

**Forest Carbon Partnership Facility (FCPF)
Readiness Fund
Common Environmental and Social Approach Among Delivery Partners**

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I. Introduction

1. In the context of the development of a Common Approach to Social and Environmental Safeguards for Multiple Delivery Partners under the FCPF Readiness Fund, the candidate Delivery Partners (DPs), including the World Bank (WB), Inter-American Development Bank (IDB) and the United Nations Development Programme (UNDP), hereby present the proposed Common Approach to the application of their respective policies and procedures to environmental and social safeguards for REDD+ readiness activities. This document is the first draft of the Common Approach, and will be finalized for the first three DPs upon approval by the PC. As the Task Force on the Common Approach and the FCPF Participants Committee progress in their work, the UNFCCC produces policy guidance on safeguards, or new DPs join the FCPF, the Common Approach may be updated, provided that any changes affecting existing Transfer Agreements will be subject to the agreement amendment procedures set forth therein. The Common Approach will apply to the Transfer Agreement to be signed by the WB acting as Trustee of the FCPF and each DP.

2. This document consists of an overview of the FCPF readiness preparation process, and explains how the DPs' respective environmental and social safeguards apply to the FCPF Readiness Fund in a manner that meets the requirements of the FCPF Charter, including 'substantial equivalence.' In this context, the document clarifies the justification and contents of the Strategic Environmental and Social Assessment approach and describes the FCPF guidelines on stakeholder engagement in REDD+ readiness, the FCPF guidance on disclosure of information, and the available mechanisms for dispute resolution and recourse.

3. Specifically, as per the common approach, DPs:
- a. Comply with FCPF requirements, including:

- i. Guidelines and generic terms of reference for Strategic Environmental and Social Assessments (SESAs) and Environmental and Social Management Frameworks (ESMFs), as set forth in the FCPF's Readiness Preparation Proposal (R-PP) template;
 - ii. FCPF Guidelines on Stakeholder Engagement in REDD+ Readiness;
 - iii. FCPF Guidance on Disclosure of Information; and
 - iv. Guidelines contained in the FCPF R-PP Template for establishing grievance and redress mechanisms at the national level; and
- b. Achieve substantial equivalence
- OPTION A (Meridian summary) [Meridian to fill in]
- OPTION B (WB) [with the material substantive and procedural elements and implementation of the WB environmental and social safeguard policies that are applicable to the FCPF Readiness Fund, including those pertaining to information disclosure and dispute resolution and redress].
- OPTION C (IDB) [i.e., consistent material outcomes, to those that could reasonably be expected from the application of the WB's environmental and social safeguards to the FCPF Readiness Fund.]
- OPTION D (BIC) [Meridian to fill in]

II. Overview of the FCPF Readiness Preparation Process

4. The FCPF's initial activities relate to strategic planning and preparation for REDD+ in 37 REDD Countries across Africa, East Asia and Pacific, Latin America and the Caribbean and South Asia. Specifically, countries prepare for REDD+ by:
- a. Assessing the country's situation with respect to deforestation, forest degradation, conservation, sustainable management of forests, and relevant governance issues;
 - b. Identifying REDD+ strategy options;
 - c. Assessing key social and environmental risks and potential impacts associated with REDD+, and developing a management framework to manage these risks and mitigate potential impacts;
 - d. Working out a reference level of historic forest cover change and greenhouse gas emissions and uptake from deforestation and/or forest degradation and REDD+ activities, and potentially forward-looking projections of emissions;
 - e. Designing a monitoring system to measure, report and verify the effect of the REDD+ strategy on greenhouse gas emissions and other multiple benefits, and to monitor the drivers of deforestation and forest degradation, as well as other variables relevant to the implementation of REDD+; and
 - f. Designing national management arrangements for REDD+.
5. These preparatory activities are referred to as 'REDD+ Readiness' and are supported in part by the Readiness Fund of the FCPF (alongside other initiatives such as the UN-REDD Programme). FCPF Readiness Preparation grants will finance some of this preparatory work, but they will not finance any implementation of REDD+ activities on the ground (e.g., pilot projects).
6. Preparatory activities are divided into the following two phases, and a Country is eligible for up to \$3.6 million in FCPF grant funding to support these two phases:

- a. The Formulation phase starts with the formulation of the Readiness Proposal Idea Note (R-PIN), through which the REDD Country expresses its interest in participating in the FCPF and presents early ideas for how it might organize itself to get ready for REDD+. The R-PIN is formulated by the country without financial or technical support from the FCPF. Based on this R-PIN, the REDD Country is selected into the FCPF. It may then decide to formulate a Readiness Preparation Proposal (R-PP), possibly with assistance from the FCPF, including a grant of up to \$200,000 (which is referred to as the “R-PP Formulation Installment” of the “R-PP Formulation and Readiness Preparation Grant”), considered as seed money for R-PP formulation. If the country formulates an R-PP, it may submit it to the PC for review and assessment and move to the Readiness Preparation phase; and
- b. The Readiness Preparation phase is when the analytical and early planning work provided for in the R-PP is realized. The balance of approximately \$3.4 million in FCPF grant funding is made available through a Supplementary Grant Agreement to carry out the Readiness preparation activities laid out in the R-PP. During this phase, the Country must submit a Readiness progress report to the PC on R-PP activities undertaken, which is also reviewed by the Bank, and this phase concludes with the review and assessment of the Readiness Package (R-Package).¹

7. Whereas the FCPF Participants Committee (PC) decides to allocate funds from the FCPF to a REDD Country Participant, based on the Country’s R-PP, it is the DP that decides whether it will sign a Readiness Preparation Grant Agreement to channel those funds to the Country. For this purpose, each DP prepares the assessment documents described below.

8. The R-PP Assessment Note (see template in Attachment 1) summarizes the main aspects of the FCPF-financed portion of the R-PP; assessments of technical, financial management, procurement, social and environmental capacity; compliance with the applicable safeguard policies; and risks. Based on the R-PP Assessment Note, the DP decides whether to proceed with signing the Readiness Preparation Grant Agreement. In compliance with the FCPF Guidance on Disclosure of Information, the DP prepares and discloses an initial environmental and social safeguards assessment, which draws the environmental and social safeguards profile of the proposed readiness activity (referred to below as “safeguards profile”), and a readiness activity profile (referred to below as “activity profile”), both of which are disclosed to the public in compliance with the FCPF Guidance on Disclosure of Information prior to signing the Readiness Preparation Grant Agreement (see templates for these profiles in Attachments 2 and 3). The R-PP Assessment Note (minus the risk assessment) is disclosed after signature of the Readiness Preparation Grant Agreement.

9. Throughout the execution of the FCPF Readiness Preparation Grant, the DP supervises the continued compliance of the REDD+ readiness activity with the safeguards applicable under the FCPF Readiness Fund (referred to below as “applicable safeguards,” as set forth in Section III below). In case of non-compliance, the legal provisions of the Grant Agreement provide potential remedies. The DP produces periodic monitoring reports at least once per fiscal year, and makes them publicly available. At mid-term, the REDD Country Participant prepares and the DP reviews a progress report that includes a review of compliance with the applicable safeguards. The DP discloses the progress report and its assessment in compliance with the FCPF Guidance on Disclosure of Information, and may update the safeguards and activity profiles, in which case these updated documents are also disclosed.

¹ The R-Package is a package of activities which builds on the R-PP and is designed to support a REDD Country Participant’s capacity to participate in possible future systems of positive incentives for REDD+.

10. When the grant has been fully disbursed, the DP files a completion report² to report on Readiness preparation progress and grant completion, including on compliance with the applicable safeguards. Management reviews the completion report. The completion report is disclosed, in compliance with the FCPF Guidance on Disclosure of Information.

11. If no potential exists for the Country to pursue an Emission Reductions Payment Agreement (ERPA) under the FCPF Carbon Fund, no further action is needed, including with respect to compliance with safeguard policies. If potential does exist for the Country to pursue an ERPA under the FCPF Carbon Fund, the DP drafts an R-Package Assessment Note, a document that summarizes the main aspects of the REDD Country Participant's R-Package in terms of technical quality and from the point of view of the applicable safeguards. The R-Package Assessment Note is disclosed in compliance with the FCPF Guidance on Disclosure of Information.

III. Safeguards in the FCPF Readiness Fund

12. Section 3.1 (d) of the FCPF Charter currently provides that “the operation of the Facility, including implementation of activities under Grant Agreements and Emission Reductions Programs, shall ... comply with the World Bank's Operational Policies and Procedures, taking into account the need for effective participation of Forest-Dependent Indigenous Peoples and Forest Dwellers in decisions that may affect them, respecting their rights under national law and applicable international obligations.”

13. Opening of the Readiness Fund to other DPs will require an amendment to Section 3.1 (d) of the Charter to reflect the operational principle that each DP will apply its own policies and procedures according to a common FCPF approach to social and environmental issues consistent with the FCPF Charter, including the substantial equivalence principle.

14. The environmental and social safeguard policies and associated procedures of the DPs are a cornerstone of technical and financial support to sustainable poverty reduction. The objective is to prevent and mitigate undue harm to people and their environment in the development process. More specifically, safeguard policies and procedures are designed to avoid, mitigate, or minimize adverse environmental and social impacts of projects.

15. In the context of REDD+, the most relevant safeguards³ are the following:

a. Environmental Assessment:

- (1) WB: OP/BP 4.01 is designed to identify, avoid, and mitigate the potential negative environmental impacts associated with operations. The purpose of environmental assessment is to improve decision making, to ensure that project options under consideration are sound and sustainable, and that potentially affected people have been properly consulted. OP 4.01 will soon be revised to include explicit references to SESAs and ESMFs as environmental assessment instruments.⁴
- (2) IDB: OP-703 Directive B.5 requires compliance with specified standards for Environmental Impact Assessments (EIAs), Strategic Environmental Assessments (SEAs)... The SEA has the following objectives: (i) assure that the main

² This completion report is referred in the following ways: WB: Final Grant Reporting and Monitoring (GRM) monitoring report; IDB: Project Completion Report (PCR); UNDP: UNDP will use the FCPF-tailored GRM.

³ The WB safeguards can be accessed at <http://go.worldbank.org/WTA1ODE7T0>; the IDB safeguards are accessible at <http://www.iadb.org/index.cfm?lang=en>; the UNDP documents will be available at http://www.unredd.net/index.php?option=com_docman&task=cat_view&gid=1030&Itemid=53.

⁴ OP/BP 4.01 is available at <http://go.worldbank.org/OSARUT0MP0>.

environmental risks and opportunities of policies, plans or programs have been properly identified; (ii) engage early on governments and potentially affected parties in the identification and analysis of strategic issues, actions, and development alternatives; (iii) define and agree on a sequence of actions to address systematically and strategically environmental issues and priority actions, summarized in an SEA action plan for adequate monitoring and follow up; and (iv) assure that adequate environmental information is available and collected for the decision making process.⁵

- (3) UNDP: UNDP's Programming and Operations Policies and Procedures (POPP) states that "environmental sustainability, including climate change resiliency, is fundamental to the achievement of development outcomes including the MDGs and must be systematically mainstreamed into UNDP's Programme and Project Management cycles. Opportunities to strengthen the environmental sustainability and climate resiliency of programming need to be identified and realized. Potential adverse impacts and risks need to be avoided or minimized, where possible, and mitigated if not." In support of this, a draft environmental and social screening and environmental and social assessment (ESA) procedure has been endorsed and is being trialed in the first half of 2011.⁶ It will apply to discrete, spatially-bound activities (e.g. physical interventions and infrastructure projects), as well as strategic, or "programmatic" projects that focus on themes, regions, or sectors (e.g. strategic planning for REDD+). UNDP commits to applying this draft procedure to any projects delivered through the FCPF MDP mechanism. Additionally, the UN-REDD Draft Environmental and Social Principles and Criteria will be applied.

b. Natural Habitats:

- (1) WB: OP/BP 4.04 seeks to ensure that infrastructure and other development projects take into account the conservation of biodiversity, as well as the numerous environmental services and products which natural habitats provide to human society. The policy strictly limits the circumstances under which any project can damage natural habitats (land and water areas where most of the native plant and animal species are still present). Specifically, the policy prohibits support for projects which would lead to the significant loss or degradation of any Critical Natural Habitats.⁷
- (2) IDB: OP-703 Directive B.9 prohibits operations that: (i) significantly convert or degrade critical natural habitats; (ii) involve the significant conversion or degradation of natural habitats, unless there are no feasible alternatives, comprehensive analysis demonstrates that overall benefits from the operation substantially outweigh the environmental costs, and mitigation and compensation measures including minimizing habitat loss and establishing and maintaining an ecologically similar protected area are implemented; and (iii) introduce invasive species.⁸

⁵ OP-703 is available at <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=665902>.

⁶ The proposal to update UNDP's POPP with a mandatory environmental and social screening and assessment procedure was endorsed by UNDP's Management Group (Administrator and Directors) in September 2010, with agreement that it will be trialed prior to finalization and rolled out as corporate policy, anticipated to be mid-2011. FCPF grants have been included in the trial period.

⁷ OP/BP 4.04 is available at <http://go.worldbank.org/GIFQKJA130>.

⁸ OP-703 is available at <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=665902>.

- (3) UNDP: The potential impact of projects on biodiversity and natural habitats is systematically addressed as part of UNDP's proposed environmental and social screening and assessment process, currently being trialed. The Draft Environmental and Social Screening Template includes questions to ensure that projects with potential adverse impacts on natural resources and biodiversity are subject to an ESA.

c. Indigenous Peoples:

- (1) WB: OP/BP 4.10 underscores the need for identifying indigenous peoples, consult with them, ensure that they participate in, and benefit from operations in a culturally appropriate way, and that adverse impacts on them are avoided, or where not feasible, minimized or mitigated.⁹
- (2) IDB: OP-765 provides that the IDB will: (i) use its best efforts to support the region's national governments and indigenous peoples, as well as relevant private sector and civil society actors, in mainstreaming indigenous issues in local and national development agendas and in the IDB's project pipeline; and (ii) conduct its operations in a way that prevents or mitigates direct or indirect adverse impacts on indigenous peoples or their individual or collective rights or assets.¹⁰
- (3) UNDP: The potential impact of projects on indigenous people is systematically addressed to some extent through UNDP's proposed environmental and social screening and assessment process, currently being trialed. The draft Screening Template includes a triggering question to ensure that projects with potential environmental impacts in areas of indigenous people are subject to an ESA. The UNDG Guidelines on Indigenous Peoples' Issues are also applied by UNDP. To further enforce this, UNDP will apply the UN-REDD Programme Guidelines for Seeking the Free, Prior, and Informed Consent of Indigenous Peoples and other Forest Dependent Communities; and, the FCPF UN-REDD Guidelines on Stakeholder Engagement with a Focus on Indigenous Peoples and other Forest Dependent Communities.

d. Physical Cultural Resources:

- (1) WB: OP/BP 4.11 requires that adverse impacts on physical cultural resources from development operations be avoided or mitigated. The impacts on physical cultural resources resulting from operations, including mitigating measures, may not contravene either the Country's national legislation, or its obligations under relevant international environmental treaties and agreements.¹¹
- (2) IDB: OP-703 Directive B.9 prohibits operations that damage critical cultural sites. (Directive B.2 of OP-703 and general operating principles also require operations to comply with all applicable requirements of local laws and regulations, including those deriving from Multilateral Agreements).¹²
- (3) UNDP: The potential impact of projects on physical cultural resources is systematically addressed through UNDP's proposed environmental and social screening and assessment process, currently being trialed. The Draft Screening

⁹ OP/BP 4.10 is available at <http://go.worldbank.org/IBZABS9UU0>.

¹⁰ OP-765 is available at <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=2032081>.

¹¹ OP/BP 4.11 is available at <http://go.worldbank.org/IHM9G1FOO0>.

¹² OP-703 is available at <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=665902>.

Template includes a triggering question to ensure that projects with potential adverse impacts to physical and cultural resources are subject to an ESA. All UNDP projects will comply with the Country's national legislation or its obligations under relevant international environmental treaties and conventions.

e. Involuntary Resettlement:

- (1) WB: OP/BP 4.12 is triggered in situations involving involuntary taking of land and involuntary restrictions of access to legally designated parks and protected areas. The policy aims to avoid involuntary resettlement to the extent feasible, or to minimize and mitigate its adverse social and economic impacts. It promotes participation of displaced people in resettlement planning and implementation, and its key economic objective is to assist displaced persons in their efforts to improve or at least restore their incomes and standards of living after displacement. The policy prescribes compensation and other resettlement measures to achieve its objectives and requires that Countries prepare adequate resettlement planning instruments prior to appraisal of proposed projects.¹³
- (2) IDB: OP-710 aims to minimize the disruption of the livelihood of people living in the project's area of influence, by avoiding or minimizing the need for physical displacement, ensuring that when people must be displaced they are treated equitably and, where feasible, can share in the benefits of the project that requires their resettlement. To this end: (i) every effort will be made to avoid or minimize the need for involuntary resettlement including analysis of project alternatives (including no project) with particular attention to socio-cultural considerations, such as the cultural or religious significance of the land, the vulnerability of the affected population, or the availability of in-kind replacement for assets, especially when they have important intangible implications; and (ii) when displacement is unavoidable, a resettlement plan must be prepared to ensure that the affected people receive fair and adequate compensation and rehabilitation that ensures that, within the shortest possible period of time, the resettled and host populations will achieve a minimum standard of living and access to land, natural resources, and services at least equivalent to pre-resettlement levels, and recover all losses caused by transitional hardships including restored access to their social networks, opportunities for employment or production and economic development, and natural resources and public facilities.¹⁴
- (3) UNDP: The potential impact of projects on involuntary resettlement is systematically addressed to some extent through UNDP's proposed environmental and social screening and assessment process, currently being trialed. The Screening Template includes a triggering question to ensure all projects that would potentially result in the involuntary resettlement of populations are subject to an ESA. In addition, UNDP will apply the UN-REDD Social and Environmental Principle 2, Criterion 5 ("avoid involuntary resettlement") which requires that programs are not involved or complicit in involuntary resettlement.

f. Forests:

¹³ OP/BP 4.12 is available at <http://go.worldbank.org/ZDIJXP7TQ0>.

¹⁴ OP-710 is available at <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=2032100>.

- (1) WB: OP/BP 4.36 aims to reduce deforestation, enhance the environmental contribution of forested areas, promote afforestation, reduce poverty, and encourage economic development.¹⁵
- (2) IDB: OP-723 aims to assist member countries to utilize and conserve their forest resources to provide social, economic and environmental benefits to the present and future generations, and seeks to ensure the maintenance and improvement of the forests so as to increase the sector's production and productivity, with due regard to the function these forests perform in protecting the environment and in supporting the livelihood of various groups. Specific areas of activity include: institutional strengthening; research and studies; forest management, reforestation, afforestation and restoration programs, agroforestry systems to enhance rural development, establishment of forest-based industries, forest conservation and protection measures and forestry-related services.¹⁶
- (3) UNDP: The potential impact of projects on forests is systematically addressed as part of UNDP's proposed environmental and social screening and assessment process, currently being trailed. The Screening Template includes triggering questions to ensure that projects dealing with forest harvesting and plantation development are subject to an ESA. In addition, UNDP will apply the UN-REDD Social and Environmental Principles which requires that the multiple functions of forests are maintained and enhanced.

IV. Strategic Environmental and Social Assessment (SESA)

16. The DPs have had to clarify how their respective safeguard policies apply to REDD+ readiness activities under the FCPF. The safeguard policies were largely written with investment projects in mind, except for UNDP, even though in some cases they included provisions regarding other types of operations.¹⁷ However, REDD+ readiness activities in the FCPF context entail no investment projects on the ground. They mostly consist of strategic planning and preparation. Nonetheless, these strategic activities have potentially far-reaching impacts – hopefully positive but, unless properly addressed, possibly negative (e.g., the definition of rights to forest carbon, or the design of benefit-sharing mechanisms).

17. The following paragraphs clarify how the DPs will apply their environmental and social safeguards to REDD+ readiness activities from the time the DP signs the \$3.4-3.6 million (Supplementary) Grant Agreement for Readiness Preparation.

18. The basic approach to seek to ensure that environmental and social concerns are integrated into the national REDD+ strategy process and that the FCPF readiness activities comply with applicable safeguards is to utilize a Strategic Environmental and Social Assessment (SESA).¹⁸

¹⁵ OP/BP 4.36 is available at <http://go.worldbank.org/T22VSH6ZE0>.

¹⁶ OP-723 is available at = <http://www.iadb.org/en/about-us/forestry-development-,6213.html>.

¹⁷ For example, the WB's OP4.01 version of January 1999 contemplates the impact assessment of strategies in the context of sectoral and regional environmental assessments but does not explicitly refer to SEAs or SESAs. IDB's OP-703 applies to all types of operations and contemplates the use of SEA. UNDP's draft environmental and screening and assessment procedure is not limited to investment projects and includes SESA/SEA for strategic and programmatic projects.

¹⁸ The SESA is in line with the guidance on strategic environmental assessment for development cooperation prepared by the OECD Development Assistance Committee in response to the call for harmonization of the Paris

19. Readiness for REDD+ is the phase when the Country formulates its strategies/policies and prepares investments. It is therefore the appropriate moment for the Country to assess the broader strategic environmental and social impacts, including potential cumulative impacts, which may ensue from future REDD+ activities or projects, and to develop sound environmental and social policies and the necessary safeguards instruments that will apply to subsequent REDD+ investments and carbon finance transactions.

20. The strategic, national and multi-sectoral nature of REDD+ readiness activities requires a strategic approach to risk management. Indigenous Peoples' rights, land tenure, public participation, and the sharing of benefits are some of the main challenges. Policy discussions related to REDD+ deal with land administration, nationwide land use planning, forest management, extractive industries, and infrastructure, among other sectors. Standard project-level environmental and social impact assessment is not appropriate at this strategic, countrywide, multi-sectoral level. In keeping with accepted instruments and practices in the field of environmental assessment, REDD Country Participants will undertake a Strategic Environmental and Social Assessment (SESA) and produce a stand-alone Environmental and Social Management Framework (ESMF) as an integral part of the REDD+ Readiness Preparation process.

21. The strength of a SESA for REDD+ is that it combines analytical work and consultation in an iterative fashion to inform the preparation of the REDD+ strategy. The SESA helps to ensure compliance with the applicable safeguards by integrating key environmental and social considerations relevant to REDD+, including all those covered by the applicable safeguards, at the earliest stage of decision making. The SESA helps Countries formulate their REDD+ strategy in a way that reflects inputs from key stakeholder groups and addresses the main environmental and social issues identified. The SESA includes an Environmental and Social Management Framework (ESMF) as a distinct output, which provides a framework for managing and mitigating the potential environmental and social impacts and risks related to investments and carbon finance transactions in the context of the future implementation of REDD+.¹⁹

22. As part of the SESA, the Country is expected to:

- a. Build on existing or undertake new diagnostic work to identify and prioritize the drivers of deforestation and the key social and environmental issues associated with the drivers, including those issues linked to the applicable safeguards. Diagnostic work covers, *inter alia*,

Declaration on Aid Effectiveness. See the 2005 Paris Declaration on Aid Effectiveness at <http://www.oecd.org/dataoecd/11/41/34428351.pdf>. Paragraph 41 includes the reference to the commitment of donors and partner countries to “develop and apply common approaches for “strategic environmental assessment” at the sector and national levels.” Also see the OECD Development Assistance Committee’s good practice guidance on Applying Strategic Environmental Assessment at <http://www.oecd.org/dataoecd/4/21/37353858.pdf>. The SESA approach is also in line with the recommendation of the 2007 Mid-Term Review of WB’s Forest Strategy that strategic assessment ought to be used to mainstream safeguards into forest sector work. WB Management has recently endorsed the SESA approach, based on which it will proceed to inform the WB’s Board of Executive Directors. More information on SESAs is available at <http://go.worldbank.org/XIVZ1WF880>. Another useful resource is the WB’s Forests Sourcebook (2008), which delves into issues relevant to SESAs in the forest sector and is available at <http://worldbank.org/forestssourcebook>. To help draw attention to the use of SESA as an environmental assessment instrument used in the context of REDD+ readiness (or various strategic activities other than REDD+ readiness) and so as to better reflect internationally accepted practice, the WB is going to insert explicit references to Strategic Environmental Assessments (SEAs), SESAs and ESMFs in its OP 4.01 on Environmental Assessment. IDB’s OP-703 Directive B.5 already provides for the use of SEAs (or SESAs) to integrate environmental and social consideration in decision-making and management of policies, plans and programs and its Environment and Safeguards Unit is in the process of developing specific guidance in this respect, based on the OECD approach. UNDP’s draft environmental and social assessment guidance also includes specific SESA guidance and is based on the OECD approach.

¹⁹ The SESA and ESMF are further described in Annexes C and D of the R-PP template. Version 5 of the R-PP template is available at www.forestcarbonpartnership.org.

- issues such as land tenure, sharing of benefits, access to resources, and the likely social and environmental impacts of REDD+ strategy options;
- b. Undertake diagnostic work on legal, policy and institutional aspects of REDD+ readiness;
 - c. Assess existing capacities and gaps to address the environmental and social issues identified;
 - d. Draft REDD+ strategy options taking into consideration the above issues;
 - e. Develop frameworks to mitigate and manage the risks of the REDD+ strategy options, including future, yet unidentified, REDD+ investments, to be included in an ESMF; and
 - f. Establish outreach, communication and consultative mechanisms with relevant stakeholders for each of the above steps. The consultations for the SESA should be integral to, and not duplicate, the consultations for REDD+ readiness. The Country's consultation plan therefore includes, among others, the consultations on social and environmental considerations.
23. The ESMF prepared as a result of the SESA will be a stand-alone document, to be produced as part of the R-Package. It is designed to identify, avoid, minimize, mitigate, and/or compensate for the adverse effects of REDD+ investments that might be undertaken in the future. The ESMF's content will depend on the extent to which future REDD+ investments have been identified. If REDD+ investments are not yet clearly identified at the R-Package stage, the ESMF produced as part of the R-Package could still be fairly general establishing principles and criteria for policy and program design and investment selection, while leaving more specific measures to be finalized once the investments are clearly identified. Conversely, if investments are already identified while the Country is still preparing itself for REDD+, the ESMF made available before the R-Package should also include more developed management plans.
24. For the ESMF to ensure compliance with the applicable safeguards, it has to contain specific sections addressing the requirements of the applicable safeguards. These sections will draw on Country-specific information and take the form of free-standing chapters that would resemble the frameworks and plans provided for in the applicable safeguards themselves, namely, as relevant:
- a. Environmental and social assessment: An environmental and social management framework to address any potential environmental impacts and risks, including cumulative and/or indirect impacts of multiple activities;
 - b. Indigenous peoples: An indigenous peoples planning framework to address any effects on indigenous peoples;
 - c. Involuntary resettlement: A restriction of access framework to address any potential land acquisition and/or physical relocation, loss of livelihoods or restriction or loss of access to natural resources, including legally designated parks and protected areas; and
 - d. Stakeholder engagement and dispute resolution: A stakeholder engagement and grievance resolution framework to ensure ongoing communication with stakeholders, good faith consideration of their concerns and mechanisms to resolve any grievances in accordance with the FCPF requirements for Stakeholder Engagement as outlined in Section V below.
25. The ESMF refers to the DPs' policies and procedures related to the applicable safeguards laid out in Section III above.²⁰ If a specific REDD+ investment in the future triggers the applicable safeguard, the Country will implement the provisions of the corresponding chapter(s) of the ESMF.

²⁰ UNDP's SESA guidance for "programmatic projects" is provided as part of UNDP's proposed environmental and social screening and assessment process. This prescriptive policy content is currently being trialed. The delivery of FCPF grants is formally included in the trial – meaning the prescriptive policy content will be applied to the FCPF grants. The Screening Template includes a process for screening projects that include support to national strategic planning processes, such as REDD+ national strategies. UNDP's ESA Guidance Note will provide specific direction for countries as they prepare ESMFs that is consistent with the WB's SESA guidance. This guidance

26. The ESMF will be integrated into ongoing consultation processes in the Country and identify any additional consultations and field work needed. Consultations should extend from the national level to the lowest level (e.g., district) where site-specific project(s) and activity(-ies), if any, will be proposed, approved, and then implemented.

V. Stakeholder Engagement in REDD+ Readiness

27. REDD+ has the potential to deliver significant benefits to indigenous peoples and other forest-dependent communities, including the sustainable management of biodiversity, the provision of alternative livelihoods, equitable benefit sharing of revenues generated from emission reductions, etc. However, if not done appropriately, it also presents risks to livelihoods, culture, biodiversity, etc. For REDD+ programs to succeed in the long term, these risks have to be identified, reduced and mitigated, and stakeholders have to be involved at the formulation and implementation stages. Stakeholders are defined as those groups that have a stake/interest/right in the forest and those that will be affected either negatively or positively by REDD+ activities. They include relevant government agencies, formal and informal forest users, private sector entities, indigenous peoples and other forest-dependent communities. The UN-REDD Programme Team and FCPF Facility Management Team have drafted guidelines applicable to the key elements of effective stakeholder engagement in the context of REDD+. ²¹ The guidelines outline:

- a. Principles for effective participation and consultation;
 - b. Operational guidelines; and
 - c. Practical “how-to” guidance on planning and implementing consultations.
28. The guidelines are underpinned by the following principles:
- a. Consultations should be premised on transparency and facilitate access to information;
 - b. The consultation process should include a broad range of relevant stakeholders at the national and local levels;
 - c. Consultations should start prior to the design phase, and be applied at every stage of the REDD+ process;
 - d. Consultations should facilitate dialogue and exchange of information, and consensus building reflecting broad community support should emerge from consultation;
 - e. Mechanisms for grievance, conflict resolution and redress must be established and accessible during the consultation process and throughout the readiness process and the implementation of REDD+ policies and measures;
 - f. The diversity of stakeholders needs to be recognized and the voices of vulnerable groups must be heard;
 - g. Special emphasis should be given to the issues of land tenure, resource use rights and property rights; and

includes direction on preparing indigenous peoples’ planning frameworks, resettlement policy frameworks, and process frameworks for situations of restricted access to natural resources within protected areas.

²¹ The draft FCPF/UN-REDD Guidelines on Stakeholder Engagement in REDD+ Readiness are available at: <http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Nov2010/FCPF%20UN-REDD%20Stakeholder%20Guidelines%20Note%20Draft%2011-17-10.pdf> and presented in Attachment 5.

- h. There should be records of consultations and a report on the outcome of the consultations that is publicly disclosed in a culturally appropriate form, including language.

VI. Disclosure of Information

29. Access to information is particularly important in the case of REDD+ readiness, given the relative novelty of the agenda, the complexity of some of the issues, and the potential impacts of some of the decisions that have to be made. FCPF Readiness Fund activities should be undertaken based on adequate information, which requires timeliness, quality, format that is culturally-appropriate and publicity. Without such information, effective consultations cannot be conducted and the right decisions cannot be made. Specifically, FCPF Readiness Fund activities must comply with the FCPF guidance on disclosure of information, which is presented in Attachment 6.

30. In addition, the following DP policies and procedures will apply:

- (1) WB: Policy on Access to Information;²²
- (2) IDB: Policy on Access to Information;²³
- (3) UNDP: Information Disclosure Policy.²⁴

VII. Dispute Resolution, Including Recourse

31. The Guidelines on Stakeholder Engagement in REDD+ Readiness, which are annexed to the R-PP template, require REDD Country Participants to establish mechanisms for grievance, conflict resolution and recourse, and to make them accessible during the consultation process and throughout the implementation of REDD+ policies and measures.

32. In its R-PP, the REDD Country Participant is requested to identify existing grievance and recourse mechanisms in place that allow disagreements to be elevated to a neutral authority, or discuss how such a mechanism could be put in place with stakeholders, at the local or national level.²⁵

33. The above FCPF-specific measures complement the standard recourse mechanisms designed to address breaches by the DP of its own policies and procedures, namely:

- (1) WB: Inspection Panel. The Inspection Panel provides a forum and process for people who believe that they may be adversely affected by WB-financed operations, by bringing their concerns to the highest decision-making levels of the WB. The Inspection Panel determines whether the WB complies with its own policies and procedures, including safeguard policies. The Inspection Panel aims to give affected people a greater voice in activities carried out by the WB that affect their rights and interests. In the process, the Inspection Panel brings greater transparency and effectiveness to WB-financed operations.²⁶

²² The WB's Policy on Access to Information is available at http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/06/03/000112742_20100603084843/Rend ered/PDF/548730AccessOI1y0Statement01Final1.pdf.

²³ The IDB's Policy on Access to Information is available at <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35167427>.

²⁴ UNDP's Information Disclosure Policy is available at <http://www.undp.org/idp/>

²⁵ See Component 1b (Information Sharing and Early Dialogue with Key Stakeholder Groups).

²⁶ The Inspection Panel process is described at: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0..contentMDK:20173251~menuPK:6>

- (2) IDB: Independent Consultation and Investigation Mechanism (ICIM). The ICIM provides a forum and process to address complaints from parties that allege that they are or might be adversely affected by IDB-financed operations. The ICIM applies to Board-approved environmental and associated safeguards, equality in gender, and information disclosure policies which apply to the design, appraisal, approval and/or implementation of IDB-financed operations, as well as those relating to the enforcement of compliance with a borrower/recipient's obligations required by such policies. The mechanism provides for a consultation/mediation phase during which an ombudsperson tries to facilitate an agreement for the resolution of the issues, and for a compliance review phase during which an independent panel reports to the Board on compliance and recommends the development of a corrective action plan if applicable.²⁷
- (3) UNDP: UNDP's Office of Audit and Investigations (OAI) provides UNDP with an independent and objective oversight mechanism through provision of audit and investigation services. Investigation services currently include a hotline for stakeholders to submit allegations related to misconduct and a procedure for managing and investigating these allegations. UNDP is currently looking at options to expand this existing mechanism so that it also provides a forum for stakeholders to bring concerns related to breaches by UNDP of its own environmental and social safeguard policies and procedures. UNDP will also complement this standard recourse mechanism with FCPF-specific measures, as outlined in the FCPF R-PP Template and in the FCPF UN-REDD Guidelines on Stakeholder Engagement with a Focus on Indigenous Peoples and other Forest Dependent Communities. These measures would encourage countries to develop their own project-specific recourse/grievance mechanisms.

[4129467~pagePK:64129751~piPK:64128378~theSitePK:380794,00.html](http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,contentMDK:21911332~menuPK:566350~pagePK:64129751~piPK:64128378~theSitePK:380794,00.html). The following page summarizes how to file a request for inspection:
<http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,contentMDK:21911332~menuPK:566350~pagePK:64129751~piPK:64128378~theSitePK:380794,00.html>.

²⁷ The Policy Establishing the Independent Consultation and Investigation Mechanism and all information related to the ICIM are available at <http://www.iadb.org/en/mici/independent-consultation-and-investigation-mechanism-mici,1752.html>.

Abbreviations

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|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ARR | Annual Review Report (UNDP) |
| BP | Bank Procedure (WB) |
| DP | Delivery Partner |
| EEG | Environment and Energy Group (UNDP) |
| EIA | Environmental Impact Assessment |
| ERPA | Emission Reductions Payment Agreement |
| ESA | Environmental and Social Assessment (UNDP) |
| ESMF | Environmental and Social Management Framework |
| ESS | Environment and Social Strategy (IDB) |
| FCPF | Forest Carbon Partnership Facility |
| FMT | Facility Management Team |
| GRM | Grant Reporting and Monitoring (WB) |
| ICIM | Independent Consultation and Investigation Mechanism (IDB) |
| IDB | Inter-American Development Bank |
| ISDS | Integrated Safeguards Data Sheet (WB) |
| LEG | Legal department (IDB and WB) |
| OECD | Organization for Economic Cooperation and Development |
| OP | Operational Policy (WB) |
| ORAF | Operational Risk Assessment Framework (ORAF) |
| PC | Participants Committee |
| PCR | Project Completion Report (IDB) |
| PIC | Public Information Center (IDB) |
| PID | Project Information Document (WB) |
| PTL | Project Team Leader (IDB) |
| PP | Project Profile (PP) |
| REDD+ | Reducing Emissions from Deforestation, Forest Degradation, Conservation of Forest Carbon Stocks, Sustainable Management of Forest and Enhancement of Forest Carbon Stocks |
| R-Package | Readiness Package |
| R-PIN | Readiness Preparation Idea Note |
| R-PP | Readiness Preparation Proposal |
| SEA | Strategic Environmental Assessment |
| SESA | Strategic Environmental and Social Assessment |
| TAP | Ad hoc Technical Advisory Panel |
| ToR | Terms of Reference |
| TTL | Task Team Leader (WB) |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNDP | United Nations Development Programme |
| WB | World Bank |

Attachments

Attachment 1: R-PP Assessment Note Template

See separate document

Attachment 2: Safeguards profile

To be provided separately:

WB: Integrated Safeguards Data Sheet (ISDS)

IDB: Environmental and Social Strategy (ESS)

UNDP: Environmental and Social Screening Template

Attachment 3: Activity profile

To be provided separately:

WB: Project Information Document (PID)

IDB: Project Profile (PP)

UNDP: Adapted PID or Adapted UN-REDD Submission Form

Attachment 4: Guidelines for Stakeholder Engagement in REDD+ Readiness

See separate document

Attachment 5: FCPF Guidance on Disclosure of Information

See separate document