

## Forest Carbon Partnership Facility (FCPF)

### Readiness Fund

#### Incorporating Environmental and Social Considerations into the Process of Getting Ready for REDD

DRAFT - October 15, 2009

*This note contains guidelines assisting FCPF REDD Country Participants in incorporating environmental and social considerations in readiness activities financed by the FCPF Readiness Fund. This incorporates international good practice, acknowledges principles of environmental strategic assessment agreed by the OECD Development Assistance Committee. It also includes compliance with World Bank safeguard policies, and reflects World Bank technical and advisory assistance and due diligence in the process. The main objectives are to develop country-specific frameworks and guidelines that comply with World Bank safeguards, and to identify areas for strengthening: (i) legal, regulatory, and policy frameworks; (ii) institutions; and (iii) mechanisms for citizen engagement. These measures are intended to form the basis for future investments for ‘REDD plus’<sup>1</sup> and carbon finance transactions.*

#### Background

1. Section 3.1 (d) of the FCPF Charter 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.”<sup>2</sup>
2. The Information Memorandum of the FCPF provides the following operational guidance<sup>3</sup>:
  - i. Section 3.4 on selection of countries into the Readiness Fund: “Any funding from the Bank would trigger the application of its safeguard policies.”
  - ii. Section 3.10 pertaining to REDD readiness activities: “During the Readiness process, the scope of application of World Bank safeguard policies will depend on the nature of the activities for which a REDD Country Participant seeks support from the Readiness Fund. Given that the precise nature of the Readiness activities

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<sup>1</sup> ‘REDD plus’ means reducing emissions from deforestation and forest degradation, conservation, sustainable forest management, and enhancement of forest carbon stocks.

<sup>2</sup> See the FCPF Charter at [http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/FCPF\\_Charter\\_06-13-08.pdf](http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/FCPF_Charter_06-13-08.pdf)

<sup>3</sup> See the FCPF Information Memorandum at [http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/FCPF\\_Info\\_Memo\\_06-13-08.pdf](http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/FCPF_Info_Memo_06-13-08.pdf)

will not be known until they are more fully elaborated in the Readiness Plan, the safeguards determination may need to be refined at that stage. At the latest, the governments and the Bank will initiate a dialogue on safeguards requirements upon approval of the R-PIN. A key feature of the safeguards policies relevant to the Readiness Process is their emphasis on consultation and impact assessment. The Readiness process should ensure that activities and strategies will not cause adverse social and environmental impacts, while also striving to enhance benefits for local communities and the environment. Towards these ends, a series of consultative and assessment measures should be followed:

- i. Consultation: As noted in Section 3.9.1, the Readiness process will involve the consultation and participation of all key stakeholders throughout the process, including forest-dependent indigenous peoples and other forest dwellers. Timely and meaningful consultation with stakeholders will be an essential feature of the design and implementation of the Readiness Package that will subsequently be developed - the Reference Scenario, the REDD Strategy, and the Monitoring System. To ensure meaningful consultation, an important step in developing the Readiness Plan and satisfying the safeguard requirements that arise at this early stage will be the preparation of a detailed consultation plan, developed with inputs from representative stakeholders, to which the REDD Country Participant commits itself for the remainder of the Readiness process including aspects of disclosure and opportunity to respond;
- ii. Social and Environmental Impacts: The REDD Country Participant (in close collaboration with relevant stakeholders) will analyze whether the proposed Readiness activities, as well as the policies and measures that will be proposed as part of the Readiness Package, are likely to have environmental and social impacts, especially for forest-dependent indigenous peoples and other forest dwellers. This process will enable the REDD Country Participant to identify likely impacts and risks, as well as opportunities, and consequently make more informed and appropriate choices between strategic options.

... The process above will only be followed if the World Bank plans to enter into a Grant Agreement with the REDD Country Participant. Without a World Bank Grant Agreement, the World's Bank safeguard policies will not apply.”

3. As provided for under Section 3.1 (d) of the FCPF Charter and Section 3.4 of the Information Memorandum, safeguard policies apply to REDD readiness activities funded by the FCPF Readiness Fund. In response to Section 3.10 of the Information Memorandum, this note clarifies how and when the World Bank safeguard policies apply to REDD readiness activities.

4. At the time of preparation of the R-PP, participating countries in consultation with World Bank specialists will identify which of the Bank's ten safeguards policies are likely to be triggered by the REDD program.<sup>4</sup> If it is unclear at the time of the R-PP which policies are

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<sup>4</sup> The ten safeguards Operational Policies (OPs) are: Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), Forests (OP 4.36), Pest Management (OP 4.09), Dam Safety (OP 4.37) Physical Cultural Resources (OP 4.11), Involuntary Resettlement (OP 4.12), Indigenous Peoples (OP 4.10), International Waterways (OP 7.50), and Disputed Areas (OP 7.60). Detailed information is available at [www.worldbank.org/safeguards](http://www.worldbank.org/safeguards). A summary of key principles under each of the World Bank's ten safeguards policies is provided in Annex 1 to this note. Bank and other specialists will assist

triggered, a determination and agreement on this will be reached as early as possible in the preparation of the R-Package, and reflected in the progress report that is produced during preparation. This project report is discussed in a Quality Enhancement Review (QER) organized by the Bank.

5. In addition to the safeguards policies, the Bank's policy on disclosure also applies to preparation of the Readiness Package.

### **Readiness Activities under the FCPF**

6. REDD readiness activities, in the context of the FCPF Readiness Fund, are limited to early planning, i.e., analytical work, consultations and system design to serve as the basis for future activities (including policies and projects) designed to reduce emissions from deforestation and forest degradation, and possibly also increase carbon stocks through conservation, sustainable forest management, and reforestation. The FCPF Readiness Fund is not intended to fund projects or investments on the ground.

7. A REDD Country selected into the FCPF on the basis of its Readiness Preparation Idea Note (R-PIN), may choose to formulate a Readiness Preparation Proposal (R-PP) for submission to the FCPF Participants Committee (PC) with a view to gaining access to financial and technical assistance. If it does, it uses this assistance to prepare a Readiness Package, which encapsulates the work accomplished by the country to become 'ready for REDD'. The Readiness Package will consist of outputs that result from the following main activities: (i) diagnosis of the situation with respect to deforestation and degradation; (ii) formulation adoption of a reference scenario of emissions and land-use change; (iii) formulation of refinement of a REDD strategy, and a strategy implementation framework; (iv) design of a measurement, reporting and verification (MRV) system; and (v) conduct of the necessary consultations to ensure participatory adoption/design of the elements above. REDD readiness is the state that a country aims to reach as an outcome of its preparation process, and to which the FCPF Readiness Fund contributes. A country may need to undertake further work beyond the Readiness Package to prepare itself more fully for engaging in REDD. For example, the implementation of institutional or legal reforms, together with the adoption of specific policies and the implementation of systems designed as part of getting ready for REDD, may be necessary using other assistance than the Readiness Fund's that may lead to further improvements over time.

8. In World Bank parlance, the activities carried out with support from the Readiness Fund constitute preparation. The implementation of policies and projects are beyond the scope of what is eligible under the Readiness Fund. However, should it become necessary, on an exceptional basis, to finance the implementation of policies and projects under the Readiness Fund, the safeguard instruments required by the safeguard policies would have to be prepared and applied as they are in standard Bank-financed projects.

### **Designing an Appropriate Approach to Environmental and Social Quality Enhancement and Risk Management: Strategic Environmental and Social Assessment**

9. The multi-sectoral, programmatic nature of preparation for REDD readiness requires a strategic approach. Standard project-level environmental impact assessment is not

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governments and other key stakeholder groups such as civil society organizations in preparing the necessary studies, consultations, and management frameworks required to comply with the policies.

appropriate at this strategic level. A Strategic Environmental and Social Assessment (SESA) has therefore been selected as the appropriate approach for incorporating relevant environmental and social considerations.

10. The strength of SESA for REDD is that it combines analytical and participatory approaches in an iterative fashion throughout the preparation of the Readiness Package. The SESA aims to integrate key environmental and social considerations relevant to REDD at the earliest stage of decision making, establishing their inter-linkages with economic and political factors.<sup>5</sup> The SESA facilitates this planning process to help governments formulate their Readiness Packages in a way that reflects inputs from key stakeholder groups and addresses the main environmental and social issues identified. Through this process, social and environmental opportunities and desirable outcomes are identified and agreed on, to ensure that the REDD program will be sustainable and contribute to the country's development objectives.

11. The SESA provides inputs for institutional strengthening and criteria for risk management. The Readiness Package will include applicable environmental and social management frameworks consistent with World Bank safeguard policies for screening, impact assessment, and consultations in potential REDD programs and projects.

12. The SESA is consistent 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 Declaration on Aid Effectiveness.<sup>6</sup>

### **SESA in Relation to the Phases of the Readiness Preparation Process**

13. The preparatory work carried out under the Readiness Fund breaks down into two phases, namely:

1. The Proposal Formulation phase, starting with the formulation of the Readiness Preparation 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 its R-PP, possibly with assistance from the FCPF, including a grant of up to US\$200,000 (referred to here as phase 1 of the Readiness Preparation Grant), considered as seed money for R-PP formulation. If the country formulates an R-PP, it may submit it to the Participants Committee for review and assessment and may obtain a grant

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<sup>5</sup> More information on SESAs is available at <http://go.worldbank.org/XIVZ1WF880>. Another useful resource is the Forests Sourcebook prepared by the World Bank in 2008, which delves into issues relevant to SESAs in the forest sector and is available at <http://worldbank.org/forestssourcebook>.

<sup>6</sup> 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 latter document is also available in French at <http://www.oecd.org/dataoecd/4/20/37354750.pdf> and in Spanish at <http://www.oecd.org/dataoecd/54/14/39177283.pdf>.

of up to US\$3.6 million to fund the following phase (referred to here as phase 2 of the Readiness Preparation Grant); and

2. The Preparation phase, during which the analytical and early planning work provided for in the R-PP is realized, and which concludes with the review and assessment of the Readiness Package.

14. The SESA parallels this two-phase approach. During the Formulation Phase (phase 1), before the Readiness Preparation Grant Agreement is signed, a rapid scoping exercise and initial consultations, as part of the first phase of the SESA, are conducted by the REDD country. This is based primarily on readily available information and secondary data sources. It includes the formulation of Terms of Reference (ToR) for the second, more in-depth, phase of the SESA.<sup>7</sup> The first phase of the SESA consists of the following steps:

- i. Conduct preliminary diagnostic work based on secondary data sources and expert opinions, which consists of an initial analysis of key environmental and social issues relevant to REDD in the country (e.g., state of environmental assets including biomass, biodiversity, etc.; social diversity, including Indigenous Peoples and gender; drivers of deforestation and/or forest degradation in and outside of the forest sector). This should to the extent possible reflect existing analytical work and earlier consultations, to avoid duplication of effort and ensure consistency and continuity in the process;
- ii. Discuss potential opportunities and risks related to possible REDD readiness activities based on the emerging approach to REDD in the country at the current stage of preparation;
- iii. Conduct a preliminary stakeholder analysis (Who is likely to win? Who is likely to lose? Who wields influence in the process? Who is vulnerable and lacks influence? What are appropriate methods and fora for engaging with these stakeholders?);
- iv. Based on the findings of (i), (ii) and (iii) above, conduct initial consultations on the ToR for phase 2 with representatives of key stakeholder groups in a transparent manner. These consultations are embedded in the overall consultations on the R-PP.<sup>8</sup>

15. During the Preparation Phase (phase 2), as an input to the Readiness Package, before the latter is reviewed and assessed by the Participants Committee, the country carries out the second phase of the SESA guided by the ToR prepared in phase 1:

- i. Build upon and complete the diagnostic work required, including a more structured and detailed stakeholder analysis and assessment of the key environmental and social issues relevant to REDD;
- ii. Assess the policy, legal, regulatory, institutional, and capacity gaps to implement REDD and to manage the key environmental and social issues relevant to REDD;

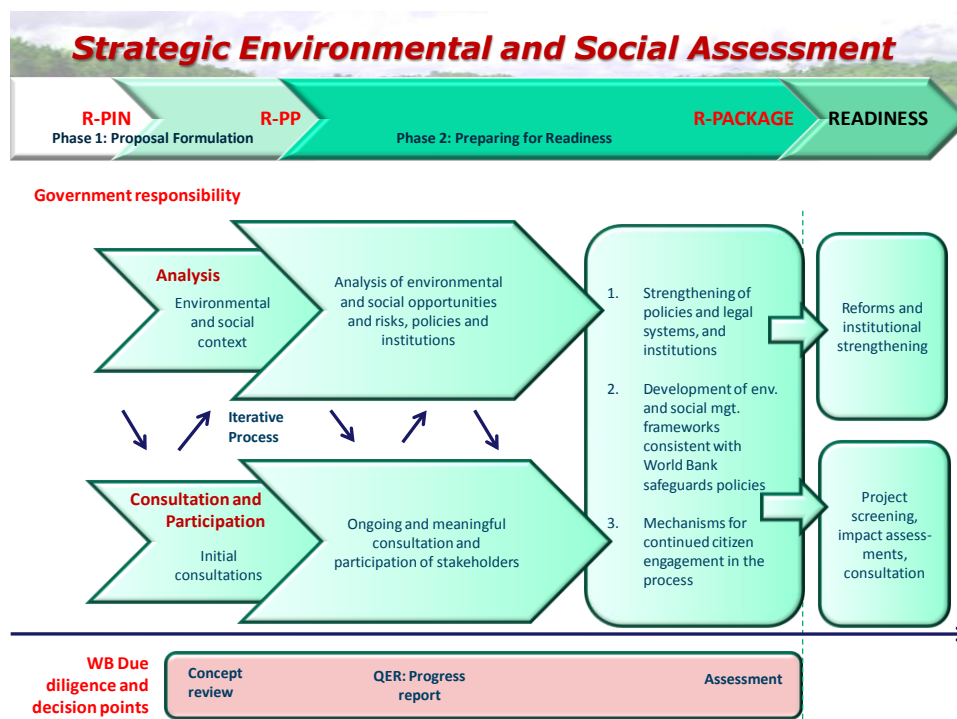
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<sup>7</sup> If a strategic environmental assessment has already been used for a related purpose in the country, it may be possible to use its findings in the context of the preparation for REDD.

<sup>8</sup> The country and the Bank would agree on who the representatives of key stakeholder groups are. The consultations should be meaningful, with adequate prior information, time to review, and transparent consideration of inputs, suggestions and concerns by different groups. Simple information exchanges do not qualify as meaningful consultations. Community-level consultations may be conducted at this stage but are not required. The consultations to be carried out during this phase are not a substitute for more systematic, in-depth consultations during the preparation of the Readiness Package.

- iii. Conduct transparent consultations on core environmental and social issues relevant to REDD involving representatives of key stakeholders and interest groups (including forest-dependent indigenous peoples and other forest-dependent people, based on the principle of free, prior and informed consultation, seeking to build broad community support among concerned groups); and
- iv. Finalize proposals for addressing policy, legal, regulatory, institutional and capacity gaps; and finalize environmental and social management frameworks, incorporating procedures for ongoing consultations with concerned stakeholder groups, capacity building measures as needed, and procedures for project-specific environmental and social impact assessments and mitigation measures.

16. The figure below summarizes the SESA process against the backdrop of the two phases of readiness work.



### Consultation as a Continuous Process

17. Just as the SESA itself is not a one-off exercise, consultations are not done and concluded at one point in time. Instead, consultations are conducted throughout the readiness preparation process and focused on different questions at different points in the process. As the process evolves and the country makes progress towards REDD readiness, the questions that are subject to consultations become increasingly detailed and concrete, thereby providing more advanced policy formulation inputs.

18. Principles of good practice in consultations include the following<sup>9</sup>:

<sup>9</sup> More detailed guidance is provided in the FCPF Note on Consultation and Participation available at [www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)

- i. Consultations should be premised on transparency and facilitate access to information. Access to information provides an important guard against arbitrariness in public decision making, and can help enhance transparency and accountability. In the context of REDD, information dissemination at all levels will be a critical pre-requisite to meaningful consultations. Public awareness and information, education and communication campaigns are important vehicles for ensuring that key stakeholders understand the objectives of REDD and their role in the process, and can make informed and substantive contributions to the formulation of REDD strategies and policies.
- ii. Consultations should facilitate meaningful participation at all levels. The consultation process should be inclusive and not be seen as top-down process. It is therefore important to establish structures and mechanisms to manage the process which includes a broad range of relevant stakeholders at the national and local level. National REDD committees should have representatives from relevant stakeholder groups with direct participation by Indigenous Peoples and civil society groups, including but not limited to development NGOs. In addition to setting national committees, participatory forums and structures need to be established at the local level to ensure active engagement of local stakeholders.
- iii. Consultations should facilitate dialogue, exchange of information and consensus building. Effective forest governance within REDD will entail genuine ownership by all relevant stakeholders. This requires time for mutual understanding and the acceptance of goals and strategies; and facilitating collaboration and consensus.
- iv. Mechanisms for grievance, conflict resolution and redress must be established and accessible during the consultation process, and throughout the implementation of REDD policies and measures.
- v. Recognizing diverse stakeholders and strengthen the voice of vulnerable groups especially IPs and forest dwellers. Different stakeholders have different stakes and /or interest in REDD and some may be positively or negatively impacted, so the consultation should be held at various levels. Special emphasis should be given to the issue of IPs in relation to land tenure and resource use rights and property rights. In many tropical forest countries, land tenure and policy frameworks for IPs are unclear as they often have customary/ancestral rights that are not necessarily codified in or are inconsistent with national laws. The other important issue to consider for IPs and other forest dwellers is that of livelihoods. Consultations with IPs and forest dwellers should use wherever possible existing networks and local level institutions.
- vi. Consultation processes should link directly to planning and decision making processes. It is critical to have feedback loop. Information gleaned from the consultation process has to be incorporated into policy design and decision making processes. It is also important to ensure the public disclosure of all information and analysis gathered from the consultation process. It should be clearly, publicly documented how views gathered through the consultation process have been taken into account and where they have not, explanations provided as to why they were not incorporated.

## **SESA as Input to Policies and Institutional Strengthening**

19. As discussed above, the SESA is a process that identifies policy, legal, regulatory, institutional, and capacity gaps that may undermine the environmental and social sustainability of REDD. It provides specific recommendations for policy, legal and regulatory adjustments, and institutional strengthening and capacity building to address these gaps effectively during the future implementation of REDD activities.

### **SESA as Input to Frameworks for Social and Environmental Management**

20. The outputs of the second phase of the SESA include environmental and social management frameworks consistent with World Bank Safeguard Policies. These frameworks would be applied to specific investments and programs, including carbon finance transactions, in the context of the future implementation of the Readiness Package.

### **Bank's Assistance and Due Diligence**

21. As in general with respect to the Readiness Fund, the Bank's role entails providing assistance to the REDD country, ensuring not just that the Bank's applicable Operational Policies and Procedures are followed, but also that the country can take maximum advantage of international good practice standards.

22. Although the Bank provides assistance, the REDD country itself is responsible for designing and conducting the SESA. The Bank task team provides advice to the REDD country, including on how to design and conduct a SESA. To facilitate the REDD country's tasks, the Bank has prepared generic ToR for the second phase of the SESA (please see Annex 2). These model ToR should be adapted to the specific circumstances of the REDD country.

23. As part of its due diligence, the Bank, represented by the task team, reviews the design and conduct of the SESA to ensure that good practice standards are met. The task team's assessment of the quality of the SESA ToR is summarized in the R-PP Assessment Note and subject to clearance by the Sector Manager and Regional Safeguards Coordinator, with inputs from ARD, ENV, LEGEN, OPCS and SDV.

24. Towards the end of the Preparation Phase, the Bank task team produces a second assessment of the conduct of the SESA, as it now relates to the preparation of the country's Readiness Package, and summarizes this assessment, together with other considerations, in the Readiness Package Assessment Note.

### **Disclosure Requirements in the SESA**

25. Transparency of the information and access to information to all stakeholders are key requirements of the SESA. The following table summarizes disclosure requirements:

<b>Item to be disclosed</b>	<b>Party responsible for disclosure</b>	<b>Disclosure medium</b>	<b>Time of disclosure</b>
Draft R-PIN	Government	Paper or electronic distribution to all relevant stakeholders	As soon as possible before sending it to FMT
R-PIN of selected country	FMT	FCPF website	Within 14 days after selection by Participants Committee



Item to be disclosed	Party responsible for disclosure	Disclosure medium	Time of disclosure
Draft R-PP	<ul style="list-style-type: none"> <li>• Government</li> <li>• FMT</li> </ul>	<ul style="list-style-type: none"> <li>• Paper or electronic distribution to all relevant stakeholders</li> <li>• FCPF website</li> </ul>	<ul style="list-style-type: none"> <li>• As soon as possible before sending it to FMT</li> <li>• 14 days prior to FCPF Participants Committee meeting</li> </ul>
Summary of Bank's R-PP Assessment Note	FMT	FCPF website	14 days prior to FCPF Participants Committee meeting assessing the R-PP
ToR for phase 2 of SESA	<ul style="list-style-type: none"> <li>• Government</li> <li>• FMT</li> </ul>	<ul style="list-style-type: none"> <li>• Local press</li> <li>• FCPF website</li> </ul>	30 days prior to signature of Readiness Preparation Grant
Signed Readiness Grant Agreement	<ul style="list-style-type: none"> <li>• Government</li> <li>• FMT</li> </ul>	<ul style="list-style-type: none"> <li>• Local press</li> <li>• FCPF website</li> </ul>	Within 2 weeks of signature
Progress Report	Government	Paper or electronic distribution to all relevant stakeholders	As soon as possible before sending it to FMT
Summary of Bank's Quality Enhancement Review report	FMT	FCPF website	14 days prior to FCPF Participants Committee meeting hearing the Progress Report
Draft Readiness Package	Government	Paper or electronic distribution to all relevant stakeholders	As soon as possible before sending it to FMT
Summary of Bank's Readiness Package Assessment Note	FMT	FCPF website	14 days prior to FCPF Participants Committee meeting assessing the Readiness Package

## Annex 1: Environmental and Social Safeguard Policies - Policy Objectives and Operational Principles

(Source: <http://go.worldbank.org/XFBVTIUDK0>)

The table below summarizes key policy objectives and operational principles of the Bank's ten safeguard policies. It is identical to Table A1 in OP 4.00, "Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects", and is included here to provide an overview of the objectives and principles of the Bank's safeguards. However, the FCPF REDD readiness preparation process does not reflect country systems engagement or constitute a pilot as defined in OP 4.00. The table is provided to assist REDD Country Participants, Bank task teams, and other concerned stakeholder groups in the early identification of likely safeguards policies that need to be triggered in each country. Once this has been done, the relevant procedures of the applicable policies will be applied in full, as described in the individual policies.

<i>Objectives</i>	<i>Operational Principles</i>
<b>A. Environmental Assessment</b>	
To help ensure the environmental and social soundness and sustainability of investment projects.	1. Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment (EA) so that appropriate studies are undertaken proportional to potential risks and to direct, and, as relevant, indirect, cumulative, and associated impacts. Use sectoral or regional environmental assessment when appropriate.
To support integration of environmental and social aspects of projects into the decision making process.	2. Assess potential impacts of the proposed project on physical, biological, socio-economic and physical cultural resources, including transboundary and global concerns, and potential impacts on human health and safety.
	3. Assess the adequacy of the applicable legal and institutional framework, including applicable international environmental agreements, and confirm that they provide that the cooperating government does not finance project activities that would contravene such international obligations.
	4. Provide for assessment of feasible investment, technical, and siting alternatives, including the "no action" alternative, potential impacts, feasibility of mitigating these impacts, their capital and recurrent costs, their suitability under local conditions, and their institutional, training and monitoring requirements associated with them.
	5. Where applicable to the type of project being supported, normally apply the Pollution Prevention and Abatement Handbook (PPAH). Justify deviations when alternatives to measures set forth in the PPAH are selected.

<i>Objectives</i>	<i>Operational Principles</i>
	6. Prevent and, where not possible to prevent, at least minimize, or compensate for adverse project impacts and enhance positive impacts through environmental management and planning that includes the proposed mitigation measures, monitoring, institutional capacity development and training measures, an implementation schedule, and cost estimates.
	7. Involve stakeholders, including project-affected groups and local nongovernmental organizations, as early as possible, in the preparation process and ensure that their views and concerns are made known to decision makers and taken into account. Continue consultations throughout project implementation as necessary to address EA-related issues that affect them.
	8. Use independent expertise in the preparation of EA where appropriate. Use independent advisory panels during preparation and implementation of projects that are highly risky or contentious or that involve serious and multi-dimensional environmental and/or social concerns.
	9. Provide measures to link the environmental assessment process and findings with studies of economic, financial, institutional, social and technical analyses of a proposed project.
	10. Provide for application of the principles in this Table to subprojects under investment and financial intermediary activities.
	11. Disclose draft EA in a timely manner, before appraisal formally begins, in an accessible place and in a form and language understandable to key stakeholders.

<i>Objectives</i>	<i>Operational Principles</i>
<b>B. Natural Habitats</b>	
To promote environmentally sustainable development by supporting the protection, conservation, maintenance, and rehabilitation of natural habitats and their functions.	1. Use a precautionary approach to natural resources management to ensure opportunities for environmentally sustainable development. Determine if project benefits substantially outweigh potential environmental costs.
	2. Avoid significant conversion or degradation of critical natural habitats, including those habitats that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value, or (d) recognized as protected by traditional local communities.
	3. Where projects adversely affect non-critical natural habitats, proceed only if viable alternatives are not available, and if appropriate

<i>Objectives</i>	<i>Operational Principles</i>
	conservation and mitigation measures, including those required to maintain ecological services they provide, are in place. Include also mitigation measures that minimize habitat loss and establish and maintain an ecologically similar protected area.
	4. Whenever feasible, give preference to siting projects on lands already converted.
	5. Consult key stakeholders, including local nongovernmental organizations and local communities, and involve such people in design, implementation, monitoring, and evaluation of projects, including mitigation planning.
	6. Provide for the use of appropriate expertise for the design and implementation of mitigation and monitoring plans.
	7. Disclose draft mitigation plan in a timely manner, before appraisal formally begins, in an accessible place and in a form and language understandable to key stakeholders.

<i>Objectives</i>	<i>Operational Principles</i>
<b>C. Pest Management</b>	
<b>[This text refers to Integrated Pest Management (IPM) as defined in OP 4.09].</b>	
To minimize and manage the environmental and health risks associated with pesticide use and promote and support safe, effective, and environmentally sound pest management.	1. Promote use of demand driven, ecologically based biological or environmental pest management practices (Integrated Pest Management [IPM] in agricultural projects and Integrated Vector Management [IVM] in public health projects) and reduce reliance on synthetic chemical pesticides. Include assessment of pest management issues, impacts and risks in the EA process.
	2. Procure pesticides contingent on an assessment of the nature and degree of associated risks, taking into account the proposed use and intended users. Do not procure formulated products that are in WHO Classes IA and IB, or formulations of products in Class II unless there are restrictions that are likely to deny use or access to lay personnel and others without training or proper equipment Reference: WHO's "Recommended Classification of Pesticides by Hazard and Guidelines to Classification" (IOMC, 2000-2002).
	3. Follow the recommendations and minimum standards as described in the United Nations Food and Agriculture Organization (FAO)

<i>Objectives</i>	<i>Operational Principles</i>
	International Code of Conduct on the Distribution and Use of Pesticides (Rome, 2003) and procure only pesticides that are manufactured, labeled, handled, stored, applied and disposed of according to acceptable standards as described in FAO Pesticide Guidelines on Storage, Labeling, and Disposal (Rome, 1985).
	4. Support policy reform and institutional capacity development to (a) enhance implementation of IPM- and IVM-based pest management, and (b) regulate and monitor the distribution and use of pesticides.
	5. Disclose draft mitigation plan in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.

<i>Objectives</i>	<i>Operational Principles</i>
<b>D. Involuntary Resettlement</b>	
To avoid or minimize involuntary resettlement and, where this is not feasible, to assist displaced persons in improving or at least restoring their livelihoods and standards of living in real terms relative to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.	1. Assess all viable alternative project designs to avoid, where feasible, or minimize involuntary resettlement.
	2. Through census and socio-economic surveys of the affected population, identify, assess, and address the potential economic and social impacts of the project that are caused by involuntary taking of land (e.g., relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, whether or not the affected person must move to another location) or involuntary restriction of access to legally designated parks and protected areas.
	3. Identify and address impacts also if they result from other activities that are (a) directly and significantly related to the proposed project, (b) necessary to achieve its objectives, and (c) carried out or planned to be carried out contemporaneously with the project.
	4. Consult project-affected persons, host communities and local nongovernmental organizations, as appropriate. Provide them opportunities to participate in the planning, implementation, and monitoring of the resettlement program, especially in the process of

<i>Objectives</i>	<i>Operational Principles</i>
	<p>developing and implementing the procedures for determining eligibility for compensation benefits and development assistance (as documented in a resettlement plan), and for establishing appropriate and accessible grievance mechanisms. Pay particular attention to the needs of vulnerable groups among those displaced, especially those below the poverty line, the landless, the elderly, women and children, Indigenous Peoples, ethnic minorities, or other displaced persons who may not be protected through national land compensation legislation.</p>
	<p>5. Inform displaced persons of their rights, consult them on options, and provide them with technically and economically feasible resettlement alternatives and needed assistance, including (a) prompt compensation at full replacement cost for loss of assets attributable to the project; (b) if there is relocation, assistance during relocation, and residential housing, or housing sites, or agricultural sites of equivalent productive potential, as required; (c) transitional support and development assistance, such as land preparation, credit facilities, training or job opportunities as required, in addition to compensation measures; (d) cash compensation for land when the impact of land acquisition on livelihoods is minor; and (e) provision of civic infrastructure and community services as required.</p>
	<p>6. Give preference to land-based resettlement strategies for displaced persons whose livelihoods are land-based.</p>
	<p>7. For those without formal legal rights to lands or claims to such land that could be recognized under the laws of the country, provide resettlement assistance in lieu of compensation for land to help improve or at least restore their livelihoods.</p>
	<p>8. Disclose draft resettlement plans, including documentation of the consultation process, in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.</p>
	<p>9. Apply the principles described in the involuntary resettlement section of this Table, as applicable and relevant, to subprojects requiring land acquisition.</p>
	<p>10. Design, document, and disclose before appraisal of projects involving involuntary restriction of access to legally designated parks and protected areas, a participatory process for: (a) preparing and implementing project components; (b) establishing eligibility criteria; (c) agreeing on mitigation measures that help improve or restore livelihoods in a manner that maintains the sustainability of the park or protected area; (d) resolving conflicts; and (e) monitoring implementation.</p>

<i>Objectives</i>	<i>Operational Principles</i>
	11. Implement all relevant resettlement plans before project completion and provide resettlement entitlements before displacement or restriction of access. For projects involving restrictions of access, impose the restrictions in accordance with the timetable in the plan of actions.
	12. Assess whether the objectives of the resettlement instrument have been achieved, upon completion of the project, taking account of the baseline conditions and the results of resettlement monitoring.

<i>Objectives</i>	<i>Operational Principles</i>
<b>E. Indigenous Peoples</b>	
To design and implement projects in a way that fosters full respect for Indigenous Peoples' dignity, human rights, and cultural uniqueness and so that they: (a) receive culturally compatible social and economic benefits; and (b) do not suffer adverse effects during the development process.	1. Screen early to determine whether Indigenous Peoples are present in, or have collective attachment to, the project area. Indigenous Peoples are identified as possessing the following characteristics in varying degrees: self-identification and recognition of this identity by others; collective attachment to geographically distinct habitats or ancestral territories and to the natural resources in these habitats and territories; presence of distinct customary cultural, economic, social or political institutions; and indigenous language.
	2. Undertake free, prior and informed consultation with affected Indigenous Peoples to ascertain their broad community support for projects affecting them and to solicit their participation: (a) in designing, implementing, and monitoring measures to avoid adverse impacts, or, when avoidance is not feasible, to minimize, mitigate, or compensate for such effects; and (b) in tailoring benefits in a culturally appropriate manner.
	3. Undertake social assessment or use similar methods to assess potential project impacts, both positive and adverse, on Indigenous Peoples. Give full consideration to options preferred by the affected Indigenous Peoples in the provision of benefits and design of mitigation measures. Identify social and economic benefits for Indigenous Peoples that are culturally appropriate, and gender and inter-generationally inclusive and develop measures to avoid, minimize and/or mitigate adverse impacts on Indigenous Peoples.
	4. Where restriction of access of Indigenous Peoples to parks and protected areas is not avoidable, ensure that the affected Indigenous Peoples' communities participate in the design, implementation, monitoring and evaluation of management plans for such parks and protected areas and share equitably in benefits from the parks and

<i>Objectives</i>	<i>Operational Principles</i>
	protected areas.
	5. Put in place an action plan for the legal recognition of customary rights to lands and territories, when the project involves: (a) activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples traditionally owned, or customarily used or occupied; or (b) the acquisition of such lands.
	6. Do not undertake commercial development of cultural resources or knowledge of Indigenous Peoples without obtaining their prior agreement to such development.
	7. Prepare an Indigenous Peoples Plan that is based on the social assessment and draws on indigenous knowledge, in consultation with the affected Indigenous Peoples' communities and using qualified professionals. Normally, this plan would include a framework for continued consultation with the affected communities during project implementation; specify measures to ensure that Indigenous Peoples receive culturally appropriate benefits, and identify measures to avoid, minimize, mitigate or compensate for any adverse effects; and include grievance procedures, monitoring and evaluation arrangements, and the budget for implementing the planned measures.
	8. Disclose the draft Indigenous Peoples Plan, including documentation of the consultation process, in a timely manner before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.
	9. Monitor implementation of the Indigenous Peoples Plan, using experienced social scientists.

<i>Objectives</i>	<i>Operational Principles</i>
<b>F. Forests</b>	
To realize the potential of forests to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development, and protect the vital local and global environmental services and values of forests.	1. Screen as early as possible for potential impacts on forest health and quality and on the rights and welfare of the people who depend on them. As appropriate, evaluate the prospects for new markets and marketing arrangements.
	2. Do not finance projects that would involve significant conversion or degradation of critical forest areas or related critical natural habitats,



<i>Objectives</i>	<i>Operational Principles</i>
	or that would contravene applicable international environmental agreements.
	3. Do not finance natural forest harvesting or plantation development that would involve any conversion or degradation of critical forest areas or related critical natural habitats.
	4. Support projects that adversely impact non-critical natural forests or related natural habitats only if viable alternatives to the project are not available and only if appropriate conservation and mitigation measures are in place.
	5. Support commercial, industrial-scale forest harvesting only when the operation is certified, under an independent forest certification system, as meeting, or having a time-bound action plan to meet, internationally recognized standards of responsible forest management and use.
	6. Ensure that forest restoration projects maintain or enhance biodiversity and ecosystem functionality and that all plantation projects are environmentally appropriate, socially beneficial and economically viable.
	7. Give preference to small-scale community-level management approaches where they best reduce poverty in a sustainable manner.
	8. Support commercial harvesting by small-scale landholders, local communities or entities under joint forest management where monitoring with the meaningful participation of local communities demonstrates that these operations achieve a standard of forest management consistent with internationally recognized standards of responsible forest use or that they are adhering to an approved time-bound plan to meet these standards.
	9. Use forest certification systems that require: (a) compliance with relevant laws; (b) recognition of, and respect for, legal or customary land tenure and use rights as well as the rights of Indigenous Peoples and workers; (c) measures to enhance sound community relations; (d) conservation of biological diversity and ecological functions; (e) measures to maintain or enhance environmentally sound multiple benefits from the forest; (f) prevention or minimization of environmental impacts; (g) effective forest management planning; (h) active monitoring and assessment of relevant forest management areas; and (i) independent, cost effective, third-party assessment of forest management performance against measurable performance standards defined at the national level and compatible with internationally accepted principles and criteria of sustainable forest management

<i>Objectives</i>	<i>Operational Principles</i>
	through decision making procedures that are fair, transparent, independent, designed to avoid conflict of interest and involve the meaningful participation of key stakeholders, including the private sector, Indigenous Peoples, and local communities.
	10. Disclose any time-bound action plans in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.

<i>Objectives</i>	<i>Operational Principles</i>
<b>G. Physical Cultural Resources</b>	
To assist in preserving physical cultural resources and avoiding their destruction or damage. PCR includes resources of archaeological, paleontological, historical, architectural, religious (including graveyards and burial sites), aesthetic, or other cultural significance.	1. Use an environmental assessment (EA) or equivalent process to identify PCR and prevent or minimize or compensate for adverse impacts and enhance positive impacts on PCR through site selection and design.
	2. As part of the EA, as appropriate, conduct field based surveys, using qualified specialists.
	3. Consult concerned government authorities, relevant non-governmental organizations, relevant experts and local people in documenting the presence and significance of PCR, assessing the nature and extent of potential impacts on these resources, and designing and implementing mitigation plans.
	4. For materials that may be discovered during project implementation, provide for the use of "chance find" procedures in the context of the PCR management plan or PCR component of the environmental management plan.
	5. Disclose draft mitigation plans as part of the EA or equivalent process, in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.

<i>Objectives</i>	<i>Operational Principles</i>
<b>H. Safety of Dams</b>	
To assure quality and safety in the design and construction of new dams and the rehabilitation of existing dams, and in carrying out activities that may be affected by an existing dam.	1. Identify existing dams and dams under construction that can influence the performance of the project and implement necessary safety measures/remedial works.
	2. Use experienced and competent professionals to design and supervise the construction, operation, and maintenance of dams and associated works.
	3. Develop detailed plans, including for construction supervision, instrumentation, operation and maintenance and emergency preparedness.
	4. Use independent advice on the verification of design, construction, and operational procedures and appoint independent panels of experts for large or high hazard dams.
	5. Use contractors that are qualified and experienced to undertake planned construction activities.
	6. Carry out periodic safety inspections of new/rehabilitated dams after completion of construction/rehabilitation, review/monitor implementation of detailed plans and take appropriate action as needed.

## Annex 2: Generic and Indicative Terms of Reference for a SESA Related to REDD Readiness

### COLOR KEY:

blue = Guidance to those customizing the ToR, explaining what should go into the various sections

black = Actual text for a customized ToR

green = Description of outputs

## I. INTRODUCTORY SECTION

### A. BACKGROUND

This section:

- States the purpose of the ToR and identifies the REDD strategy or program<sup>10</sup> to be assessed - this should draw from the SESA guidelines
- Should also state that the TORs are for the second phase of the SESA

### B. SESA OBJECTIVES

This section:

- States the purpose and value of SESA in relation to the REDD strategy under consideration
  - The SESA will provide a full description of key environmental and social issues associated with the implementation of a proposed REDD strategy and a gap analysis of capacities, systems and resources to manage them. Specific institutional strengthening and capacity building recommendations as well as risk management frameworks are the expected outcome of SESA.
  - SESA will also facilitate a participatory process in which various alternatives for strategy design, implementation, and monitoring and evaluation can be assessed and prioritized by key stakeholders in light of these key issues.

A typical REDD strategy promotes reduction in deforestation and degradation. A REDD strategy can include legal, regulatory and policy reforms, and institutional measures for achieving this main objective.

- - States the contribution of SESA to REDD readiness in the context of the FCPF Readiness Fund (again draw from the guidelines)

### C. APPLICATION OF WORLD BANK SAFEGUARD POLICIES

This section:

- Presents the results of the initial assessment of safeguard policies application
- Graphically represents the key decision points related to the final determination of which safeguard policies are triggered, and relates these points to the processing steps for the Readiness Fund
  - Based on an initial assessment, the following World Bank safeguard policies are expected to apply:<sup>11</sup>
    - OP/BP 4.01, Environmental Assessment
    - OP/BP 4.04, Natural Habitats
    - OP/BP 4.36, Forests
    - OP/BP 4.11, Physical Cultural Resources

<sup>10</sup> From SEA: “policies, programs, and plans” (PPPs). Since “strategy” is most commonly used in relation to REDD that is how it will be referred to from here on.

<sup>11</sup> This is a tentative list; more policies might need to be listed depending on the country operational context .

- OP/BP 4.10, Indigenous Peoples
- OP/BP 4.12, Involuntary Resettlement
- Given the sensitivity and diversity of potential impacts resulting from the implementation of the agreed-upon REDD strategy, activities related to the FCPF readiness process for [country x] are considered to be category-“A” for the purposes of environmental assessment categorization.

#### D. DESIGN

This section:

- Refers to the two parallel tracks of the assessment: Analytical and consultative/participatory
- Describes the various stages of the assessment, ideally through a graphical representation of it. One good way to do this would be with a Gantt chart. It could also be necessary to include additional graphics.<sup>12</sup> The level of specificity provided here would be highly dependent on country circumstances, which would themselves indicate the most appropriate tools and methods to use. Whatever the case, the information/graphics used should provide a clear idea of the timing and sequencing of assessment actions, institutional arrangements for the implementation of SESA (i.e., leading agency, multisectoral committee, etc. ) roles and responsibilities, and consultation and information dissemination plans
- Explains the need to coordinate with and draw from other relevant studies and documents, such as the Reference Scenario, the drivers of deforestation analysis, and the master Consultation Plan

## II. IMPLEMENTATION OF THE SESA:

The analysts conducting the SESA will be responsible for carrying out SESA in two phases.

For the first phase draw from the SESA guidelines (para. 14)

In the second stage the following task will be undertaken:  
)

#### F. REDD STRATEGY

- Describe the key components of the government’s REDD Strategy
- Identify the **means of implementation**, in which the likeliest vehicles or transmission channels for implementing the strategy are identified<sup>13</sup>
- Partnerships
- Private sector investments
- Community development subprojects

#### E. OVERALL CONTEXT

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<sup>12</sup> For example, if a series of scenario-building meetings are to be held, then a flowchart such as that on p. 249 of the WB TIPS Sourcebook (2007) could be inserted.

<sup>13</sup> The list that follows is notional; this would have to be customized according to particular country circumstances.

- Based upon a diagnostic work based on fieldwork, expert opinion and secondary data analyze the key social and environmental issues associated with REDD in the country within the historical, political, economic and institutional national or sub-national context, in which the REDD strategy is being developed.
- Along with this diagnosis, a detailed stakeholder analysis will be conducted to obtain a comprehensive understanding on social groups which are likely to be affected (positively or negatively) by implementation of the REDD Strategy and which are likely to support or oppose the strategy. An ex-ante analysis of groups, political parties, organizations and people that are likely to benefit and lose through the REDD's activities and resulting changes to short- to medium-term development, allows to a) protect groups that might be at risk of losing, b) identify potential supporters in forthcoming debates and negotiations, and c) understand the political economy dimensions of the responses to REDD.

#### G. MANAGEMENT OF KEY SOCIAL AND ENVIRONMENTAL CONSIDERATIONS IN THE REDD STRATEGY

The SESA combines analytical work and public participation in an iterative way. The main activities of the SESA's analytical work are described below:

##### Analytical Work

- Review how key social and environmental issues are addressed in the REDD strategy. This can require examination of:
  - the relevant policies, laws, and regulations that will be used to achieve the objectives of REDD (e.g., policies, laws and regulations that govern forest resources management, land use, and conservation in the country or part of the country, as well as formal and informal rules and regulations that affect access forest resources and land) .
  - This would require the deployment of appropriate analytical tools and participatory approaches. It is assumed that, in order to maximize effectiveness and in keeping with the multi-disciplinary character of the consulting team that will carry out the SESA, most of these tools will make use of mixed methods (i.e. qualitative/contextual and quantitative/non-contextual) (this could be explained here or under section D).

[see sub sections on Key Environmental Issues and Impacts (Direct and Indirect) and Risks in the Annex for more specific guidance]

- Carry out a gap analysis of existing policies, legal frameworks, institutions and capacities to manage the key environmental and social issues of SESA validated by the stakeholders. This should include an assessment of the strengths and weaknesses in existing legal/regulatory/policy frameworks, including customary institutions like collective or communal access to lands and forests controlled by chiefs or traditional authorities, and institutional capacity to manage key environmental and social issues associated with REDD.

[see sub section on Institutions and Organizational Capacity in the Annex for more specific guidance]

- Use of analytical tools and participatory analysis to identify modifications to REDD strategy (e.g., inputs into policy reforms), institutional strengthening and capacity building measures to address key social and environmental priorities.
- Development of social and environmental management frameworks applicable to REDD projects and programs consistent with good international practice and compliant with World Bank safeguard policies.

## Public Participation

The SESA includes also a public participation process that uses different mechanisms such as focus groups, surveys, workshops, etc. specifically designed to provide a forum for all key stakeholders to voice their environmental and social concerns in relation to the REDD strategy. The SESA's public participation process should be based on the SESA's public participation plan which will be formulated building on the detailed stakeholder analysis. Besides providing feedback to the implementation of SESA, the main purpose of the public participation plan is the validation of (i) the key environmental and social issues, (ii) the gap analysis, and (iii) the recommendations of the SESA .

[see sub section on Citizen Engagement in the Annex for more specific guidance]

## H. MONITORING AND EVALUATION FRAMEWORK

This section:

- Specifies the activities and participatory process for generating appropriate indicators for monitoring the implementation of SESA in a way that is compatible with monitoring the implementation of the agreed-upon REDD strategy.

## III. ENDING SECTION

### F. EXPECTED OUTPUTS

This section:

- Provides a more detailed idea of the format and content of each of the specific outputs. A short outline may have to be provided, especially for the SESA report

- The analysts are responsible for the following outputs at the conclusion of the SESA process:
  - A Final Report that provides the findings and recommendations that have emerged from the SESA process. This report would, at a minimum, do the following:
    - Present recommendations for REDD strategy design, implementation, and monitoring and evaluation (including legal and policy reforms) based on the results of the SESA<sup>14</sup> which should include the following:
      - Policy, legal and institutional Strengthening Plan
      - Capacity building plan
      - Public Consultation and Participation Framework during REDD implementation
      - Environment and Social Management Framework (ESMF)<sup>15</sup> applicable to REDD projects and programs

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<sup>14</sup> One way to present such recommendations would be with a policy matrix.

- Describe any weaknesses/flaws in the design adopted or methods used in the SESA process that could compromise the integrity of the findings
- Identify any gaps in knowledge where additional data-gathering and analysis may be needed

#### L. KEY STAFF AND REQUIRED SKILLS

This section:

- Notes that a multi-disciplinary team of seasoned professionals will be hired to carry out the assessment
- Lists the profiles for the types of professionals needed

#### ANNEX 1 -

This Annex provides guidance on analytical and participatory approaches for undertaken the SESA which have to be adapted to the needs of each REDD strategy.

#### Stakeholder Analysis

- This considers key stakeholders and decision makers in relation to the REDD strategy, and provides a full accounting of both racial/ethnic diversity and gender. Stakeholder analysis is required for developing an effective public participation process of the SESA and enhance awareness of political economy considerations that are likely to influence how SESA's recommendations are incorporated in the REDD strategy and would shape the implementation of the REDD strategy.

#### Questions to answer<sup>16</sup>

- What are the roles, responsibilities, and interests of key stakeholders?
- Are there any vulnerable groups among the stakeholders? What is the nature and extent of their vulnerability?
- What are the gendered characteristics of forest resources use?
- What have been the patterns and trends in their ownership and use of forest resources?
- How do the stakeholders interact (across various levels)? Where do strongest alliances lie (at the macro level)?
- What types of counter-alliances exist? Where are the most likely points of friction/conflict?

#### Tools to use<sup>17</sup> (and levels of analysis)

- Power analysis (macro)
- Stakeholder matrices (macro/meso/micro)
- Political mapping (macro/meso/micro)
- Vulnerability analysis (micro)

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<sup>15</sup> This should include a provision for community-level monitoring and/or social auditing of the discrete investments expected to generate the largest impacts.

<sup>16</sup> The lists of questions here and following are not comprehensive and would obviously require customization.

<sup>17</sup> The lists of tools to use here and following are not comprehensive.



### **Key Environmental Issues**

- This considers key environmental and natural resources management issues in relation to the proposed strategy.

#### Possible questions:

- What are the main goods and services provided by forests (timber, fuelwood, medicines, conservation of biological diversity, watershed protection, non-timber forests products, etc.)?
- What are the main threats affecting forests and how vulnerable are to them?
- What are the main causes leading to forest degradation and forest fragmentation?
- What is the estimated economic value of forest goods and environmental services lost by deforestation and degradation annually?
- What are the environmental health risks like malaria, malnutrition, and others affecting forest populations, in general, and children in particular?

#### Possible Tools

- Key informant interviews (from main stakeholder groups) and sector level data on exports, fuelwood consumption, etc.)
- Overlapping of protected areas maps, biodiversity maps and poverty maps using GIS techniques
- Cost of degradation estimates: Annual costs of deforestation and forest degradation by main cost categories, such as morbidity, mortality and physical costs
- Epidemiological evidence, and estimation of the impacts in terms of mortality, morbidity, and Disability Adjusted Life Years (DALYs).
- Case studies of selected forest areas and protected areas.
- Price transfer models to look at direct and indirect effects of policy measures

### **Institutions and organizational capacity**

- This entry point will have to be broad enough to include a consideration of formal and informal institutions, which encompasses rules, norms, and behavior at a personal level, not just at a group or organizational level.

#### Possible Questions

- What types of formal and informal forest management institutions exist in the country?
- What are the customary and legal rights of access to land, forests, and related resources?
- Are incentive systems for protecting forests, biodiversity, and environmental services from forests incorporated into forest rights frameworks?
- How have beliefs, norms, and behaviors related to forest resources use interacted with environmental and socio-cultural characteristics in potential areas of action?
- How do the proposed institutional arrangements affect aspects of efficiency and equity in the allocation of forest resources?
- Governance aspects: Several questions that we will have to be very careful in formulating, such as: What have been the patterns and trends in proven or suspected fraud and corruption in relation to deforestation?
- What kinds of skills/capacities exist for carrying out prescribed roles and responsibilities among the various formal institutions? Where are the gaps?
- What are the provisions for filling these gaps?
- What are the human, financial, and technical capacity gaps affecting forest-dwelling and forest-dependent groups?

- What are the customary and legal rights to access to land, forests resources and biodiversity?
- Are incentive systems for protecting forests, biodiversity and environmental services from forests incorporated in forest rights?
- What are the human, financial and technical capacity gaps affecting forest communities?

#### Tools to use (levels of analysis)

- Organizational mapping (macro/meso)
- Participatory Learning & Action techniques (PLA)<sup>18</sup> (micro)
- Case studies of selected forest areas and forest-dwelling communities

The main output emerging from the analytical/participatory process associated with this entry point are proposed legal and policy reforms to be incorporated into the REDD Strategy and an Institutional Strengthening Plan

#### **Citizen Engagement**

- This entry point is mainly concerned with 1) identifying the priority concerns of various stakeholder groups; and 2) putting in place lasting consultation and participation arrangements that are widely seen as legitimate by the various stakeholders.

#### Questions to answer

- What are the main constraints and opportunities for consultation with and participation by key stakeholders in relation to the strategy?
- What kinds of mechanisms for information disclosure and dissemination are most likely to work?
- Of the civil society stakeholders identified (including international NGOs), which are likely to participate in the two main phases project (e.g. Readiness Package preparation, and payment for emissions reductions)?
- How will they participate?
- What types of grievance redress mechanisms are most appropriate?

#### Tools to use (levels of analysis)

- Array of consultation events and fora organized at different levels, adapted to the particular purpose of the consultation, the audiences targeted, and country traditions
- Micro-political mapping (meso/micro)
- PLA such as SWOT analysis (for such things as the proposed revenue sharing arrangements) (micro)

The main output emerging from the analytical/participatory process associated with this entry point is a Public Consultation and Participation Framework that is largely consistent with what was spelled out in the master Consultation Plan prepared in advance of the SESA ToR

#### **Impacts (Direct and Indirect) and Risks**

- The entry point will have to be broad enough to consider risks both to and from the REDD strategy, not just those related to the application of the safeguard policies.

#### Questions to answer

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<sup>18</sup> Specific examples include social maps, process maps, Venn diagrams, network diagrams, etc.

- What site-specific social and environmental risks are likely to arise in the course of implementing the proposed strategy?
- Will the discrete forest conservation/deforestation avoidance activities have a negative direct or indirect impact on the environment (e.g. critical and non-critical natural habitats, non-timber forest products (NTFPs), wildlife, or dislocation of deforestation and degradation activities from one area to another)? If so, how can these be avoided/minimized/mitigated/managed?
- Will the discrete forest conservation/deforestation avoidance activities have a negative impact on indigenous peoples, forest-dependent groups, or any other vulnerable groups? If so, how can these be avoided/minimized/mitigated/managed?
- What specific safeguard policies are triggered?<sup>19</sup>
- Are eventual investments (regardless of their source of financing) likely to generate reputational risks for the Country Participant, the Bank, or other participating entities?
- What are the threats to the success of the proposed strategy?
- What kinds of revenue sharing arrangements seem most viable?
- What are the identified needs and options for alternative livelihoods development? What opportunities, risks, and impacts are inherent in these?

#### Tools to use (levels of analysis)

- Array of participatory methods<sup>20</sup> (micro)
- Scenario analysis (macro/meso/micro)
- Gender analysis (micro)
- PLA such as SWOT analysis (for such things as the alternative livelihoods options) (micro)

The main output emerging from the analytical/participatory process associated with this entry point is an integrated Environment and Social Management Framework (ESMF) (either that, or two separate frameworks). The ESMF establishes the overall principles for compliance with the safeguard policies triggered by the REDD Strategy and includes information on relevant laws and regulations, relevant procedures (such as impacts screening), targeted capacity building measures, institutional responsibilities, timelines, and budgets for the preparation of project-specific environmental and social impact mitigation plans.

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<sup>19</sup> While a notional idea of the safeguards triggered will be provided at the time of the approval of the RPP Grant Agreement, the SESA process should serve to provide final confirmation.

<sup>20</sup> It would make most sense to draw on mainly contextual but also non-contextual methods most closely associated with Land/Resource Rights and Assets and Capabilities analytical frameworks.