

Issue Paper 5 and 6 – Safeguards, non-carbon benefits and Benefit Sharing

FPIC Q1/4 (IP 5):

- Requirements for consent / “broad community support” are a challenge even for the implementation of “FPICon”, the current WB policy, and therefore needs to be tackled anyhow. As regards the implementation of FPIC for large-scale ER-Programs in REDD countries that have publicly committed to FPIC for REDD+, the MF should synthesize emerging lessons-learnt¹ on the conceptual differences between national-level and local-level FPIC as well as the related logistical challenges. This includes legitimate representatives and effective communication and feedback mechanisms for achieving consent to a large-scale ER-Program. The broader enabling framework, i.e. steps towards the institutionalization of FPIC by translating UNDRIP into national law, regulations and procedures, should be part of the national Readiness Process, but can be used as indicator for the ER-Program as well.
- Potentially, an additional legal & institutional gap analysis will be required at the subnational level in order to translate a national ESMF into subnational Safeguards Plans, i.e. analysis of regulations, procedures and mandates in ER Program area.

Reporting/Information System Q2 (IP 5) and Q3+5 (IP 6):

- The MF should give guidance on the link between the national ESMF and Safeguards Information System (SIS)² with the (subnational) ER-Program Safeguards Plans and monitoring of non-carbon benefits. I.e. how do you get from the national ESMF to the ER-Program Safeguards Plans and which information needs to be collected at ER Program level to feed into the national SIS (both obligatory information on safeguards and optional information on non-carbon benefits). The information system at ER Program level should be consistent with generic guiding criteria for national Safeguards Information Systems (refer to Readiness Package), including institutional and legal aspects.
- UNFCCC and WB safeguards contain both “do-no-harm” and “do-good” aspects. Providing qualitative (not necessarily quantitative) information on how safeguards are addressed and respected in many cases will also show how non-carbon benefits are achieved. Eg. respecting stakeholder participation may lead to established platforms for dialogue and thus enhanced governance, respecting the rights of Indigenous Peoples may lead to progress in land tenure, respecting biodiversity may lead to the creation of eco-corridors, watershed protection etc. None of this should be mandatory, but countries should be supported in their efforts to provide information for whichever non-carbon benefit(s) they want to specifically enhance as defined in their ER-Program Document.
- The resulting information system would aim to cover both the “do-no-harm” and the “do-good” aspects of UNFCCC and WB safeguards, and thereby would provide not only necessary information on the FCPF’s impacts on the ground but also valuable lessons learnt for the UNFCCC process.

¹ See eg. preparations for joint FCPF/BMZ side-event/knowledge-sharing panel on Indigenous Peoples.

² The Environmental and Social Management Framework (ESMF) is a FCPF-specific requirement, the Safeguards Information System (SIS) is a UNFCCC requirement. Since both are elements of national Readiness, the practical link between these two should be further elaborated under the Readiness-Package Assessment Framework, not in the Methodological Framework for the Carbon Fund, which should focus on the application of these instruments to the ER-Program Area.

Grievance Mechanisms Q3 (IP5):

- See eg. “effectiveness criteria” by John Ruggie (UN)³: legitimacy, accessibility, predictability, equity, transparency, rights-compatibility, source of continuous learning

Benefit-Sharing Q1 (IP6)

- We believe the CF should set generic principles for equitable benefit-sharing mechanisms, since requirements for the ER Program will likely be much more specific than what is defined in the R-Package. Good principles can be drawn from eg. recent PROFOR publications (<http://www.profor.info/knowledge/making-benefit-sharing-arrangements-work-forest-dependent-communities>) as well as from a **Stock-and-Flow Mechanism for Benefit-Sharing**, that incorporates both the amount of forest carbon that is held within several land tenure category (“stock”) and the historical rates of deforestation-driven emissions associated with each category (“flow”).
- We would like to emphasize the following aspects from good-practice experience:
- As far as possible not only those actors in deforestation hotspot areas (farmers at the agricultural frontier or law enforcement agencies) but also actors in areas with currently no or low deforestation (eg. indigenous peoples, local communities, Protected Area administrations) should benefit from the program, in order to avoid perverse incentives and to enhance the equity of REDD+. A Stock-and-flow approach could act as an integral part of a “National REDD regime”. The REDD+ benefit allocation would be done by rewarding a) emission reductions (carbon flow); b) forest stocks (carbon stock).
- Opportunity costs should not be the main criterion for benefit-sharing since this would make REDD+ unfeasible in many areas with high opportunity costs and would not reflect the need for legal instruments to tackle drivers. Instead the abatements costs, those incurred for mitigation measures on part of government agencies, small-and-medium-sized enterprises and individuals (e.g. law enforcement, agricultural extension services, certification of sustainable agriculture), should be used as a key element to the benefit sharing approach.
- Benefit-Sharing should not be linked exclusively to carbon rights based on clearly defined property rights, but rather should include customary rights to property, management, communal use and/or access as well.
- Monetary benefits don’t necessarily need to be disbursed to individual households, but could have a potentially higher impact when bundled in e.g. Village/Community Development Funds. References to good practice examples and existing guidance for benefit-distribution at the community-level should be included.
- Benefit-Sharing also should not focus exclusively on monetary benefits (short-term incentives), but should mainly set long-term incentives to enhance the sustainability of the ER Program. Such incentives could be support for the creation of alternative incomes, like improved market access, extension services, training, land titling or the (formal) granting of use/access/management rights, etc. (sustainable rural development policy).
- The key to a sustainable benefit-sharing mechanism is a transparent, participatory and gender-sensitive design process. Given the widespread evidence on the positive development impacts of the economic empowerment of women, the CF should pay particular attention to how to enhance the role of women in benefit-sharing mechanisms.
- The guidance provided by the MF should include a possible format for the Benefit-Sharing Plan as required for the ERPA.

³ <http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework/GuidingPrinciples>

Incentivize progress on land tenure Q2 (IP 6):

- As mentioned above, land titling can be a non-monetary benefit to be included under the benefit-sharing mechanism. As such, it could also be included as a milestone in Interim Progress Reports or in the implementation of Benefit-Sharing Plans which provide the basis for eg. advance-payments under the ERPA (see ERPA Term Sheet). Tenure security as one fundamental requirement for the sustainability of ER Programs would thus be incentivized especially in the early phase of ERPA duration.

Good practice examples non-carbon monitoring Q6 (IP 6):

- We suggest as an essential first step in any country to get an overview of existing data bases related to forests, biodiversity and environment in order to identify synergies and ways to reduce/share costs. In addition, synergies for data collection with the ER Program's forest and carbon inventory and safeguards information system should be explored. In many cases subnational actors, including NGOs, dispose of relevant databases or monitoring structures and thus can significantly contribute to data collection.
- One of the sources for good-practice guidance is the stepwise approach or Tier Approach to the monitoring of biodiversity for REDD+ proposed to the CBD (see Annex, p.13-25), which also partially covers social aspects. However, given the dynamic at the international negotiations, this guidance should remain at a voluntary level. The MF should undertake a limited but reasonable effort to produce an overview of other examples, emphasizing the simpler methodologies over the more complex and costly ones.
- Feasible indicators for biodiversity and ecosystem services are eg. area extension of different forest ecosystems (eg. natural forests, via remote sensing), water flow in important catchment areas (often data collection already exists), species composition and percentage of native species in plantations (available documentation), extraction rate of Non-Timber Forest Products (as compared to sustainable yield, data collection by NGOs, local knowledge).
- A relatively simple ways of identifying and reporting biodiversity benefits is the GIS-overlay-mapping of REDD+ Program area and biodiversity hotspots.
- The report on the implementation of the Benefit-Sharing Plan will also provide valuable information for the achievement of non-carbon benefits, eg. potential benefits allocated to Protected Area administrations, land titling as non-monetary benefit etc.