

Forest Carbon Partnership Facility (FCPF)

Readiness Fund

Creation of an Interim Accountability Mechanism by the United Nations Development Programme (UNDP) in UNDP's Capacity of Delivery Partner for the FCPF Readiness Fund

This note responds to the PC9 Resolution which provides that the FCPF Transfer Agreement "shall provide for coverage by the FCPF Readiness Fund of reasonable costs to UNDP in making an independent safeguard expert or consultant available to receive and provide expert guidance on eligible complaints related to safeguards and the Common Approach." The costs associated with this are not included in the FMT Note 2011-12 "Enhancing Capacity for Dispute Resolution" and are therefore outlined separately in this note. Additionally, an update on overall progress being made at UNDP towards establishing an interim and corporate accountability mechanism is outlined for the PC.

Background

1. PC/9/2011/1 Resolution of June 2011 provides that the FCPF Transfer Agreement "shall provide for coverage by the FCPF Readiness Fund of reasonable costs to UNDP in making an independent safeguard expert or consultant available to receive and provide expert guidance on eligible complaints related to safeguards and the Common Approach. Such funding shall be limited to the period that UNDP serves as DP for FCPF Readiness grant agreements with the Pilot Countries, or until such time as UNDP decides on modalities for its accountability mechanism in accordance with Paragraph 36 of the Common Approach, whichever is sooner."¹ The PC recently adopted Resolution PC/Electronic/2012/1 on "Enhancing Capacity for Dispute Resolution," which reinforces the capacity of REDD Country Participants and Delivery Partners to adopt a preventive approach to disputes in the REDD+ Readiness sphere.
2. UNDP and the World Bank acting as trustee of the FCPF Readiness Fund are in the process of negotiating a Transfer Agreement to enable UNDP to become a Delivery Partner under the FCPF Readiness Fund, which hinges on UNDP's ability to use an accountability mechanism, in accordance with the Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners adopted at PC9.²
3. The "reasonable costs to UNDP in making an independent safeguard expert or consultant available to receive and provide expert guidance on eligible complaints related to safeguards and the Common Approach" are not included in the recently adopted Resolution PC/Electronic/2012/1 on "Enhancing Capacity for Dispute Resolution."

¹ See PC/9/2011/1 Resolution which can be accessed at <http://www.forestcarbonpartnership.org/fcp/node/300>.

² The Common Approach is available at <http://www.forestcarbonpartnership.org/fcp/node/310>.

Update

4. In April 2011 UNDP engaged two consultants to provide additional expertise and guidance in the development of the following functions for UNDP:
 - i. A Compliance Review process to respond to claims that UNDP is not in compliance with applicable environmental and social policies, including its proposed environmental and social screening procedure; and
 - ii. A Grievance Process that ensures individuals and communities affected by UNDP projects have access to appropriate procedures for hearing and resolving project-related disputes.
5. The consultants participated in initial consultations with staff from key units in order to prepare a draft Discussion Paper with options for how UNDP could establish a compliance review and grievance process and the implications of doing so. This paper was circulated to the same staff that participated in the initial consultations, comments were provided and the paper was revised to reflect this feedback.
6. The paper bases its recommendations on initial consultations with key UNDP staff and on 20 years of lessons and best practices of other institutions with such mechanisms. The paper also bears in mind the importance of ensuring that the proposed processes are tailored to UNDP's organizational structure, type of operations, legal restrictions, relevant policies, existing accountability framework, and institutional culture.
7. Topics covered by the paper include: principles for the compliance review; organizational structure and staffing; policy scope and exclusions; the compliance review process; responses and remedies; monitoring and reporting; and information disclosure.
8. The proposal was approved by UNDP senior management in October 2011.
9. Steps have been taken to prepare the processes and procedures of the Office of Audits and Investigations (the unit where the compliance function will be placed) to be able to address complaints related to the environmental and social safeguards as outlined under the Common Approach.
10. Once the Transfer Agreement has been signed, UNDP will initiate the recruitment of consultants to finalize the set-up of the mechanism.

Breakdown of Costs for UNDP Interim Accountability Mechanism

11. UNDP has estimated the cost of meeting the objectives of the Common Approach on accountability and provisions of Resolution PC/9/2011/1 to be \$380,000, consisting of the following functions:
 - i. Establishing interim procedures, protocols and practices for compliance review and dispute resolution; handling intake of all complaints; and applying compliance procedures when necessary;
 - ii. Operationalizing the accountability system; determining if complaints require compliance investigation; supporting dispute resolution when required; developing terms of reference for compliance investigation when required; and
 - iii. Administration.
12. The table below breaks down the costs associated with UNDP's establishing an interim accountability mechanism, to be included in the FCPF Transfer Agreement. These costs are to be

covered by the FCPF Readiness Fund in accordance with the PC9 Resolution and are in addition to those authorized by Resolution PC/Electronic/2012/1.

13. UNDP decided to split the functions into two distinct consultancies primarily because it is unlikely to find all the required skills in one person; and also because some of the functions need a high-level consultant and other functions can be fulfilled by a mid-level consultant.

Function	Operating Cost	Total
1. Establish interim procedures, protocols and practices for compliance review and dispute resolution; handle intake of all complaints; apply compliance procedures when necessary	One P4-level staff/consultant at \$215K/yr; + 50K for misc. consultants and travel	\$265,000
2. Operationalize accountability system; determine if complaints require compliance investigation; support dispute resolution when required; develop ToR for compliance investigation when required.	Senior Compliance Expert (15 weeks x 5 days x \$1000/day = 75K + 15K for travel etc.)	\$100,000
3. Administration	Office equipment and administration costs	\$15,000
		\$380,000