responsible forest and land management.

4. Vanuatu's Relevant Laws

4.1 Land governance

22. The SESA ensures that REDD+ is consistent with Vanuatu's relevant environmental, land, and forest laws and regulations. Vanuatu's Constitution and Land Law require that customary owners be consulted and consent to all matters relating to the use of the land and its resources and it will be critical to ensure that customary landowners are consulted effectively during the REDD+ Readiness Preparation process. Given the challenges of administering land registration in Vanuatu coupled with the lack of understanding about the importance of land registration (with many rural communities untrusting of the process), there is a lack of formal land registration in the country. This situation inevitably results in many conflicts regarding boundaries due to misunderstandings about, or inability to secure, land titles. Without registration, determining the 'ownership' or custodianship of customary land is difficult, and requires investigation on the ground and detailed social mapping studies. Further, identification of landowners as well as clan members whom are entitled to customary access or use rights to land or certain areas is somewhat complicated by the traditional and continuing practice of shifting cultivation, compounded with the urban drift resulting in many 'absentee' landowners.

23. As a result, there is evidence to date that ineffective community engagement mechanisms have led to elite capture when land leases are signed for the development of customary owned land.²⁸ Therefore one of the biggest social risks for the Readiness Preparation Activities is the potential for REDD+ to foster conflicts among customary landowners where there is disagreement on land ownership and customary rights, and inequitable benefit sharing. This situation will be compounded by the perceived or real value of the land as it increases when forest carbon benefits are valorized through REDD+. It is important for the SESA to include an assessment of the social risks and associated land issues associated with Vanuatu's REDD+ strategy options, including but not limited to: (i) existing land tenure, rights and governance, (ii) gender equity analysis in relation to land tenure and natural resource use/benefits, (iii) customary and land-related conflict resolution mechanisms and weaknesses, (iv) dependency of target communities on forest resources and potential issues, and (v) customary benefits distribution mechanisms.

4.2 Environmental Impact Assessments (EIAs)

24. Following Vanuatu's independence, EIA procedures were often applied only informally on an ad-hoc basis. In 2003, Vanuatu promulgated the Environmental Management and Conservation Act (EMC Act), which covers a range of environmental issues, including criteria for triggering an EIA. These include

²⁷ Brown, D., Seymour, F., Peskett, L. How do we achieve REDD co-benefits and avoid doing harm? In *Moving Ahead with REDD: Issues, Options and Implications*, Angelsen, A., Ed., CIFOR: Bogor, Indonesia, 2008, pp. 107–118.

²⁸ The World Bank's Jastis Blong Ewriwan program has thorough documentation of the range of risks associated with Vanuatu's land tenure arrangements, such as land leasing disputes, power imbalances, lack of participation of vulnerable groups such as women and youth, and lack of benefits sharing to affected communities.

biodiversity-related concerns, such as impacts on protected, rare, threatened, or endangered species or their habitats or nesting grounds, and the introduction of foreign organisms and species.

25. The EMC Act requires authorities at different levels to conduct preliminary EIAs, and which are forwarded to the Department of Environmental Protection and Conservation (DEPC) at the national level. As per the EMC Act, all projects or development activities that are likely to cause significant environmental or social impacts will require an EIA, including activities that will affect “important customary resources” or “protected or proposed protected lands.” A recent amendment ensures that the submission and evaluation of impact assessment reports is streamlined in a systematic process under the responsibility of the DEPC. Regulations for implementing the Act were endorsed in August 2012. However, the capacity to implement these regulations is extremely limited.

26. Analysts agree that the Act does not give sufficient attention to the linkages among environmental management, strategic planning, and other land/resource use planning, and that it has so far failed to improve the quality of strategic environmental planning or promote impact assessments. Indeed, the REDD+ SESA may provide an important first step for the country in institutionalizing strategic impact assessments. Therefore, the SESA must be accompanied by significant capacity building, not only in Port Vila but also throughout the provinces, where impact assessment focal points will liaise with the DEPC. A more decentralized system of evaluating impact assessments and project compliance is a long-term goal for Vanuatu, and REDD+ should reinforce this process. An important co-benefit of doing a SESA will be the introduction of this comprehensive assessment tool for major projects, both in the land use sector and elsewhere (e.g., infrastructure). Moreover, doing a SESA will have the additional benefit of raising the public’s general awareness of the EMC Act and its application in Vanuatu.

5. Institutional Arrangements for SESA

27. The SESA Work Plan will include an analysis of the institutional arrangements for integrating environmental and social issues into REDD+ Readiness. Whenever possible, the SESA will build upon existing knowledge and coordinate with institutions that carry out similar strategic planning studies or impact assessments.

28. It is suggested that a team of international consultants and local specialists be hired to carry out the SESA. Including local and regional consultants on the team would encourage greater ownership by the Government while helping to fill capacity gaps. The consultant team hired to conduct the SESA will work closely with the REDD+ Safeguards AWG, which will be responsible for SESA oversight and coordination.

29. The SESA consultant team will work closely with the Vanuatu REDD+ coordinator, the REDD+ Safeguards AWG, and the outreach and extension team responsible for implementing the Consultation and Participation Plan. The outreach and extension team will facilitate the outreach, communication, and consultative mechanisms, help to organize any multi-stakeholder workshops, and provide context-specific consultation and information dissemination tools as required. The outreach and extension team will also help to identify the relevant stakeholders, especially those considered marginalized in their ability to influence the process or vulnerable to adverse impacts from REDD+.

30. For the relevant stakeholders to fully engage with the SESA consultant team, a series of educational or training sessions must first occur. The exact nature and content of these training sessions must be determined, ideally following a capacity assessment. Training material may be developed in collaboration with a local NGO such as Live & Learn, which specializes in environmental education and has already done some preliminary work in identifying key environmental and social issues related to REDD+. Such experiences must be built upon and developed more fully by the SESA.

6. Environmental and Social Management Framework (ESMF)

6.1 Purpose of the ESMF

31. The Environmental and Social Management Framework (ESMF) will be developed from results of the SESA. The ESMF is an instrument to manage safeguards risks and impacts. The ESMF will help minimize and mitigate any potential negative safeguard risks and impacts of REDD+ as well as ensure its social and environmental integrity. The ESMF will lay out the processes, procedures and/or requirements through which future activities and projects under the REDD+ program, shall undergo to ensure compliance with safeguards.

32. In terms of engagement of all stakeholders, the ESMF will take the outcome of the stakeholder mapping exercises from the earlier SESA activities into consideration and give specific consideration to the protection of special and/or vulnerable groups of stakeholders. An assessment will be made of the capacity required to develop, implement, and administer the ESMF and potential shortfalls will be remedied with a capacity development program.

33. The ESMF incorporates procedures for:

- a) In-depth voluntary consultations with concerned stakeholder groups to seek their broad support;
- b) Culturally-appropriate capacity building measures;
- c) Environmental and social impact screening, assessment, and monitoring; and
- d) Grievance redress.

34. The ESMF also specifies the inter-institutional arrangements for the preparation of time-bound action plans for managing and mitigating adverse impacts related to the future project(s), activity(-ies), or policy(-ies)/regulation(s).

35. By doing the above, the output is an ESMF that is compliant with applicable safeguard policies at the time of the assessment of the R-Package while also providing the overall framework for addressing social and environmental risk management issues in REDD+ activities that are implemented beyond the readiness preparatory work.

36. The development of the ESMF will be supervised by the REDD+ Technical Committee and the REDD+ Safeguards AWG will be working closely with the consultants of the SESA/ESMF to provide advisory support. The Chairperson of the REDD+ Technical Committee and the Vanuatu REDD+ focal agency, the Department of Forestry, will coordinate the implementation of the ESMF drafting workplan.

6.2 Contents of the ESMF

37. The Consultant will prepare a draft ESMF suitable for public consultations that includes the following:

- Review of the country's existing legal and institutional framework and current practices of relevant government agencies, vis-à-vis relevant WB Safeguards policies as described in the R-PP Assessment Note, and the initial set of REDD+ strategy options (collected as part of the SESA activities);
- Description of the expected project/activity types under the REDD+ program i.e., the typology of potential REDD+ projects to be implemented;
- A list and description of the potential environmental and social risks and impacts for each anticipated project activities;
- Safeguard screening requirements for the overall REDD+ program at each stage of the project cycle, including required processes and approaches (e.g. awareness, consultation, social and environmental review, consensus building, stakeholder participation, etc.), documentary

- requirements (e.g. Environmental and Social Assessment Report, Environmental and Social Management Plan, evidence of free, prior and informed consultation, community consent, land acquisition documents such as landowner consent, lease agreement, etc.) and the responsible project unit;
- Methods by which the particular needs of indigenous people have been incorporated in the overall project design (See Annex 1);
 - Institutional arrangements to implement the ESMF (e.g., DEPC, DoF) and relevant program units and staffing arrangements;
 - Specific guidelines (e.g. how to conduct an environmental and social review of proposed project, consultation, etc.) and templates/forms for: (i) Environmental and Social Screening; (ii) Environmental and Social Management Plan (ESMP); (iii) specific checklists for those project types requiring greater environmental and social due diligence; (iv) approval; and (v) audit/monitoring requirements; and
 - A capacity building plan for the various agencies and REDD+ program units involved in the implementation of the ESMF that includes a review of the authority and capability of institutions at different administrative levels (e.g. local, district, provincial/regional, and national).

38. The ESMF will also contain specific sections addressing the requirements of the applicable World Bank safeguard policies covered in the separate RPF/PF document and the summary of proposed stakeholder engagement and dispute resolution framework.

7. Land tenure and needs assessment

7.1 Analysis of land requirements and Preparation of Safeguard Documents

39. The activities in this task are to be complemented with the preparatory work by the land ownership and title to ER analysis (under separate contract) and the SESA process. Given the locality based nature of REDD+ projects, it is considered likely that projects may have impacts on land and access to livelihood resources. Accordingly a detailed analysis of land requirements will be required to identify these issues/risks early in the process. To address these issues/risks, a Resettlement Policy Framework (RPF) and/or Process Framework (PF) may need to be prepared to establish objectives and principals, organizational arrangements, capacity building activities and funding mechanisms for any land requirements including compensation for resettlement or restrictions to access as required by the World Bank OP 4.12, Involuntary Resettlement. Since the extent and location of resettlement/compensation is not known at this time and will be determined as the SESA process unfolds and REDD+ activities are detailed, the Framework provides the opportunity to document how compliance with OP4.12 will be achieved, either through existing country systems, or through the use of special provisions documented in the Framework. If any resettlement/compensation is identified for any future REDD+ activity, preparation of a Resettlement Action Plan or Process Framework will be subsequently prepared.

40. The RPF ensures that any Resettlement Action Plan protects affected parties and physical structures, and livelihoods are restored to their previous standard and preferably exceed their current status. The RPF will include the process for valuation of all associated impacts on people's property and livelihoods and address mitigation of the impacts of resettlement based on international standards. A guide to Minimum Requirements for a Resettlement Policy Framework is held at Annex 1.

41. A PF may be required in place of the RPF to address restrictions of access to legally designated parks and protected areas which result in adverse impacts on livelihoods of the affected persons. To determine the appropriate coverage of the PF, the SESA activities will identify if any involuntary restrictions of resource access are anticipated.

42. The Process Framework will outline the criteria and procedures as described in OP 4.12, which will be followed for REDD+ activities in cases where project-induced involuntary restriction of access to natural resources results in adverse livelihood impacts, to ensure that eligible, affected persons are assisted in their efforts to restore or improve their livelihoods in a manner which maintains the environmental sustainability of the nature reserve in question. More specifically, it describes the participatory process by which: (i) specific components of the Project were prepared and will be implemented; (ii) the criteria for eligibility of affected persons will be determined; (iii) measures to assist the affected persons in their efforts to improve or restore, in real terms, to pre-displacement levels, their livelihoods (e.g., as appropriate, alternative grazing areas, cultivation of unique non-timber forest products such as mushrooms, or of other crops, or investments in community infrastructure) while maintaining the sustainability of the park or protected area will be identified; and (iv) potential conflicts involving affected persons will be resolved. It also provides a description of the arrangements for implementing and monitoring the process.

7.2 Consultation On and Disclosure of the ESMF (and if relevant the RPF/PF)

43. The draft ESMF (and if relevant the RPF/PF) will be reviewed and discussed at a designated stakeholder workshops. The consultants and REDD+ Safeguards AWG will agree on the most efficient manner to ensure broad stakeholder feedback and consultation. Aside from the broad stakeholder consultations, targeted workshops should be held with provincial governments, TAC, forest and agricultural extension workers, local NGOs/CSOs and community-based forest associations, custom institutions, women's and youth associations, farmers associations and civil society groups. All consultations should follow the C & P principles compliant with the FCPF/UNREDD Guidelines on Stakeholder Engagement for REDD+ Readiness. Prior to the consultation workshop, hard copies of the draft documents should be sent to all concerned stakeholders including the Provincial and Area Council offices, and relevant public sector institutions, civil society and the private sector. These consultations will also serve as validation workshops that will conclude with the final ESMF and if relevant, the RPF/PF reports.

44. In terms of engagement of all stakeholders, the ESMF will take the outcome of the stakeholder mapping exercises from the earlier SESA activities into consideration and give specific consideration to the protection of special and/or vulnerable groups of stakeholders. An assessment will be made of the capacity required to develop, implement, and administer the ESMF and potential shortfalls will be remedied with a capacity development program.

- The ESMF incorporates procedures for:
- In-depth voluntary consultations with concerned stakeholder groups to seek their broad support;
- Culturally-appropriate capacity building measures;
- Environmental and social impact screening, assessment, and monitoring; and
- Grievance redress.

8. Public Dissemination and Community Validation

45. The Consultation and Participation Plan will outline the process for public consultation and information dissemination for FCPF in Vanuatu. The Plan will detail how the draft and final versions of the SESA will be publicly disseminated by the SESA team. Adequate resources and time should be allocated for these tasks given the lower literacy within communities in rural and remote areas, to avoid a situation where important community stakeholders misunderstand the purpose and value of the SESA and ESMF, and the REDD+ process as a whole.

46. A challenge for the SESA will be to involve Ni-Vanuatu communities in the process. It is important that the process allows for full community participation to ensure that the priorities of REDD+ are in line

with those of the primary beneficiaries: Ni-Vanuatu subsistence land users and customary landowners. This will occur in two stages: (i) an awareness raising campaign to share and information and explain the proposed Readiness Preparation Activities, and (ii) undertake participatory dialogue with rural communities and customary landowners that may be interested in participating in REDD+ activities.

9. Capacity building

47. Given Vanuatu's limited experience with impact assessments, the SESA will work to build capacity among national and local stakeholders.

48. The capacity for implementing the SESA at the national level will need to be significantly increased to ensure that social and environmental risks are mitigated in implementation of strategy options under REDD+. Mitigation measures include close supervision of the SESA process by the WBG task team, provision of capacity building to the Government team by the consultants leading the SESA process, and inclusion of environmental and social specialists from government and civil society in the SESA ad-hoc Working Group.

IV. Work Plan

49. The following are steps and approaches are envisaged under the SESA implementation process:

Step #1: Scoping

50. This step will encompass stakeholder gap analysis, building on the consultations carried out during R-PP formulation. The stakeholder gap analysis will identify any relevant stakeholders who might not have been considered during the R-PP formulation phase. Important among them would be community-level representatives, forest-dependent people, traditional leaders, community forestry associations, the private sector, charcoal producers and fuel wood collectors, women's organizations, government and non-governmental agencies working in the forestry and land use sectors, and national and local civil society organizations (CSOs). The Consultation and Participation Plan will be subsequently revised base on the stakeholder gap analysis and stakeholder feedback following consultation sessions with relevant (and new) stakeholders.

51. The SESA consultant team shall assist the Vanuatu National REDD+ Unit and the REDD+ Safeguards AWG in preparing a draft Work Plan and budget for a comprehensive set of consultation and participation activities. Preparation of the Work Plan will be coordinated with the Vanuatu National REDD+ Unit's preparation of the REDD+ strategy options to ensure consistency of timelines, in particular for consultation activities.

52. The output of this step is a draft SESA process Work Plan and budget for Vanuatu.

Step #2: Launching the SESA work plan

53. The SESA consultant team, together with the outreach and extension team responsible for implementing the consultation and participation plan, will present the draft SESA Work Plan and budget to a national validation workshop to confirm the legitimacy of the Work Plan and the planned stakeholder consultation and participation processes. Views, comments, and consensus from the validation workshop shall be integrated into the draft Work Plan before preparation of the final SESA Work Plan, which shall be publicly disclosed through appropriate means or platforms.

54. The output of this step is a validated SESA Work Plan and budget for Vanuatu REDD+ options.

55. A situational analysis will also be conducted at this stage to inform the work plan and will include (i) an assessment of existing information, policies, regulations, procedures and institutional structures that

are supporting the implementation of environmental and social safeguards; (ii) an assessment of existing land tenure and land rights, conflict resolution mechanisms, and equitable distribution of benefits including benefits for the resource owners and other indirect and co-benefits; and (iii) an assessment of key stakeholders including a gender assessment on key issues.

Step #3: Identification of key environmental and social issues

56. This step aims to generate primary data on key environmental and social issues in the forestry sector to inform the selection of environmental and social priorities, using a variety of analytical tools. The SESA consultant team will facilitate the outreach and extension team's efforts to design standard tools including spatial analysis and participatory rural appraisal methods for application in selected communities. Spatial analysis will be applied in mapping and for overlaying different sets of information to identify areas where environmental and social issues are concentrated. Case studies will be used to show the opportunity costs of different land uses, including environmental and ecosystems valuation and demonstrate the potential benefits to selected communities. Case studies will also help to dig deeper into key issues, inter-sectoral linkages, and potential trade-offs in key areas. Participatory rural appraisal, which will include an analysis of the village-level customary governance institution (*nakamal*), will be the main vehicle for identifying key environmental and social issues at the community level.

57. Building on the evidence and results of the above analyses, the SESA consultant team, together with the REDD+ Safeguards AWG, will produce a scoping report of key environmental and social issues in forests areas of Vanuatu. The scoping report will:

- Map environmental and social hotspots and discuss their main characteristics;
- Identify environmental and social issues related to the forestry sector;
- Discuss key land use trade-offs in forest areas by analyzing the opportunity cost of conserving forests versus developing these areas into alternative land uses such as housing/settlement, industrial estates, or agriculture; and
- Analyze critical institutional, legal, regulatory, policy, and capacity gaps underlying the key environmental and social issues identified and formulate policy recommendations for a policy framework to address key environmental and social impacts, and for addressing institutional and governance weaknesses. This includes identifying gender concerns.

Step #4: Selection of environmental and social priorities

58. The scoping report will be used during consultations with key stakeholders at multiple levels, who will engage in the participatory selection of environmental and social priorities. The most appropriate means of communication and outreach will be used to ensure effective participation of all sectors and stakeholder groups. In addition, institutional stakeholders identified in Step #1 (SESA stakeholders) will review and prioritize environmental and social issues through the culturally sensitive methods as described in the Consultation and Participation Plan.

59. The SESA consultant team will facilitate the REDD+ Safeguards AWG's synthesis of outputs from the consultations and prepare a report on selected environmental and social issues. This report will be discussed at a national workshop to reach a consensus on common set of priorities. The final report after the workshop will be published and publicly disclosed through appropriate means.

60. The output of this step is the report on priority environmental and social issues.

Step #5: Assessment of candidate REDD+ strategy options

61. The SESA consultant team will facilitate the REDD+ Safeguards AWG's assessment of the extent to which the candidate strategy options address the identified environmental and social priorities and take

account the opportunity cost of forests. The candidate strategy options will also be assessed against Vanuatu's legal and policy provisions and WB safeguards. Based on this assessment, the REDD+ strategy options will be refined and recommended to the REDD+ Technical Committee for further action.

62. The output of this step is draft report on REDD+ strategy options.

Step #6: Validation of REDD+ strategy options

63. The REDD+ Safeguards AWG and the REDD+ Technical Committee will present the draft REDD+ strategy options to a national validation workshop. Participants in the workshop will be selected from stakeholders defined in SESA Work Plan developed under step #1.

Step #7: Risk management/ESMF and, if necessary, RPF/PF

64. The SESA process shall conclude with the formulation of an ESMF to address outstanding issues or risks that may arise during implementation of the REDD+ strategy. This will also include a land and tenure needs assessment. The SESA consultant team, together with the REDD+ Safeguards AWG, will prepare the ESMF. The ESMF shall be subjected to a series of validation processes by stakeholders at national and community levels in selected locations.

65. The output of this step will be a draft and final ESMF. An analytical report on REDD+ impacts on land and livelihood access will also be produced. If required, a RPF or PF addressing these issues will be drafted.

Step #8: Tasks of the SESA consultant team

66. The SESA consultant team, together with the REDD+ Safeguards AWG, will prepare a detailed SESA implementation plan and schedule, and a budget for the ESMF, to be approved alongside the REDD+ strategy for Vanuatu.

V. Reporting and deliverables

67. Reporting to the REDD+ Technical Committee on technical issues and to the Vanuatu REDD+ coordinator in DoF on contractual matters, the SESA consultant team shall support the REDD+ Safeguards AWG by:

- Generating information through consultations with the Vanuatu REDD+ coordinator, REDD+ Safeguards AWG, and other stakeholders, and develop the SESA process Work Plan and budget. The Work Plan shall provide details on the SESA approach and methodology, timing/roadmap, and processes for communicating, validating, and providing feedback during the SESA process;
- Organizing and facilitating countrywide consultations in accordance with the scope of the approved SESA Work Plan, and in coordination with the Consultation and Participation Plan and the outreach and extension team;
- Collecting, analyzing and disseminating primary data, including mapping of social, economic and environmental issues pertaining to the drivers of deforestation in the country, to inform development of the SESA;
- Assessing the environmental and social sustainability aspects of proposed REDD+ strategy options, and providing feedback to the REDD+ Safeguards AWG;
- Developing an ESMF, and RPF/PF if needed, to address any residual social and environmental risks that are not addressed via the SESA process; and
- Facilitating forums convened to review and validate the SESA and the ESMF (and RPF/PF if needed).

VI. Qualifications

68. The SESA process is expected to be facilitated by an international expert leading a team of experts in the following fields: Natural resources/forestry management, land tenure, social development, environmental assessment, stakeholder engagement, and GIS, among others. The following field of technical expertise and working experiences are required:

69. **Policy Analyst / Planner (Team Leader)** should have proven experience in leading sector or national reviews or assessments of public policies or development strategies. At least 10 years of experience, including 5 years of relevant experience in developing countries, is required. This expert should have at least 2 years of experience in Pacific Island countries. Experience in Vanuatu is desirable. S/he must have academic training in natural resources management or environmental or social sciences. Experience in SEA or SESA is desirable. Working knowledge of WB safeguards is a must.

70. **Forest Governance Specialist** should have at least 5 years of experience in forest governance processes and assessments. Knowledge of the legal, policy, and institutional framework for natural resources and sustainable development in Vanuatu is required. A sound understanding of forest management, including decentralized extension service provision in Vanuatu, is desired.

71. **Land Tenure Specialist** should be a qualified lawyer and have at least 10 years of working experience on land tenure and land management in Vanuatu. Experience with assessing issues and options relating to land tenure and land rights, conflict resolution mechanisms as well as familiarity with national legislations and regulations on land tenure, especially with regards to benefit distribution arrangements, is required.

72. **Social Development Specialist** should have at least 5 years of experience working with forest communities and IPs. Familiarity with social and customary land issues associated with forests in the Pacific, and with the WB social safeguard policies, is required. At least 3 years of experience in the region is required, including experience in gender analysis and participatory rural appraisal. Knowledge of Vanuatu's social and economic issues and trends is desirable.

73. **Stakeholder Engagement Specialist** should have at least 5 years of experience in participatory planning and engagement with a wide variety of stakeholders at the national, regional and local levels. Experiences in forestry-related and land use management aspects in Vanuatu are required. The ability to communicate in major local languages is desirable.

74. **Environmental Specialist** should have at least 5 years of experience in environmental assessment in developing countries. Familiarity with environmental issues associated with forestry resources in Vanuatu and with WB environmental safeguard policies is required. Experience in environmental valuation is desirable.

75. **Mapping Specialist** should be able to cover all mapping requirements of the SESA. At least 5 years of experience, including proven experience on mapping and GIS techniques, is required.

76. All members of the team should be fluent in English. Use of local languages and in particular Bislama is desirable, especially for the Social Development and Stakeholder Engagement experts. Specific technical inputs on legal, infrastructure development projects, gender, and environmental and natural resources valuation should be provided by the consultant team as needed. International expertise with proven experience in applying WB safeguard policies is a must for the Team Leader.

Table 2: Proposed Main Activities and Deliverables for Vanuatu REDD+ SESA

Code	Activities	Institution / Organization Responsible	Time	Result Indicator (Deliverable)	Estimated Budget (\$000)	Key Intersections and Comments
1	Start-up of SESA					
1.1	Refinement of ToR	REDD+ Technical Committee	February 2015	Annex ToR in the Assessment Note	Not Applicable	The REDD+ Working Group can use the ToRs to place an advertisement for a SESA consultant team
1.2	Hiring of Consultants					A consortium of local and international consultants is recommended
1.2.1	Request for Proposals	REDD+ Technical Committee	April 2015	Public bid issued	x	Ensure consistency of timing and deliverables with the RFP for the REDD+ Readiness package
1.2.2	Short listing and bid evaluation	REDD+ Technical Committee	May 2015	Evaluation report	x	REDD+ Safeguards AWG will be involved in this activity
1.2.3	Awarding of contract	REDD+ Technical Committee	May 2015	Signed consultancy contract	NA	Civil society through REDD+ Working Group will advise
1.3	SESA Consultation & Participation Plan					
1.3.1	Gap assessment of stakeholder analysis	Consultant	June – July 2015	Inception Report submitted to REDD+ Technical Committee for review and clearance	x	SESA C&P activities should be compatible with existing C&P Plan and coordinated with consultation activities for the REDD+ strategy. The REDD+ Safeguards AWG would be responsible for ensuring this coordination takes place.
1.3.2	Refinement of SESA consultation & participation (C&P) activities and formulation of SESA Work Plan	Consultant and outreach and extension Team				
1.4	Validation of SESA Work Plan					
1.4.1	Organization of National Workshop	Consultant, outreach and	Sept – Oct 2015	Invitation and agenda issued	x	Includes participation of relevant institutional stakeholders and

Code	Activities	Institution / Organization Responsible	Time	Result Indicator (Deliverable)	Estimated Budget (\$000)	Key Intersections and Comments
1.4.2	National workshop and reporting	extension Team and REDD+ Safeguards AWG		Workshop report		community-level representatives of bodies such as district and local level forest associations, community based forest management committees, and sub districts and parishes
1.4.3	Finalization of SESA Work Plan	Consultant, Vanuatu National REDD+ Unit and REDD+ Safeguards AWG		Final SESA Work Plan that includes C&P SESA activities and activities to be coordinated with the REDD+ strategy options team	x	
1.4.4	Disclosure of SESA Work Plan	REDD+ Technical Committee / DoF		- Plan published in relevant websites - Radio announcement (or other channels deemed appropriate) of Plan summary	x	Communication of the Plan at the local level will be coordinated with the communication team of the REDD+ Readiness Preparation process
1.5	Scoping of Key E&S Issues					
1.5.1	Gathering and technical validation of available spatial data on - environment - social issues	Consultant and REDD+ Safeguards AWG	Nov 2015 – Feb 2016	Progress report	x	
1.5.2	Spatial mapping of - forest, biodiversity hotspots, river basins, main infrastructure projects - forest-dep. communities, activities undertaken in			A GIS data base and progress report that includes maps and key environmental and social issues	x	- Key intersection point with preparation of reference scenario - Update of data on forests canopy mapping will be undertaken through a separate contract

Code	Activities	Institution / Organization Responsible	Time	Result Indicator (Deliverable)	Estimated Budget (\$000)	Key Intersections and Comments	
	forest areas, use and access rights to forest and land					-Include community based participatory mapping as needed	
1.5.3	Case and valuation studies in selected forest areas			Case study reports			
1.5.3	Report on key environmental and social issues			Report submitted	x		
1.6	Prioritization of environmental and social issues						
1.6.1	Review and prioritization by selected communities in critical areas	Consultant and REDD+ Safeguards AWG, REDD+ Technical Committee / DoF	February 2016	Community consultation report	x		- Key intersection point to coordinate consultations with the REDD+ strategy options
1.6.2	Regional validation by community reps		February 2016	Regional validation report	x	Likely to be work-shops	
1.6.3	Review and prioritization by institutional stakeholders		February 2016	Institutional consultation report	x	Likely to be focus groups	
1.6.4	Institutional stakeholders workshop			Institutional prioritization report	x		
1.6.4	Report on environmental and social priorities	Consultant and REDD+ Safeguards AWG	March 2016	SESA Prioritization report	x		
1.7	Assessment						
1.7.1	Gap analysis of REDD+ candidate strategy options vis-à-vis environmental and social priorities	REDD+ Safeguards AWG and REDD+ Technical Committee	March 2016	Progress report	x		
1.7.2	Refinement of REDD+ candidate strategy options						SESA consultant team coordinates with REDD+ strategy consultants

Code	Activities	Institution / Organization Responsible	Time	Result Indicator (Deliverable)	Estimated Budget (\$000)	Key Intersections and Comments
1.7.3	Assessment of other environmental and social risks associated with refined candidate strategy options				x	
1.7.4	Assessment report on candidate REDD+ strategy options	REDD+ Safeguards AWG, REDD+ Technical Committee	April 2016	REDD+ strategy options	NA	- Report and consultation to be carried out by REDD+ strategy consultants
1.7.5	Stakeholder validation of REDD+ strategy options					
1.8	Environmental and Social Management Framework		April 2016			
1.8.1	WB safeguard policies triggered R-PP level	WB	May 2016	Updated Integrated Safeguards Data Sheet (ISDS)	NA	
1.8.2	Preparation, disclosure and refinement of ToR	REDD+ Technical Committee	May 2016	ToR	NA	
1.8.3	Draft ESMF	Consultant and REDD+ Safeguards AWG	June 2016		x	
1.8.4	Land Tenure and Needs Assessment Develop RPF/PF if needed	Consultant and REDD+ Safeguards AWG	June 2016	Report	x	
1.8.5	Consultation of initial draft ESMF and RPF/PF if needed	Consultant, REDD+ Safeguards AWG, REDD+ Technical Committee	June 2016	Draft ESMF and RPF/PF if needed report and consultation report	x	- Key intersection to coordinate with consultations to validate final REDD+ strategy - Includes consultation with selected local communities, IPs at the regional and national levels

Code	Activities	Institution / Organization Responsible	Time	Result Indicator (Deliverable)	Estimated Budget (\$000)	Key Intersections and Comments
1.8.6	Final draft ESMF and RPF/PF if needed	Consultant and REDD+ Safeguards AWG	July 2016	Final draft ESMF and RPF/PF if needed	x	- Input to REDD+ Package
1.8.7	SESA report	Consultant and REDD+ Safeguards AWG	July 2016	SESA Report	x	- Integrates all previous reports including Final Draft ESMF
1.8.8	Disclosure of ESMF	REDD+ Technical Committee / DoF / Bank (Info shop)	August 2016	Publication in relevant websites, and WB InfoShop	x	Executive summaries sent to districts, sub-districts and parish levels

* Full budget will be discussed and agreed after contracting has been done.

SESA TOR Annex 1: Guide to Minimum Requirements for Resettlement Policy Framework

Legal Framework: a) Reviews of relevant laws, policies, legal and administrative procedures of the Government of Vanuatu, relevant customary and traditional laws and laws and regulations relating to the agencies responsible for implementing land acquisition and involuntary resettlement activities; b) to identify gaps with regards to the World's Bank Involuntary Resettlement Policy and, c) suggest the mechanisms to bridge such gaps to ensure the effective implementation of resettlement activities in line with international standards.

Institutional Framework: Review of previous land acquisition and involuntary resettlement activities in relevant sectors and assessment of institutional capacity of local institutions and relevant agencies and suggest an organizational structure responsible for resettlement activities and, propose mechanism or activities to enhance its institutional capacity.

Methods for Valuation of Assets: Identification of methodology to be used in valuing losses to determine their replacement cost; and a description of the proposed types and levels of compensation under local law and such supplementary measures as are necessary to achieve replacement cost for lost assets.

Resettlement measures: A description of the technically, socially and economically feasible packages of compensation and other livelihood restoration and social assistance measures. The resettlement packages should be compatible with the cultural preferences of the displaced persons, and prepared in consultation with them.

Site selection, site preparation, and relocation. Identification of (a) institutional and technical arrangements for identifying and preparing relocation sites, (b) any measures necessary to prevent land speculation or influx of ineligible persons at the selected sites; (c) procedures for physical relocation under the project, (d) legal arrangements for regularizing tenure and transferring titles to re-settlers.

Participatory Process: To establish specific community and individual consultation and participatory planning processes for land acquisition and involuntary resettlement.

Implementation Arrangements: To develop a) an implementation schedule covering all land acquisition and involuntary resettlement activities and, b) grievance redress mechanism²⁹ that provide local communities with a means of raising concerns relating to the project's operations, and dealing with these in ways that are considered to be fair, by both the community and the project management.

Monitoring and Evaluation Arrangements: To develop principles, strategy and plan for monitoring and evaluation of land acquisition and involuntary resettlement activities, and to set a frame work for project evaluation and impact assessment including specific results indicators.

Cost and Budget and identifying possible Source of Funding: Estimation of a) budget to cover loss of physical and/or economic assets, livelihood restoration and social assistance measures, operational arrangements as well as for necessary studies. b) Identification of possible funding sources c) institutional mechanisms for the payment of compensation and for the development and implementation of livelihood support and social assistance measures.

²⁹ That is to be linked and complimentary to the independent consultancy on Dispute Resolution and Grievance Redress for REDD Readiness.