

## **SUMMARY REPORT:**

# **FOREST CARBON PARTNERSHIP FACILITY (FCPF) CONSULTATION WITH FOREST-DEPENDENT INDIGENOUS PEOPLES AND OTHER FOREST DWELLERS IN ASIA**

*28-29 February 2008*

*Hotel Yak and Yeti, Kathmandu, Nepal*

## **1. INTRODUCTION**

The “FCPF Consultation with Forest-Dependent Indigenous Peoples and Other Forest Dwellers in Asia” was held in Kathmandu, Nepal on 28 - 29 February 2008 which was organized by Tebtebba. This was attended by 22 representatives of indigenous peoples' organizations from Indonesia, Thailand, Burma, Philippines, Vietnam, Cambodia, India, Bhutan, Bangladesh, Japan and Nepal (See Annex 2 for List of Participants and Organizations). The consultation arose from the serious concerns raised by the Chairperson of the UN Permanent Forum on Indigenous Issues, Ms. Victoria Tauli-Corpuz, and indigenous representatives on the World Bank's Forest Carbon Partnership Facility (FCPF) during the 13<sup>th</sup> Conference of the Parties Meeting of the UN Framework Convention on Climate Change in December 2007 in Bali, Indonesia. Among these concerns were the lack of consultation among indigenous peoples on the Facility and the possible implications this would have on the rights of forest-dependent indigenous peoples over their forests.

In response, the World Bank is undertaking a series of consultations with indigenous peoples and forest dwellers in Asia, Latin America and Africa in 2008. The Asia consultation was therefore an opportunity for indigenous peoples and other forest dwellers to “discuss and debate carbon finance, REDD (Reducing Emission from Deforestation and Forest Degradation in developing countries), and the opportunities and risks to forest-dependent indigenous peoples and other forest dwellers, and what this means for the FCPF design and operational plans.”

In the consultation, it was made clear by indigenous representatives that the decision to engage or not to engage with the FCPF and other carbon finance funds will be decided by the indigenous organizations, communities and networks in their respective countries. The participants, however, welcomed the opportunity to flag issues and concerns on the FCPF and REDD initiatives while affirming the need to ensure the UN Declaration on the Rights of Indigenous Peoples should serve as the overarching framework for initiatives affecting indigenous peoples. The participants also identified the need to conduct further capacity building and education activities on climate change, REDD, the carbon funds, among others, to enable them to engage meaningfully and effectively with concerned bodies such

as the WB and other international financial institutions and their carbon funds, the UNFCCC and its bodies, corporations, governments and other UN agencies and bodies with programmes and projects on climate change.

## **2. THE ASIA CONSULTATION: INPUTS FROM THE WORLD BANK AND QUESTIONS AND COMMENTS BY INDIGENOUS PARTICIPANTS**

Ms. Victoria Tauli-Corpuz, the Chairperson of the UN Permanent Forum on Indigenous Issues (UNPFII), chaired the sessions. The first phase of the consultation was an interactive dialogue where the World Bank team presented the concepts of Climate Change, Carbon Trade/Finance, REDD, the WB's FCPF and WB Policy on Indigenous Peoples to the participants. These presentations were followed by open forum for comments and clarifications.

The second part was a workshop by the indigenous peoples' participants to discuss the FCPF and the third part was the presentation of the participants' recommendations with regards the FCPF. The following is a summary of the salient points of discussions during the consultation as indigenous participants sought to clarify matters, raised issues, concerns and recommendations.

### ***2.1. Opening Remarks by the Chairperson, Ms. Victoria Tauli-Corpuz***

The participation of indigenous peoples in UNFCCC's COP 12 in Bali in December 2007 opened a lot of debate, old and new, regarding climate change. Among the issues raising major concerns for indigenous peoples and civil society is REDD and the World Bank's FCPF. Taking advantage of the space provided by the launching of the FCPF in Bali, the UNPFII Chairperson Ms. Victoria Tauli-Corpuz, called for a distinct consultation for indigenous peoples who are major actors in REDD/FCPF.

This is the first consultation being held by the World Bank with indigenous peoples regarding its FCPF. Other regional consultations will also be done in Africa and Latin America. The consultation aims to provide indigenous peoples a better understanding of the FCPF and REDD towards an analysis of their impacts on indigenous peoples. It hopes to inform decision making by indigenous peoples about engagement with the FCPF. Specifically, the objectives of the consultation are:

1. To assess possibilities for the FCPF to really sustain and protect forests, including indigenous peoples' livelihoods and customary rights and ownership, against the negative impacts of climate change;
2. To understand how carbon emissions trading really works;
3. To learn from the World Bank's experiences and good practice especially with regards indigenous peoples; and

4. To see if there are any benefits for indigenous peoples to consider carbon trading despite our general cynicism about this.

## ***2.2. Introductory Remarks from the World Bank Team***

Ms. Eliza Winters , Senior Environmental Specialist of the World Bank, took the opportunity to thank the Chairperson and Tebtebba for organizing the consultation and her appreciation of the participants' interest on the FCPF. She welcomed comments on the FCPF not only during this process but also in the future. Mr. Werner Kornexl, Senior Technical Specialist of WB, added that climate change has always been linked with forest conservation. However in 1992, forests were dropped in the negotiations, because of the complexities involved in crafting new financial resources for environmental protection. Forests involving people/s and national mechanisms undoubtedly touch on sensitive issues, but, inclusion of forests in mitigating climate change has now become an option.

World Bank was "inspired" by requests from the G8 and the UNFCCC to build capacity to mitigate climate change, thus the consultations with governments, NGOs and the private sector were undertaken, and advantage was taken of the momentum in Bali to launch the FCPF. In Bali, however, the WB realized the need for more consultations especially with the private financial and other sectors. There are three considerations underpinning the WB FCPF current consultations :

1. the FCPF must build on partnerships due to much broader issues involved and where implementation risks lie with countries and their people;
2. country driven; and
3. processes have to be built in a way that the stakeholders have broad ownership.

Similar consultations with indigenous peoples are being organized in Africa and Latin America. Inputs from all these processes will feed into the final design of the FCPF. Through these activities, various issues will be discussed including the sharing of experiences about carbon finance and how these are reflected in the present FCPF design.

## ***2.3 Session 1: Climate Change, Carbon Finance, Forests and REDD***

### **2.3.1. Climate Change: What Is It and Its Impact?**

Ms. Anita Gordon, WB Senior Communications Officer, introduced the concept of climate change, how it is happening, what are its causes and immediate global impacts and contemporary negative impacts on indigenous peoples. She also discussed the significant role of forests in arresting climate change and stressed that climate change is a matter of survival and that all humanity, even if some are more to blame than others, are responsible for the destiny of the humanity through actions taken in the present.

Open Forum:

Comment from the participant: The IPCC report triggered a global concern on climate change. However, the contributions of indigenous peoples have not been factored into the debate on mitigation and adaptation. There is also a lack of accounting for the role of developed countries and polluters in climate change.

Question from a participant: How do carbon sinks work?

Anita Gordon: Trees are 50 per cent carbon. Soil absorbs CO<sub>2</sub> as trees grow. These biomass (trees and soil) serve as the sinks. When trees are cut, CO<sub>2</sub> is released back to the atmosphere. The idea behind carbon sinks is to manage CO<sub>2</sub> within the vegetation/forests areas without releasing it back into the atmosphere. More of this will be elaborated in the coming discussion on REDD.

### **2.3.2. Carbon Finance**

Mr. Werner Kornexl introduced the concept of carbon finance. This came out of the Kyoto Protocol as an approach to reducing emissions especially by the developed countries. He discussed the three mechanisms for carbon finance e.g., the Clean Development Mechanism (CDM), Emissions Trading (ET) and Joint Implementation (JI), pointing out the scope and limitations of each mechanism. Among the lessons learned in carbon finance is that CDM projects contribute long term impacts to sustainable development, but some countries lose out (from the benefits).

Open Forum:

The participants expressed the general view that carbon finance is causing more inequity where it allows the developed countries to continue with their high-carbon economies and lifestyles. This is the bone of contention in the climate change negotiations. Developed countries do not really comply with targets to reduce their emissions. Much more (e.g., a mandatory mechanism) has to be done about this. Even the minimum target of two degrees centigrade is too high for the Arctic. Moreover, CDM projects are being done without local consultations nor serious accounting of its negative impacts, leading to victimization of indigenous peoples. Participants cited the case of the Bayano Dam in Panama which is reportedly being enrolled under the CDM. Another is the case of North East India where there are more than 90 mega dams planned in a single state without due information and consultation with the people.

In response, the WB Team stressed that emissions reduction has a global impact so it does not really matter where the emissions or reduction occur. They also disclosed that except for Germany, most developed countries have not significantly reduced their GHG emissions.

Only the run-of-river type of hydroelectric power generation are accepted under the CDM. A mechanism for consultation in the CDM exists but are not being used. The CDM has two objectives, namely, to reduce emissions and to contribute to sustainable development. Both, however, are not being equally met. If there is no foreseen contribution to sustainable development, it is not a legitimate CDM project. There are also mechanisms to protest in the Kyoto Protocol.

The WB's work on CDM tries only to shape or influence, but not control the CDM. Aside from emissions trading, other Kyoto mechanisms relevant to developing countries are the CDM and the JI. These are separate from the REDD and the FCPF. The WB has a few CDM loan projects. These have been implemented after a process of approving methodologies by the UNFCCC and project design has been validated by independent bodies. The WB is in no position to advocate for carbon trading in REDD. There is also the existence of the voluntary markets that has to be dealt with in REDD because these do not necessarily undergo the certification process. There is about U\$5 billion/year worth of voluntary market. The EU market, which is about exchanging polluting rights within the EU only, has U\$25 billion/year and others at U\$5 billion/year. These other markets include American companies using different standards. In the carbon market, the bottleneck is that there are very few CDM certifiers in the UN. Africa has the least number of CDM projects due to the difficult mechanism for certification.

Open Forum:

The following are the issues and concerns raised on Carbon Finance:

<b>Issues and Clarificatory Questions Raised</b>	<b>Responses by the WB Team</b>
Are there mechanisms in the CDM where the civil society can intervene before it is implemented? Where in the CDM process is questioning and negotiation possible ?	It is the countries that define the rules on stakeholder consultation at the preparation of the project. A letter of approval by the government of the project means the design has undergone a process of assessment and evaluation. An independent body will then validate the project design. At this point, civil society intervention can come in.
How about if civil society organizations/IP organizations want to propose CDM projects, is there a process for these?	These are mostly country-specific processes, each having their CDM counterparts mostly in the Environment Department. A process for these exists in the CDM but you have to be entitled to sell reduction emission. A project in Colombia involves indigenous peoples.
What about inclusion of indigenous peoples in monitoring and assessment?	The WB's OP 4.10 will apply in the matter of monitoring. The WB is the first one to have a policy on indigenous peoples resulting from the bank's discussions with indigenous peoples over the years. It provides for EIA (Environmental Impact Assessment) which includes social assessment and FPICon (Free, prior and informed Consultation) or consultation that leads to broad community support, which is similar to FPIC (Free, prior and informed consent) in ILO

	and the UNDRIP (UN Declaration on the Rights of Indigenous Peoples). This is just a difference in language. There is also a policy on involuntary resettlement which will be discussed further in the following topics.
What is the estimate cost for project preparation?	Investment is very costly and revenues come only later, especially on forest projects. The smaller projects fall out because benefits will be negative. Project preparation cost may range from US\$ 50,000-\$500,000.

## 2.4. Session 2: Forest Dependent Indigenous Peoples, Forest Dwellers and REDD

### 2.4.1 Reducing Emissions From Deforestation and Degradation

Mr. Kenneth J. Andrasko, WB Consultant, introduced the idea of reducing emissions from deforestation and degradation or REDD, trends and major drivers and impacts of deforestation/degradation, and how carbon finance contributes to sustainable forest management and protection. He cited the REDD projects in Indonesia and Brazil. He illustrated how carbon payments are determined under the REDD and stressed that sustainable land use practices can be strengthened if benefits, in terms of payment for environmental services, are available to forest dwellers. With regards forest dwellers and indigenous peoples, mechanisms for dialogue need to be developed.

Open Forum:

The following table is a summary of the issues and concerns raised by the participants based on the presentation and the responses by the WB Team. Some of these have been noted down by the WB Team to be addressed in the next discussions.

#### Issues and Concerns Raised During the Open Forum on REDD

Issues and Clarificatory Questions Raised	Responses by the WB Team
What is the difference between CDM and REDD?	Under CDM, only certain kinds of activities qualify. REDD does not qualify under CDM. It comes under the bank's biocarbon funds.
Role of the World Bank	
What is the role of WB in REDD?	<p>The WB is creating structures or systems of linkages by connecting buyers to sellers through technical capacity building and assistance.</p> <p>There is already a lot going on in REDD, including the rapidly growing voluntary markets. The WB is a very small player trying to shape and provide experiences to shape the REDD market through the use of discussions and finance. We cannot guide what happens to REDD but the bank</p>

Issues and Clarificatory Questions Raised	Responses by the WB Team
	would like to ensure that such will have significant impacts on emissions reduction. It is going to be a tough balancing act with other market forces, considering that the US\$300 million target for REDD is still to be generated.
Will the World Bank play a role in identifying buyers? What criteria, if any, are there for buyers?	The Bank is the trustee of funds. Currently, it has some carbon funds and is gathering buyers to purchase credits to stimulate the carbon market. Due to the WB's mandate to help developing countries, it is now shifting to create partnerships between developing countries and potential buyers.
<b>Benefits and Empowerment</b>	
Providing incentives to local government with different interests may result in disempowering communities. The acknowledgment of the roles of indigenous peoples as environmental stewards in the presentations is well appreciated. The principle of protecting forests is a good starting point and the idea of compensation is a good incentive. However, we are not sure if monetary compensation is positive. Money creates community division/conflict and it does not address the relationship of forest protection and people's roles. Preferred support is towards peoples' sustainable livelihoods and development.	Compensation can be defined under project contracts.
<p>Is there any possibility that REDD will ensure recognition of our rights and possibilities to ensure that benefits go to us?</p> <p>What mechanism is there to address conflicting perspectives on benefits from stakeholders?</p>	<p>This is one question you have to bring to international dialogues – How to design projects at state level so that you are included in the whole picture up to the benefits. In terms of empowerment, the trick is to define appropriate programs/strategies to address empowerment like provision of alternative activities so there will be no need to go into the forest.</p> <p>Benefits can also be seen in terms of how to use the revenues from REDD. But there is a need to understand that revenue will only come when emission is effectively reduced. To achieve this, there is a need to address the issue if emission reduction fails. The principles of revenue and benefits under the REDD is that:</p> <p>1. money must go where it is needed, so there is a need for consistent flow of money and revenues in order to advance;</p>

Issues and Clarificatory Questions Raised	Responses by the WB Team
	<p>2. beneficiaries of revenues can be different from drivers of deforestation. This is a discussion that has to take place at state level.</p> <p>To ensure the benefits, these are also possible options to be explored:</p> <ol style="list-style-type: none"> <li>1. the government signs the contract and receives revenues in case the program successful with an option to redistribute;</li> <li>2. government entities to take on REDD. Much of this depends on national conditions in accordance to consultation process.</li> </ol> <p>In both options, the projects still need to be coordinated since it is not possible for involved entities to be selling the same credits.</p>
<p>In Cambodia, the government is clearing lands for plantations. How can this relate to REDD and provide benefits on the ground?</p>	<p>There is no simple answer to that. It depends on the circumstances, but let us look for possibilities where and when people can discuss and negotiate with governments.</p>
<p>Indigenous Peoples as REDD Project Holders</p>	
<p>Is there any mechanism to give projects directly to indigenous peoples' organizations?</p> <p>Can governments really delegate REDD?</p>	<p>We do not have an operating facility nor country projects yet. These are still being defined through these consultations.</p>
<p>Policy on Indigenous Peoples</p>	
<p>In the cases presented, the Amazon project somehow has an indigenous content but not in the African case. Why this disparity?</p>	<p>Every country has different priorities. When local communities are working together, it is more successful, with better monitoring of recommendations to government. The significance of these experiences/cases is to influence/convince governments that different strategies regarding indigenous peoples work.</p> <p>The difference comes with particular projects, too. The African forestry law, for example, has much more careful analysis of land rights in forests areas thus the "soft" approach to indigenous peoples.</p>
<p>In what way can REDD improve the logging situation in Indonesia? There is no law on indigenous peoples in Indonesia, while there are problems in the country's forestry law. Existing plantations have already been actively</p>	<p>There is a complexity of issues here which requires not a simple approach. We do not have the answers but individual studies can be done to find answers to the particularities of projects vis-a-vis issues in different areas. Most analysis of GHG emissions are relatively small compared to logging and agricultural plantations. Let us try</p>

<b>Issues and Clarificatory Questions Raised</b>	<b>Responses by the WB Team</b>
<p>interested in oil palm plantations and development. Also, logging, plantations and mining are all present in the same place and concessions are very big compared to other land use. Specifically:</p> <ol style="list-style-type: none"> <li>1. Land allocation – it is not clear which lands are to be distributed and what are the criteria for allocation. This is a potential cause of conflict in indigenous territories;</li> <li>2. Government came out recently with a policy on leases on forest lands. Rent for forest lands is pegged at U\$310/has/year. Rent for protected areas command higher prices at U\$ 350/has/year.</li> <li>3. Papua has recently announced its commitment of 15 per cent of its total forests for REDD, 5M has of which is already allocated for oil palm and part of which are already under lease.</li> </ol>	<p>to look at possibilities, e.g., “Can we introduce a process to allow individuals involved to look at specific cases and answer if there is anything that can be done? Who will do this? How?”</p> <p>Let us look at the following cases:</p> <ol style="list-style-type: none"> <li>1) Bolivia (Noel Kempff Climate Action Project) – 1M has logging concession under formal contract with government. What was done? An American company bought it out, got rid of the logging equipment and moved for its formal establishment as a Protected Area;</li> <li>2) In Indonesia, a large REDD study is underway about oil palm being redirected to wastelands/degraded lands instead of competing with agricultural/forest lands; Following on this, the government did not really know what REDD is but it meant a lot of money. The project was dealing more with the Finance Ministry than with the Forest Ministry. The leverage of REDD can be taken advantage of, in this case. We can stress on the policy that no payment will be given at all in a country that does not reduce emission. If Indonesia does not follow a strategy for emissions reduction, no payment is given. It is a long way from the concept, but all this has to come together. REDD can provide an opportunity to discuss all these issues;</li> <li>3) Malaysia has initiatives on reduced logging;</li> <li>4) Africa has also initiated a review on logging concessions in Congo.</li> </ol>
<p>A Japanese bank sericulture project in the North East (India) had no recognition of land rights in its conception. We cannot proceed with this and we will not allow anybody, not even the WB, if the rights of indigenous peoples and forest dwellers are not recognized from the start. We would want to relate this to the policy framework not just on project implementation. Indigenous peoples' great concern is governments taking on REDD projects outside of the human rights framework.</p> <p>A clear policy on this should be established especially at the state level and the WB should intervene on this, e.g., for states to address the</p>	<p>Our fundamental response to these issues raised are:</p> <ol style="list-style-type: none"> <li>a. we agree that people should be consulted;</li> <li>b. it is impractical and incorrect for governments to remove peoples' rights;</li> <li>c. people have to find ways to bring these to the state and for it to make ways to implement this.</li> </ol> <p>We can look at the WB policy later on the agenda and see how to input on this.</p>

<b>Issues and Clarificatory Questions Raised</b>	<b>Responses by the WB Team</b>
recognition of indigenous peoples' rights in state policy.	
Is there a clear policy protection against dislocation? What if people are displaced in the process or if there is a change in policy?	WB projects that result in dislocation are subject to resettlement action plans with attention to land and rebuilding the lives of those affected.
Accountability	
The state has been destroying our forests. There are more than 200 dams proposed in the North East (India), and in the whole project process, no people are included despite the reiteration that these are their lands and therefore their lives are affected. WB and other actors have to recognize these rights and any intervention has to be respectful of the local people and their concerns.	
Deforestation and Indigenous Peoples	
<p>Government and the private sector are excluded in the definitions and causes of deforestation and blames are pointed at people. This just means the non-recognition of peoples on the ground and their rights. On the matter of slash and burn as a cause of deforestation, indigenous peoples have their own system of doing it that is not harmful to the environment. Now, we are experiencing flash floods and water crisis in the dry season with the teak and gum plantations. This has never happened before.</p> <p>Are there any comparative studies on the carbon emission from slash and burn/small scale agriculture to industry?</p> <p>Are there studies measuring the emission from wild fire?</p>	We are in the process of “inventing” new ideas on how to do REDD including figuring out the roles of forest dwellers.
Other comments	
On Nepal : In Nepal there is a lot of problems. Forests are nicely protected but in the	

<b>Issues and Clarificatory Questions Raised</b>	<b>Responses by the WB Team</b>
<p>Terai region, the policy is defeated so that there is still deficit in environmental balance.</p> <p>We have a process for EIA in Nepal which may be close to FPIC but there is information gap. Sometimes information stays at the level of the elite group. If local people object to the scenario or EIA is not good, most likely, projects are not approved. We are trying to work hard with communities and not to push them out. Even politicians are into ethnic inclusion at present. What is needed is for indigenous peoples to be educated to engage.</p> <p>Let us distinguish local peoples and indigenous peoples. Not all local peoples are indigenous. Indigenous peoples relate to their land and resources as stewards. The WB and ADB (Asian Development Bank) projects have been displacing indigenous peoples. The community resource groups existing now are dominated by a few castes. Indigenous peoples lack participation due to patriarchy/religion or caste factors. In the context of Nepal's rewriting the constitution, direct consultation with indigenous peoples should be undertaken before any program is considered.</p>	
<p>On mechanisms:</p> <p>a. What is the role of the WB if government and communities get into conflict in the process?</p> <p>b. What mechanisms are there to address corruption in revenues?</p> <p>c. What is the space for indigenous peoples and what are the stakes?</p>	

<b>Issues and Clarificatory Questions Raised</b>	<b>Responses by the WB Team</b>
<p>On land use alteration</p> <p>Grasslands in Mongolia are being used for afforestation project. This alters land use and ecological balance.</p>	

## ***2.5. Session 3 : The Work of the World Bank: Climate Change/Forests/Carbon Finance/FCPF***

### **2.5.1 The BioCarbon Funds**

The World Bank's BioCarbon Fund, one of the funds administered by the WB for carbon credits from forestry and agriculture projects, was discussed. The BioCarbon Fund aims to reduce CO2 emissions while improving livelihoods, restore the ecosystem, provide access to carbon market and adapt to climate change. Also included in the discussions were the scope of the BioCarbon Funds and the lessons learned under the first tranche projects in Africa, China, Madagascar and Nigeria.

Open Forum:

The following were the issues and concerns raised during the Open Forum.

#### **Issues and Concerns Raised During the Open Forum on BioCarbon Funds**

<b>Issues and Clarificatory Questions Raised</b>	<b>Responses by the WB Team</b>
<b>Differential Approaches to Climate Change</b>	
<p>These approaches to climate change rewards those who are responsible for deforestation while indigenous peoples who sustain the forests are not given rewards.</p>	<p>The potential roles of indigenous peoples are considered. The questions of whether indigenous peoples can organize REDD programs, how to pay and to whom are questions that have to be negotiated at the state level.</p>
<p>Why not approach the issue by looking at why deforestation/ degradation occurs and address the causes? In this sense, if poverty is the reason, then there may be no need to be afforesting if basic problem is addressed in a different but more direct way.</p>	
<b>Funds and Donors' Interest</b>	

Issues and Clarificatory Questions Raised	Responses by the WB Team
<p>There are a number of funds. Will they run simultaneously? BioCF and FCPF are crumbs. Our concern is how do these link with the big funds?</p>	<p>There are 10 types including the BioCarbon funds which started in 1993. There are 15 projects in the BioCF. BioCF is testing out REDD projects and afforestation and works at a project level and the viability of other carbon markets. Bankers are moving forward to increase the size of projects and impact on climate change. This is where the FCPF comes as an additional fund which works at the national level. The first phase of BioCF is about to close and the FCPF is hoped to be operational in a couple of months from now.</p> <p>There is another one called the CPF (Carbon Partnership Facility) which is less complicated and is a multisector version of the FCPF. CPF builds on CDM projects but may be bigger in scale.</p>
<p>What are the interest of donors? Is this given as a loan to earn from and under what conditions?</p>	<p>Donor countries are looking for credits for them to achieve their carbon emission compliance needs. These are grants operating on contracts between buyer and seller countries. Donor countries are also buyers so they would want to see this work.</p>
<p>Policy Framework</p>	
<p>In North East India, IPOs are engaged in policy advocacy on the draft land acquisition bill. The draft bill proposes to drop the EIA requirement for projects as it dilutes other pro people provisions. The land use policy of 1884 is still in use. There are changes but are not sensitive to indigenous peoples' perspectives on land. How is WB engagement in state policy development?</p>	
<p>Indigenous Peoples/Multistakeholders Inclusion</p>	
<p>There are so many stakeholders on forest and its resources. In Nepal, men vs. women, high caste vs low caste, rich vs poor. If we consider only indigenous peoples, the program is incomplete but does the WB have a vision of considering indigenous peoples' problems?</p>	<p>(Comment from the Chairperson) The reason why we are having this consultation is that indigenous peoples have not been considered. We are also concerned about other stakeholders but this is as consultation specifically for indigenous peoples.</p>

<b>Issues and Clarificatory Questions Raised</b>	<b>Responses by the WB Team</b>
Is there a possibility for the creation of a multistakeholder institution/center outside the government to engage in these funds considering complications in government bureaucracy and limited capacity? This institution can be capacitated to implement, monitor, etc.	This is a very good idea and is possible. In the Amazon case, a council was established which includes NGOs, local councils and the private sector. This group is responsible for collecting and redistributing the funds.
Democratic UN Processes vs. WB Role	
There is a fear that the WB's role as the trustee of funds will be to the detriment of the UNFCCC. Indigenous peoples have the interest to know whether the democratic processes of the UN will be taken on or whether decision making on these carbon funds will be centered on the investors.	The WB is out of UNFCCC but is taking on a complementary role by incorporating everything from the convention. FCPF may become a small part of UNFCCC including other voluntary funds outside the CDM. The WB is bridging small scale carbon initiatives into the big program especially in terms of methods and tools.
Scope	
Are bio-energy plantations, e.g., soya and palm oil included in these projects?	Currently, there are no plans to consider oil palm in the BioCF. There is now an active debate within the WB on the long-term impacts of biofuels, like jatropha, but there is no project proposal on this yet.
How do indigenous peoples benefit while waiting for the trees to grow? Are there safeguards that ensure benefits in cases, for example, of fire or weather disasters that negative impact on the project?	This is one of the biggest constraints of carbon projects and no real good solutions have been found yet. That is why carbon specific projects will not work. Planting trees only for carbon is nonsense. It has to come together with sustainable development policies and improving services which is different from commercial forestry projects.
Conflict Resolution	
How will WB respond to peoples' complaints about companies they fund? Or when there is conflict between states and communities?	<p>In the BioCF, the WB acts as the trustee and buyers are the contractors. The the case of REDD, OP 4.10 will apply in conflict resolution.</p> <p>There is an active legal framework in carbon finance. This includes the lending operations framework in cases of breach of contract.</p> <p>It is important to define the owner of emissions in dispute resolution. Due diligence should be exercised in assessing associated risks. Risks could be mitigated through certain conditions in the contract.</p>
Lessons Learned	
What are the lessons in the implementation of BioCF that can be used for carbon related funds/markets?	<p>Some lessons learned:</p> <p>On the LULUCF :</p> <ul style="list-style-type: none"> <li>● LULUCF is neither easy to prepare nor cheap;</li> </ul>

Issues and Clarificatory Questions Raised	Responses by the WB Team
	<ul style="list-style-type: none"> <li>● need to consider or build-in sustainability in reference to its impact on people and land;</li> <li>● credit prices are low.</li> </ul> <p>On the BioCF:</p> <ul style="list-style-type: none"> <li>● biological carbon sequestration takes time</li> <li>● financing is a big constraint;</li> <li>● risk of permanence ( e.g., forest fires) which leads to discounted/less prices.</li> </ul> <p>Implications of these lessons to FCPF/REDD:</p> <ul style="list-style-type: none"> <li>● bridge these lessons to the FCPF program, which is on a national scale, due to difficulties in the current project scale. The larger the scale, the more efficient its impact on reduction of emissions;</li> <li>● need to design REDD that is marketable while considering generation of benefits;</li> <li>● need to translate methodologies/tools into understandable language;</li> <li>● need for more objectivity in translation of initiatives;</li> </ul>

### 2.5.2. Introduction to the Forest Carbon Partnership Facility (FCPF)

Mr. Werner Kornexl gave a general introduction about the World Bank's Forest Carbon Partnership Facility - its rationale, purpose, its significance in the climate change negotiations and its present status.

### 2.5.3. What is the World Bank?

Ms. Eliza Winters introduced the World Bank - what it is, what it is doing to address poverty, how this relates to climate change and the bank's role in carbon finance. Noting that the bank is outside the UNFCCC, the Ms. Winters cited the link between the FCPF and the Kyoto Protocol, while citing other earlier initiatives on climate change prior to Kyoto.

### 2.5.4. FCPF : Operation and Governance

Following the earlier general introduction to the FCPF, this session dealt with the operation and governance details of the FCPF. The speaker presented and discussed the governance structure of the FCPF: the various structures, their composition and selection of participants, the roles and functions of each structure and how these structures interact. The speaker noted that the World Bank serves only as the secretariat to the FCPF and as the trustee for the carbon funds and is not part of the decision-making body.

## Open Forum:

An Open Forum on FCPF followed the discussions. Below are the main points and comments from participants:

Comments/Issues From Participants	Responses from the WB Team
On credibility	
<p>Forest and biodiversity processes require policy statements and evaluation. The World Bank is not into human rights. If you are selling FCPF, the risk is that civil society has no confidence on the Bank so that implementation is not or never positive</p>	<p>This may depend on country implementors – many of which are drivers of deforestation sitting in the government. The FCPF is an attempt to convince countries that show ownership and build social capital to move forward. Resistance among key stakeholders will also a help on the way forward;</p> <p>FCPF is relatively small and there is a struggle with managing expectations on what it is going to achieve. There are countries that are advanced and starting transactions already. The FCPF is trying to get a credible process going but there are worries on trade-offs. The WB's mission is to bring along all client countries. We have to try new entry points to get communities and states together on this.</p>
Inclusion and Participation	
<p>What does broad consensus mean and through what mechanism will this be reached? How will indigenous peoples be taken on board? Conflict will surely arise when indigenous peoples are not on board. In India, the joint forest management projects preceding FCPF have already created a lot of problems due to the exclusion of indigenous peoples in the decision making processes, which in effect is eliminating their rights to their lands.</p>	<p>This WB-funded projects in India are not necessarily under the carbon finance project. They are more specific to India country programs.</p>
<p>Indigenous peoples should nominate their representatives to the technical advisory panel and should also advice the REDD. The technical advisory panel should not just be a mere compliance to WB criteria. The UNPF could also give advice.</p>	<p>It is not the Bank that is selecting the experts.</p>
<p>Can indigenous peoples organizations participate in FCPF in case governments do not agree or recognize them as entities? Is FCPF at community level possible?</p>	<p>If governments do not participate, the WB cannot engage.</p>
<p>We are concerned about the voluntary markets where sellers can do business to avoid policy compliance. These voluntary markets are outside</p>	<p>Explore finding a middle ground for effective transactions.</p>

the peoples' control.	In relation to carbon finance, investors would like to see that there should be no disputes regarding the ownership of carbon emission and sequestration. There is a long term strategy in place and is most likely to be implemented. Good governance and that revenues going where they are most needed is necessary.
Dispute Resolution	
What is the role of the Bank in dispute resolution?	The WB can only advice on dispute resolution in the readiness mechanism.
Capacity Building	
Indonesia is preparing for REDD. Recalling the perspectives of indigenous participants in Bali, there is no clear structure for us in the FCPF/REDD. Moreover, indigenous peoples have limited capacities to understand, deal or negotiate, this seemingly being too technical. Indigenous peoples value forests more than it being viewed as trees and business. We put social, spiritual, economic and ecological value to our forests. Now, how do you connect economy (i.e., poverty) and climate change?	
Is the readiness fund a loan or a grant?	It is a grant.
Policy on indigenous peoples	
Policy recommendations have been given in the past with no positive results that is why people have no confidence in WB. We want to see clear and transparent mechanisms and indicators that respect and ensure indigenous peoples' meaningful participation. The language may be there but nothing has really been done yet in actual implementation. The danger here is that countries may just forego all these recommendations and still get funds from WB.	Another driving force to look at is the investors' side. They would also look for confidence before investing on anything.
What about indigenous peoples' free prior and informed consent?	The key here is governance and policy change. Consultations depend on the agenda at hand where policy changes may be required or just require different approaches. Consultations with investors is another process. FPIC may be addressed also in the consultation plan.

**2.5.5. The World Bank – Environmental and Social Safeguards Policy**

Introducing the World Bank as the pioneer among financial institutions in developing environmental and social safeguards and instituting an accountability mechanism, Mr. Jonathan Mills Lindsay, WB Senior Counsel, presented and elaborated the Bank's policies on environmental and social safeguards as well as those relevant to indigenous peoples, e.g., environmental assessment, Indigenous Peoples Policy, involuntary resettlement, forests, and natural habitats. A key component for each of these policies is consultation.

### **3. THE WORKSHOP RESULTS: INDIGENOUS PEOPLES ISSUES AND CONCERNS**

A workshop was conducted by the participants to: further discuss the FCPF and carbon trade matters and take a closer look at how these will impact on indigenous peoples; identify risks and how to turn them, if possible, into opportunities; and unite on recommendations to the World Bank's FCPF.

The following is a summary list of the issues/comments raised by the participants:

#### **3.1. *Some Risks Posed by FCPF***

1) *On farming systems and deforestation:*

Shifting cultivation or rotational agriculture is a widespread traditional farming system. This is practiced with knowledge on agricultural resources and biodiversity, thus, it should not be portrayed as a driver of deforestation.

2) *Displacement and Control of Livelihoods of Indigenous Communities Resulting from REDD*

In Indonesia, the government is becoming very strict because of the notion that slash and burn agriculture is causing deforestation. In Cambodia, indigenous peoples are dependent on their forests. REDD is a threat to the traditional livelihood of many indigenous peoples who may be pushed out of their forest territories. In this sense, there needs to be instituted a policy to safeguard indigenous peoples;

3) *On language*

a) The FCPF's definition of "forest-dependent people" is too narrow which may lead to the exclusion of other indigenous peoples. Governments may take advantage of this, given their general interest in revenue generation. How do we apply the human rights based approach and the UN Guidelines on Indigenous Peoples in this context? There is a need to study the FCPF (draft) charter and the facility should be open directly to discussions with indigenous peoples and without mediation from the state;

b) "broad consultation" - does not recognize free, prior and informed consent of indigenous peoples;

c) "avoidance and mitigation" - these are not clearly defined.

### ***3.2. Differing Approaches to Climate Change Solutions***

#### *1. Conflicting roles of World Bank*

The WB is playing conflicting roles in promoting carbon emissions reduction while funding extractive industries which are source of high carbon emission.

#### *2. Clarity and different perspectives*

a. How can the WB proceed with FCPF/REDD if their present responses to most of our questions/issues raised in this consultation is “No Answer”? The FCPF/WB looks at forests as just trees and carbon. This is dangerous for indigenous peoples who consider their forests as integral parts of their ecosystem and cultures.

b. FCPF provides a market solution that reduces our forests to carbon. This is a strategy that draws and distracts attention away from polluters' accountability.

c. Indigenous peoples are highly skeptical and critical of carbon trading

### ***3.3. Comments on the FCPF***

#### *1. Benefit sharing*

a. FCPF uses a state-centric approach which violates indigenous property rights and ownership. Indigenous peoples should get the benefits that may arise from these initiatives, being the stewards of forests. In most countries, indigenous peoples' ownership of their lands and resources are not recognized.

#### *2. Governance*

a. Indigenous peoples' rights should be protected in the compliance mechanism, especially the principle of FPIC (Consent) and not FPICon (Consultation). In the presentation, consultation is a two way process but decision making excludes the peoples concerned. There should be recognition of the right to self-determination.

b. The EIA is not a holistic approach;

c. Accountability mechanism is weak.

#### *3. Information/Transparency*

The REDD and FCPF are new information that must be disseminated to the grassroots and only then can decisions be made by the relevant indigenous authorities. The WB should take on this responsibility. Information sharing does not constitute consultation, and talks do not mean endorsement.

There is also need to study the impacts of FCPF on indigenous peoples' communities.

#### *4. Credibility of the WB and States*

Will the WB's safeguard policies really guarantee the rights and interests of

indigenous peoples in the FCPF, especially on the issues of livelihood and displacement? The WB, by its very nature, is interested mainly in its core business as a bank. Governments, on the other hand, lack credibility in implementing such safeguard policies.

5. *Inclusion and democratic processes*

a. How can inclusion of indigenous peoples in the WB/FCPF policy and project implementation be ensured? There is a need to ensure that the WB implements the Readiness phase appropriately. There should be a criteria for indigenous peoples' inclusion and WB should make this a condition for projects.

Another strategy is to create an indigenous peoples' working group.

b. How does this feed into other ongoing processes? The UNEP, for example, has just been talking about mobilizing finance for climate action and here is the WB already about to give out finances through the FCPF. Will this be a voluntary market outside the internationally negotiated standards?

5. *Security of indigenous peoples territories/resources and knowledge vs. plunder and pirating*

The use of remote sensing devices to monitor FCPF/REDD projects suggests a threat to indigenous peoples territories, resources and knowledge which may result in further aggression and violation of the rights of indigenous peoples. This could result in us not having control over the data in our territories nor how they will be used.

3.4. *Summary of Risks/Issues Identified and How to Address them in the FCPF*

Issues	Recommendations on How to Address Issues
1. national buy-in	a. Assert community rights to forests;  b. Open distinct mechanisms for potential indigenous peoples' buy-in, not just states.
2. state sovereignty	a. UNDRIP provides for indigenous peoples' rights to ownership of their territories, including forests. When used as the working framework, especially for projects affecting indigenous peoples, this will not only prevent conflict in terms of ownership and sustainability but also address transboundary forests owned and maintained by indigenous peoples.
3. FCPF draft charter	a. Amend "Section 3.1 Objectives" to read as follows:  (c) Within the approach to REDD, to test ways to conserve biodiversity, sustain or enhance livelihoods of forest-dependent indigenous peoples and forest dwellers, <sup>1</sup>

<sup>1</sup> The 3 December 2007 draft for discussion FCPF Charter uses the term "local communities," a term which is not

Issues	Recommendations on How to Address Issues
	<p>ensuring their full and effective participation in decisions that may affect them and full respect for their rights consistent with national law and applicable international obligations.</p> <p>b. Amend “Section 3.2 Operating Principles” to read as follows:  (d) Comply with the World Bank’s Operational Policies and Procedures [and in particular, ensure the effective participation of forest-dependent indigenous peoples and forest dwellers<sup>2</sup> in decisions that may affect them, with full respect for their rights consistent with national law and applicable international obligations].</p> <p>c. Amend the Annex on “Criteria for Selection of the REDD Participant Countries” as follows:</p> <p>i. Relevance of Country in the REDD context:  Priority should be given to countries with following characteristics: (...)</p> <ul style="list-style-type: none"> <li>• current deforestation or forest degradation rates, or countries whose forest cover is under significant current or projected deforestation or degradation; [and,</li> <li>• indigenous peoples’ tenure and other rights over forests are recognized in legislation and adequate mechanisms exist to ensure their effective participation in decision-making.]</li> </ul> <p>ii. Quality of the Readiness-PIN:  Evaluation of the quality of the Readiness-PIN should be based on the following criteria:</p> <ul style="list-style-type: none"> <li>• Ownership of the proposal by ... the government, [indigenous peoples, forest dwellers] and relevant stakeholders. (...)</li> </ul> <p>iii. Variety of approaches:  Consideration should be given to approaches that can contribute to the learning objective of the FCPF, by selecting country proposals that: (...)</p> <p>[(v) secure tenure rights for forest-dependent indigenous peoples and forest dwellers and ensure their effective participation in the full spectrum of REDD activities where they have expressed their approval in this respect and in a</p>

defined in the Charter and is at any rate incorporated into the preferable and more comprehensive definition of ‘forest-dependent indigenous peoples and forest dwellers’.

<sup>2</sup> The definitions section of the FCPF draft Charter states that: “**Forest-Dependent Indigenous Peoples and Forest Dwellers**’ means Indigenous Peoples and local communities living in forests and depending on forest resources for their livelihoods;” and “**Indigenous Peoples**’ means, for the purpose of this Charter, a distinct, vulnerable, social and cultural group as defined in the World Bank’s Operational Policies and Procedures on Indigenous Peoples.”

Issues	Recommendations on How to Address Issues
	<p>way that is consistent with that expressed approval.]</p> <p>c. Clear upholding of the UNDRIP in the FCPF charter will address some of our issues</p>
5. Credibility of the WB	<p>a. The WB should involve other concerned UN bodies for broader oversight and accountability.</p> <p>b. The UNPFII or an indigenous peoples body be created to engage as adviser.</p>
6. Indigenous peoples' inclusion in the Technical Advisory Group	<p>a. Climate Change/FCPF discourse is too narrowly scientific and technical. It excludes traditional knowledge of indigenous peoples. Traditional Knowledge (TK) should be integrated and TK expert s included.</p>
7. Governance (Criteria for inclusion of indigenous peoples in national processes)	<p>a. Environmental governance should not be seen merely as a national sovereignty issue. We want serious local governance which means informed and effective participation of indigenous peoples and local communities.</p> <p>b. We want independent indigenous peoples processes to create awareness and build capacity as well as serve as a venue for the articulation of indigenous peoples perspectives on the FCPF.</p> <p>c. Clear criteria is needed for the inclusion of indigenous peoples and local communities, even at the readiness phase.</p> <p>d. Observers are a significant constituency, therefore, they should be entitled to vote.</p> <p>e. Train indigenous peoples to do monitoring themselves.</p>
8. Benefit-Sharing	<p>a. There should be a separate fund in the FCPF devoted to indigenous territories.</p> <p>b. This will also open possibilities for indigenous peoples if countries do not buy-in.</p>

### *3.5. Points of Clarification/Comments on the Indigenous Peoples' Workshop Results*

The following are the comments and clarifications by the World Bank team on the issues and recommendations raised by the participants from their closed-door workshop.

<b>Comments/Clarifications from the WB Team</b>	<b>Responses by Participants</b>
Why the opposition to carbon trade in the UNFCCC process?	<p>a. Carbon trade does not ensure emissions reduction at source.</p> <p>b. Corporations/ industry are major sources of emissions. Now they are posing as the solution. Indigenous peoples, however, believe that there are alternative solutions, the best of which is to address the root causes of climate change.</p>
<b>Impacts of carbon trade on indigenous peoples</b>	
<p>Have market mechanisms and carbon trading mechanisms been impacting badly on indigenous peoples?</p> <p>There is a voluntary market and scams are unavoidable here. For some investors, it would be a shame not to take advantage of such opportunities.</p>	<p>An upcoming report for the UNPFII cites a case that reflects negative impacts, but this is not a WB project. It is the case of a carbon neutral company (UK) in Andhra Pradesh, India with a plantation scheme which resulted in displacement and other human right violations besides the project being a scam.</p>
Are there positive examples?	<p>In Australia, there is an indigenous group who are directly involved in carbon trade. It would be good to look at their experiences. There is, however, a general opposition in most of Asia.</p>
<b>National stakeholder process</b>	
How do you imagine a national stakeholder process for REDD?	<p>First, we need to prepare ourselves to do it. We do not want to see this as simply a process that becomes a single national-level forum. We call for respect and recognition of diversities and particularities of sectors. We want a distinct indigenous peoples forum.</p>
How would this work?	<p>We can look at the way the CBD (Convention on Biological Diversity) has accommodated indigenous peoples and local communities into the convention and its processes.</p>
Are there existing forums and at which levels?	<p>There are existing national and regional indigenous peoples networks, for example in Asia, which facilitate local, national, regional and international-level actions.</p>
<b>Definitions</b>	
On forest dwellers – We understand the issue and will bring it forward.	
<b>Security/forest monitoring</b>	
<p>What do you mean “security issue”?</p> <p>From our experience, the more the data on forest, the better the results.</p> <p>There is an existing proposal with the WB on documenting TK. It may be good</p>	<p>Data collection in the manner described exposes our communities and resources to plunder and extraction by big industries, not to mention biopiracy and theft of traditional knowledge. These impacts on our human security and national security in a broader sense. FCPF has to address these.</p>

<b>Comments/Clarifications from the WB Team</b>	<b>Responses by Participants</b>
to look at the security issue that was raised.	
Dislocation	
<p>It is important to be aware of this. This must be understood, recognized and integrated in the international level.</p> <p>There is a level of recognition for human rights in the Bank and this can be seen in the paradigm shift adapted by the bank in the past two years.</p>	
Dispute mechanism at national level	
<p>We already see these but how do you recommend this should be handled? Will it be an add-on to the proposed independent national consultation process? Please elaborate.</p>	<p>It is a new mechanism which should be studied closely. Initially, we may look at the possibility of an ombudsperson or designation of a mediator.</p>
BioCF vs. FPCF	
<p>Why is there reluctance in the BioCF instead of accessing the FCPF, independent of the state?</p> <p>The BioCF is already piloting and doing REDD through reforestation and afforestation activities. This is the power of the BioCF compared to the FCPF. Investment in BioCF are closing by March but we are looking forward to new resources. The BioCF may serve as a link to communities while the FCPF is not yet operational.</p>	<p>The BioCF can be one opportunity, but the issue is can indigenous peoples access these funds when and if they like and are not dependent on state approval. Is the BioCF something that we can possibly look into?</p>
Independent indigenous peoples fund	
<p>This was brought up earlier and is subject to further studies.</p>	
The WB Accountability to UN	
<p>The WB is building on existing forest discussions and part of this is accounting to UN agencies. There is an active discussion going on within the bank on safeguard policies applying to the readiness fund but we will work on this.</p>	
Capacity Building	

<b>Comments/Clarifications from the WB Team</b>	<b>Responses by Participants</b>
<p>One major call is capacity building but tenure issues are very complex and the balance of risks and opportunities depends on countries. Some risks we are trying to open as opportunities. However, if these risks are not addressed, the tendency is for strengthening state control.</p>	<p>This refers to building on the skills and knowledge of indigenous peoples to engage directly as indigenous peoples in addition to engagement within the broader multi-stakeholders group.</p>
<p>(Draft) FCPF Charter</p>	
<p>The Bank is undergoing consultations in regions and with key stakeholders in private and potential selling countries. There are several rounds of language proposals already in negotiation. We will refer this proposals to the bank lawyers to test consistency with WB policy.</p>	
<p>Indigenous peoples consensus</p>	
<p>Can you imagine the possibility of coming into a consensus among indigenous peoples to address REDD?</p>	<p>This a matter of self-determination of the affected communities. But this may be possible with intensive dialogues. We could not have raised the UNDRIP to its status now if indigenous peoples did not come to a consensus. We will be interested to look into the implementation of the UNDRIP in REDD.</p>
<p>Report</p>	
<p>A report of this process will be very useful and we look forward to it as well as open dialogues with indigenous peoples.</p> <p>We agree on strengthening research on matters/issues raised.</p>	
<p>Would you have any recommendations for the next indigenous peoples regional consultation ?</p>	<p>Each region has its own particularity which has to be considered. Somehow, for Asia, there is a level of coming together.</p>

#### 4. RECOMMENDATIONS

This is a situation where the issues of forests, biodiversity, human rights and climate change have clearly merged. However such linkages, which are important for indigenous peoples, are not reflected in the FCPF or on the discussions on climate change and forests. The substantial discussions on these issues have shifted to carbon trade. Indigenous

peoples' groups have made a position that carbon trade cannot be a solution to climate changes nor should the solutions and proposals on climate change be primarily market-driven. Instead there is a need to cut emissions of GHG at source – from Annex 1 countries who are responsible historically for climate change. There is also a need to push for mechanisms to address forests issues. Carbon trade does not address broader forest issues. Carbon trade has an overall impact of deepening inequity. It rewards the major contributors to climate change by allowing them to keep on polluting the environment while putting the burden of mitigation and adaptation on those who are contributing the least, or none at all, to GHG emissions. This totally negates the objective of emissions reduction.

Forests are not just trees that can be valued for carbon sequestration. Neither should forests be commodified. Forests are part of indigenous peoples territories, the ecosystem which indigenous peoples have protected and sustained for the invaluable services it provides, especially in the fundamental areas of food, health and shelter, among others.

Participants insist that the best solution to the problem is to address its root causes, that is, that developed countries should make drastic changes in their production and consumption patterns that have led to massive emissions of GHGs. In the immediate, Annex 1 countries must fulfill their commitments in reducing GHG emissions based on their commitments in the Kyoto Protocol. From the indigenous peoples' perspective, strategies to problem solving should take on a holistic approach with premium to environmental governance and ecosystem strengthening for better community resilience to climate change. This can be achieved through the human rights-based approach to development and by building capacities for local environmental governance anchored on the rights of indigenous peoples to their lands, resources and knowledge. The United Nations Declaration on Indigenous Peoples Rights, therefore, has to be the basic framework from which the concept of FCPF – especially those concerning indigenous peoples – should operate.

The state-centered approach of the UNFCCC has limited indigenous peoples' participation on matters of climate change, despite their strong recommendations in the past, including alternatives to the carbon trade. The market solution, however, has become “the” solution being promoted. Generally, the dominant concept of carbon market is not good for indigenous peoples and there is a need to assert this by engaging with the different processes on climate change, with governments and with multilateral bodies and agencies with programmes and activities on climate change.

Indigenous peoples want further discussions on non-market based solutions. Towards this end, participants agree on the critical need for indigenous peoples to engage fully in the climate debates, including the carbon trade discussions, to prevent double exclusion from the climate talks and negotiations, and from the proposed solutions affecting their lands, territories and resources. Indigenous peoples must engage to ensure that their key issues

are taken on board and that appropriate processes, structures and mechanisms are established so that the benefits redound to their communities.

The FCPF/REDD opens up political space which indigenous peoples should use and maximize, to address the full range of issues arising from the FCPF/REDD. This is especially with respect to its fundamentally faulty approach to forests and noting that governments, with economic interest in mind, can and will pursue these whether indigenous peoples agree or not. This situation could cause great harm. Indigenous peoples should engage in the process but must ensure that their positions are clear and are not compromised. Engagement must not be mistaken as endorsement.

In the context of indigenous peoples' gains at the international level and being recognized as among the key players in finding solutions to climate change, indigenous peoples' rights to define and decide appropriate projects, strategies and mechanisms, consistent with the UNDRIP, should be reflected and respected in the World Bank, FCPF/REDD and national policy.

This Asia regional forum takes it upon itself to raise all the issues, experiences and options on the matter of FCPF/REDD to other indigenous peoples fora and organizations within and outside the region. Ultimate decisions on engagement will have to be made by indigenous peoples, organizations and networks at the country level, exercising their right to self determination. A global forum which can provide guidance and support services will be welcome. Part of the information that has to be raised is to look at risks and opportunities at the national and global levels. Since discussions in the Asia consultation are at the regional level, participants should inform indigenous organizations at the national level and make the proposals/recommendations as strong as possible. This is important because what may be seen as risk at the regional level may be taken as an opportunity at the national level.

Moreover, there is an opportunity to make full use of the readiness funds for indigenous peoples' capacity building and advocacy in the following areas: a) to push for policy or policy reform ( i.e., land and forestry laws, etc.) that addresses the concerns/interest of indigenous peoples ; b) resources to support the development or strengthening of indigenous peoples' own sustainable energy and forest systems; c) as a venue towards pushing for the recognition of indigenous peoples' rights and the implementation of the UNDRIP. The WB has to agree that its safeguard policy will be monitored under international human rights law and that this safeguard policy has to be applied even at the Readiness Mechanism.

The conduct and results of the readiness phase - and its incorporation or not of indigenous peoples' proposals - will allow indigenous peoples to fully assess whether or not it is beneficial to further engage in the national level partnership. The risks are when indigenous peoples recommendations are not taken on board in the FCPF and in the

implementation mechanisms. An urgent need is to monitor how these present recommendations will now be considered, if at all, in the FCPF. There is also an urgent need to build the capacities of indigenous peoples to lobby and negotiate with their governments in order to turn such risks into opportunities.

Because of the concept of REDD, many funders have initiated pooling resources to help indigenous peoples prepare to engage in a manner that will benefit them. Indigenous peoples have to be strong in all levels - from the community to the global - in articulating the dangers that they see in these initiatives and that these dangers/risks have to be addressed first. The current moral opinion internationally is for the recognition of indigenous peoples' rights and it is the indigenous peoples' responsibility to spread this widely and assert that countries fully and effectively comply with their obligations.

For the best interest of indigenous peoples and with a view towards effective solutions to climate change, the following proactive recommendations to the World Bank - and particularly on its FCPF facility - are being forwarded:

1. FCPF should be guided by the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and the human rights based approach to development;
2. Establish a complaints/dispute mechanism within the FCPF to address conflict and irregularities in implementation;
3. Establish an independent indigenous peoples' forum on the FCPF;
4. Establish an indigenous peoples working group on FCPF in every country involved;
5. Establish a separate indigenous peoples fund to support their own mitigation and adaptation initiatives;
6. Safeguard policies anchored on the UNDRIP and the human rights based approach should apply to the readiness mechanism;
7. Undertake capacity building for indigenous peoples to understand climate change and provide informed options for mitigation and adaptation from the national to global levels;
8. Support the development of training materials and modules on climate change and indigenous peoples;
9. Publication of the results of this process to inform indigenous peoples in other regions and FCPF donors about this process and the concerns raised;
10. Intensify research on the underlying causes of deforestation and its main drivers;
11. Create a listserv on this issue.

## ANNEXES:

### Annex 1: Draft Programme

## Forest Carbon Partnership Facility (FCPF) Consultations with Forest-Dependent Indigenous Peoples and Other Forest Dwellers in Asia

February 28-29, 2008  
Hotel Yak and Yeti, Kathmandu, Nepal

### D R A F T   P R O G R A M M E

Date/Time	Session Title
	<b>DAY ONE</b>
<b>08:00-08:30</b>	<b>Registration</b>
<b>08:30-09:00</b>	<b>Introductions:</b> 4) Host Organization and workshop participants 4. World Bank
<b>09:00-10:30</b>	<b>Session 1: Climate Change, Carbon Finance, Forests and REDD</b> 5) Climate Change: what it is; its impacts 6) The importance of forests 7) Carbon finance and reducing emissions from deforestation and degradation (REDD) 8) Views from participants about their concerns and hopes from their country perspective
<b>10:30-10:45</b>	<b>Break</b>
<b>10:45-1315</b>	<b>Continue discussion</b>
<b>13:15-14:15</b>	<b>Lunch</b>
<b>14:15-16:15</b>	<b>Session 2: Forest Dependent IPs, Forest Dwellers and REDD</b> Discuss the importance of forest dependent indigenous peoples and other forest dwellers in the conservation of forests and in REDD Country specific views on what their role could be in designing programs and participating in REDD Brainstorm on how communities could benefit from REDD. Discussion on development of a national consultation process on REDD
<b>16:15-16:30</b>	<b>Tea break</b>
<b>16:30-18:00</b>	<b>Continue the discussion</b>
<b>18:00-18:30</b>	<b>Wrap up of day's activities (Facilitator: Regional Organization)</b>
<b>18:30-21:00</b>	<b>Reception and dinner</b>
	<b>DAY TWO</b>
<b>08:30-10:30</b>	<b>Proposed 'closed door' sessions for participants (one for forest-dependent IPs; second for other forest dwellers)</b> <b>Objective of exercise:</b> let each group discuss their views about carbon finance and REDD
<b>10:30-10:45</b>	<b>Tea Break</b>
<b>10:45-13:30</b>	<b>Session 3: The Work of the World Bank: Climate Change/Forests/Carbon Finance/FCPF</b> • What is the World Bank?

<b>Date/Time</b>	<b>Session Title</b>
	<ul style="list-style-type: none"> <li>• What the Bank is doing on climate change, forests, carbon finance</li> <li>• Discussion on how the FCPF will work including governance, participation, safeguards and consultation process.</li> </ul>
<b>13:30-14:30</b>	<b>Lunch</b>
<b>14:30-16:30</b>	<b>Session 4:</b> <ul style="list-style-type: none"> <li>• Discussion on role of forest dependent IPs and other forest dwellers in implementing FCPF</li> </ul>
<b>16:30-16:45</b>	<b>Tea break</b>
<b>16:45- 18:00</b>	<b>Continue discussion</b>
<b>18:00-19:30</b>	<b>Wrap-up of the two days (Facilitator: Regional Organization)</b> <ol style="list-style-type: none"> <li>4. Next steps</li> <li>5. Closing</li> </ol>
<b>19:45-21:00</b>	<b>Dinner</b>