

Memorandum

TO: Forest Carbon Partnership Facility (FCPF) Participants Committee (PC)

FROM: Members of the Task Force (TF) on a Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners

SUBJECT: Recommendations on Common Approach and Lessons to-be Learned Regarding a Common Approach

DATE: 9 June 2011

Overview

Task Force members are very pleased to report to the FCPF Participants Committee that after an intensive seven-month process of deliberation, analysis and creative problem-solving we have developed a consensus on the contents of a Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners, hereafter referred to simply as the Common Approach. We confidently recommend the PC to adopt the Common Approach at the upcoming ninth meeting (PC9). For more information on the TF and its deliberations please visit: <http://www.forestcarbonpartnership.org/fcp/node/301>.

This memorandum conveys to the Participants Committee:

- The final version of the Common Approach for your review and approval; and
- A table that describes possible lessons to-be-learned regarding the Common Approach.

The FCPF Facility Management Team (FMT) will convey under a separate cover recommendations regarding targeted outreach on the Common Approach that will build upon the discussion the TF had on this topic at our final meeting.

As a reminder, invitations to participate in the TF were extended to representatives of the five Pilot Countries (Cambodia, Guyana, Panama, Paraguay, and Peru) and the six potential delivery partners (DPs) that the PC selected as per Resolution PC/7/2010/4.¹ In addition, the TF included representatives from four donor countries, namely Germany, Norway, United Kingdom, and the United States of America; a Carbon Fund Participant (The Nature Conservancy); several representatives of Indigenous Peoples from Africa, Asia, and Latin America; several representatives from civil society organizations (CSOs) including the Bank

¹ Guyana and Peru selected the Inter-American Development Bank (IDB) and Cambodia, Panama and Paraguay selected the United Nations Development Programme (UNDP) from the candidate list of six potential delivery partners. The other potential DPs include the Asian Development Bank (ADB), the African Development Bank (AfB), the Food and Agriculture Organization of the United Nations (FAO), and the United Nations Environment Programme (UNEP).

Information Center, Environmental Investigation Agency, Environmental Defense Fund, and the Climate and Land Use Alliance; representatives of the World Bank in its role as Trustee/ Facility Management Team, and as a DP. A representative of the Global Environment Facility participated as an observer. The Task Force was supported by the Meridian Institute, which served as a facilitator and organizer of the TF process, and two independent analysts who reviewed materials provided by IDB, UNDP, and ADB as explained below. For a complete list of TF Members and representatives of those providing support services see Appendix A.

Following PC7 in November, 2010, the TF commenced its work with its first teleconference on 17 December 2010. The TF held a total of ten (10) two-hour teleconferences and two in-person meetings. The first in-person meeting was held in Da Lat, Vietnam on 19-20 March, 2011 in advance of PC8. During PC8 the TF provided the PC with an update on its deliberations. The second in-person meeting was held in Washington DC at the World Bank on 24-25 May, 2011.

Summary of the Common Approach

The recommended Common Approach is based on establishing a clear performance standard with flexible and differential approaches to achieving the standard in recognition of the different missions and stages of development and experience with implementing environmental and social safeguard policies and procedures – as well as related policies and procedures for handling grievances and achieving accountability – at the various potential DPs.

The performance standard itself is based on the concept of “Substantial Equivalence,” which means the DP must achieve equivalence to the material elements² of the World Bank’s environmental and social safeguard policies and procedures applicable to the FCPF Readiness Fund during the administration of the FCPF Readiness grant agreement and by complying with FCPF requirements that are in place at the time of signing of its Transfer Agreement as follows:

- a. Guidelines and generic terms of reference for Strategic Environmental and Social Assessments (SESAs) and Environmental and Social Management Frameworks (ESMFs) (SESAs and ESMFs shall be compliant with the World Bank’s safeguard policies and procedures);
- b. FCPF Guidelines on Stakeholder Engagement in REDD+ Readiness preparation;
- c. FCPF Guidance on Disclosure of Information; and
- d. Provision of access to DP accountability mechanisms as described in Section VII of this Common Approach, including assistance to Pilot Countries efforts to comply with Guidelines for Establishing Grievance and Redress Mechanisms at the Country Level.

² “Material elements” are those procedural and substantive elements of the World Bank’s environmental and social safeguard policies and procedures applicable to the FCPF Readiness Fund that will have a significant impact on the outcomes that are likely to be achieved through the application of WB environmental and social safeguard policies and procedures under the FCPF Readiness Fund.

If the environmental and social safeguard policies and procedures of the DP are more stringent and/or protective than those of the WB, the DP shall apply its policies and procedures to activities undertaken under the FCPF Readiness Fund.

The TF notes that the Attachments to the Common Approach that pertain to items (a)-(d) above are works in progress and, although agreed as advanced drafts at this time, are subject to further refinement by the FMT based on delegation of authority from the PC and internal review by all parties, including the DPs before being finalized for inclusion in or amendment to their respective Transfer Agreement.

The attached Common Approach is subject to approval by each Delivery Partner's Board of Directors or equivalent as part of the approval process for their respective Transfer Agreement.

Methodology

While the TF mandate was to develop a common approach for all six of the potential DPs, the TF focused first and foremost on developing a common approach that was workable for the two DPs that were selected by the Pilot Countries. Representatives of IDB and UNDP have been actively and extensively engaged in all aspects of the TF deliberations. In addition, as explained below, representatives of the ADB and FAO have been actively engaged as well and have recently provided similar background information on their environmental and social safeguard policies and procedures for future consideration.

In its efforts to develop the agreed-upon Common Approach, the two DPs that were selected for the five Pilot Countries pulled together an extensive amount of background information on their safeguard policies and procedures. This information was arrayed in a framework that the TF developed and utilized to both understand the nature and scope of the safeguard policies and procedures of each DP, but also to inform our deliberations on a Common Approach. The Background Information that was provided by IDB and UNDP is available for the PC to review at <http://www.forestcarbonpartnership.org/fcp/node/311>.

In addition, independent consultants undertook an analysis of the background information provided by each DP to identify any variations or "gaps" in the safeguard policies and procedures of each DP compared to those of the World Bank (WB). This gap analysis utilized the "operational principles" that the WB had identified regarding its own safeguard policies and procedures for a different purpose (see WB Operational Policy (OP) 4.00 on the use of country systems) as a guide for structuring the analyses. As such, the operational principles served as a means to break down and structure the gap analyses into a manageable list of elements and sub-elements to compare and contrast. The IDB and UNDP submissions and the gap analyses of the independent consultants – which have not been endorsed or approved by the IDB or UNDP – can be found at <http://www.forestcarbonpartnership.org/fcp/node/317>.

PC Approval of Delivery Partners for Current and/or Future Pilot Countries or REDD Countries

The TF mandate does not require the TF to make a recommendation on whether the PC should or should approve potential DPs and, if so, how. As noted above, the TF process focused first and foremost on developing a Common Approach that could be workable for the two DPs that were selected and they were actively and extensively involved in developing the agreements that are the basis of the Common Approach. We believe we have created a Common Approach that can be applied to all six potential DPs with some clarity about the process for doing so, and two of the remaining four have advanced through the process. Thus, we feel compelled to provide the PC with a recommended process for determining whether the potential DPs identified by the PC in PC/7/2010/4 will serve as a DP after the PC takes its decision on whether to approve the Common Approach.

Should there be any additional Pilot Countries, or should the Common Approach to Multiple Delivery Partners be operationalized, we would suggest that the PC require the following steps:

1. DPs submit background information that is organized in the same manner as the background information that IDB and UNDP submitted (i.e., showing how their safeguard policies and procedures align with the World Bank's safeguards policies and procedures using the operational principles contained in OP 4.00 as the organizing framework). Both ADB and FAO have completed this step, while no such submissions have so far been received from UNEP or AfDB.
2. This information is reviewed by an independent analyst charged with identifying gaps or partial gaps in the safeguard policies of the potential DP, once again using the format utilized by the independent analysts that assisted the TF. A draft set of findings from the independent analyst is provided to the potential DPs for response. This step has been completed for ADB but not yet for FAO.
3. The DP will have the option to update their submission before the independent analyst completes the gap analysis.
4. A final version of the submission from the potential DP and the independent gap analysis is reviewed by the PC to determine whether it is likely that the DP can achieve compliance with the Common Approach to help inform the PC decision on whether to approve the potential DP as a full DP under the FCPF Readiness Fund.

While the TF is neither obligated nor mandated to provide a recommendation of whether the PC should or should not continue to adopt IDB and UNDP as DPs, we do feel comfortable conveying to the PC that it would not have been possible to develop a consensus agreement on the Common Approach without the full cooperation of representatives of these two entities in providing extensive background information in an agreed format and at a level of detail that was sufficient for us to agree upon a performance-based approach. Furthermore, the gap analyses that were completed, and the use of independent analysts to complete these analyses, were equally essential in helping the TF, along with IDB and UNDP, to craft its consensus recommendations regarding the performance-based standards contained in the Common Approach. Based on these submissions and analyses, where gaps have been identified, IDB and UNDP will fill these gaps in a manner that is consistent with the Common Approach. Thus, we

strongly urge the PC to utilize these key features of the process before accepting any additional DPs.

Issue that Needs to be Resolved by the PC

In anticipation of negotiating the Transfer Agreements, the DPs note that, consistent with the practices of the FMT, the costs to DPs of implementing FCPF requirements are expected to be covered by the FCPF, in accordance with terms to be negotiated and included in each DP's Transfer Agreement. In this context, the question of who is responsible for the costs associated with utilizing and responding to an independent accountability mechanism, as recommended in the Common Approach, is of critical importance, and will have to be decided upon by the PC. The TF recommends that the PC be provided with the information necessary to make an informed decision on this topic, preferably at PC9, so that Transfer Agreements can be signed in a timely manner.

Lessons to-be-Learned on the Common Approach

Appendix B is a table that contains the TF response to a request from the PC for the TF to formulate recommendations on “the types of lessons to be learned from the development of the Common Approach and the pilots; the timeline for when these lessons are likely to be learned, including in relation to the tenth meeting of the PC; and the type of information needed, ways of and responsibility for acquiring it.”

Targeted Outreach

The TF was also asked to provide a recommendation to the PC on “targeted outreach on the Common Approach.” With the understanding that a global consultation session the WB will have with Indigenous Peoples on the FCPF, the Common Approach, and related matters will be a separate and stand-alone event, the TF discussed the question of what additional activities should be undertaken for “targeted outreach” on the Common Approach. TF members suggest that outreach efforts on the Common Approach should be targeted in the following ways:

- Within the Delivery Partner institutions (including the World Bank), to ensure that the various departments and divisions within their organizations understand the Common Approach;
- Government officials in existing and any new pilot countries who will be involved in implementing the country-level aspects of Common Approach, including assistance regarding their outreach efforts to the variety of stakeholders who will be involved in and/or impacted by REDD+ readiness activities;
- REDD+ Partnership;

- Bilateral REDD+ donors who themselves are grappling with how to approach environmental and social safeguards;
- Continuing the efforts already underway to reach out to the Global Environment Facility (GEF) regarding the effort to establish an accreditation process based on setting environmental and social safeguard standards for agencies implementing GEF-funded projects;
- Establishing linkages with the WB's broader review of its environmental and social safeguards;
- Outreach to Southern civil society, with a special emphasis on local and forest-dependent communities and relevant CSOs, including gender considerations and translation of materials into non-technical Spanish, French, and possibly other local languages as needed; and
- The upcoming meetings of the Subsidiary Body for Scientific and Technological Advice (SBSTA) of the United Nations Framework Convention on Climate Change (UNFCCC), particularly those sessions regarding implementation of the Paragraph 71 (d) of the Cancun decision on REDD+.

The FMT will utilize this input from the TF and fashion it into a more detailed recommendation from the FMT to the PC regarding targeted outreach on the Common Approach. If approved, the next phase of work will involve application of the Common Approach to the five pilot countries using two new DPs. As noted, above, the global consultation session between the WB and Indigenous Peoples will be addressed as a separate and distinct effort which may require separate PC approval.

REDD Countries

Suon Sovann
Deputy Director, Department of Legislation
and Law Enforcement
Cambodia, Forestry Administration

Omaliss Keo
Deputy Director, Department of Wildlife
and Biodiversity
Cambodia/Ministry of Agriculture, Forestry
and Fisheries

Nasheta Dewnath
Guyana/Forestry Commission

Elia Guerra de Quijano
Panama/National Environmental Authority

Carlos Gomez
Forestry Engineer and Member of Panama
REDD+ Team
Panama/National Environmental Authority

Carlos Melgarejo
Panama/Natural Environment Authority of
Panama

Felix Magallon
Panama/Natural Environment Authority of
Panama

Rodrigo Mussi
Paraguay/Ministry of Environment

Augusto Castro
REDD Focal Point
Peru, Ministry of the Environment

Eduardo Durand
Peru, Ministry of the Environment

Hector Cisneros
Forest Conservation National Program
Peru, Ministry of Environment

Donor/Carbon Fund Participants

Heiko Warnken
Head Division, Environment and
Sustainable Use of Natural Resources
Germany, Federal Ministry for Economic
Cooperation and Development

Daniel Haas
Deputy Head Division, Environment and
Sustainable Use of Natural Resources
Germany, Federal Ministry for Economic
Cooperation and Development

Reinhard Wolf
Expert, Forest and Climate
Germany, German Technical Corporation

Johannes Scholl
Sector Economist
Germany/KfW

Anja Bursche
Junior Advisor
Germany/KfW

Andreas Dahl-Jørgensen
Adviser
Norway/International Climate and Forest
Initiative

Monica Svenskerud
International Climate and Forest Initiative
Norway/Ministry of Foreign Affairs

Per Mogstad
Norway/Ministry of Foreign Affairs

Jenny McInnes
United Kingdom, Department of Energy
and Climate Change

Neil Scotland
United Kingdom, UK Department for
International Development

Katie Berg
United States/U.S. Department of Treasury

Donna Lee
Adviser
United States/U.S. Department of State

John Verdieck
United States/U.S. Department of State

Jill Blockhus
Senior Policy Advisor
The Nature Conservancy

Karen Wayland
Director of Climate Policy
The Nature Conservancy

Delivery Partners

Mafalda Duarte
Climate Finance Coordinator
African Development Bank

David McCauley
Lead Climate Change Specialist
Asian Development Bank

Eric Gardette
Asian Development Bank

Harvey Himberg
Staff Consultant, Environment and
Safeguards Division
Asian Development Bank

Xiaoyang Ma
Lead Safeguards Specialist, Regional and
Sustainable Development Department
Asian Development Bank

Maria da Cunha
Lead Safeguards Specialist
Inter-American Development Bank

Maria Netto
Climate Change Lead Specialist, Sustainable
Energy and Climate Change
Inter-American Development Bank

Tadashi Shimizu
Forest Expert
Sustainable Energy and Climate Change
Inter-American Development Bank

Cynthia Colaiacovo
Legal Department
Inter-American Development Bank

Graham Watkins
Environment Senior Specialist
Inter-American Development Bank

Axelle Boulay
Natural Resources Specialist
Inter-American Development Bank

Gabriel Quijandria
Sustainable Energy and Climate Change
Inter-American Development Bank

Tim Clairs
Senior Technical Advisor
United Nations Development Program

Nancy Bennet
Results Management Advisor
United Nations Development Program

Holly Mergler
Programme Specialist
United Nations Development Programme

David Annandale
Consultant
United Nations Development Programme

Shalina Miah
Cofinancing Agreements Specialist
United Nations Development Programme

Tim Kasten
Deputy Director
Div. of Env. Policy Implementation
United Nations Environment Programme

Ravi Prabhu
Sr. Programme Officer
Div. of Env. Policy Implementation
United Nations Environment Programme

Barney Dickson
Head of Programme, Climate Change and
Biodiversity
United Nations Environment Programme

Alberto Sandoval
Sr. Natural Res. Officer, Climate Change
UN Food and Agriculture Organization

Letizia Cuzzo
Consultant
UN Food and Agriculture Organization

IP Observers

Joan Carling
Asia Indigenous Peoples Pact

Elifuraha Laltaika
Executive Director

Association for Law and Advocacy for
Pastoralists

Saitoti Loure
Association for Law and Advocacy for
Pastoralists

Denis Mairena
Executive Director
Center for Indigenous People's Autonomy
and Development (CADPI)

Juan Carlos Jintiach
International Cooperation Coordinator,
Coordinador de las Organizaciones
Indigenas de la Cuenca Amazonica (COICA)

Onel Masardule
Fundación Promoción del Conocimiento
Indígena

Edna Kaptoyo
Programme Officer
Indigenous Information Network

NGO Observers

Mark Rentschler
Director of Campaigns
Bank Information Center

Joshua Lichtenstein
Forest Campaign Manager
Bank Information Center

Mark Roberts
Senior Counsel and Policy Advisor
Environmental Investigation Agency

Chris Meyer
Environmental Defense Fund

Peter Riggs
Program Officer
Climate and Land Use Alliance

Ranjith Ranjith
Facility Management Team
World Bank

Other Observers

Ian Gray
Senior Environmental Specialist
GEF Secretariat

Support Services

Bruce Jenkins
Independent Contractor

World Bank as Trustee and Facility Management Team (FMT)

Elsbeth Halverson
Independent Contractor

Benoit Bosquet
Team Leader
Facility Management Team
World Bank

Tim Mealey
Senior Partner
Meridian Institute

Daigo Koga
Carbon Finance Specialist
Facility Management Team
World Bank

Kathleen Rutherford
Senior Mediator and Program Manager
Meridian Institute

Charles Di Leva
Chief Counsel
Environmental and International Law Unit
World Bank

Shawn Walker
Senior Project Coordinator
Meridian Institute

Sachiko Morita
Counsel
Environmental and International Law Unit
World Bank

Haddy Sey
Social Development Specialist
Facility Management Team
World Bank

Peter Saile
Facility Management Team
World Bank

Lessons To-be-Learned on the Common Approach

Forest Carbon Partnership Facility (FCPF) Task Force on a Common Approach to Environmental and Social Safeguards (TF)

The table below was put together to:

1. Help inform the conversation at PC10 on Paragraph 11 of PC/7/2010/4 which states the PC will “review the lessons and experience gained through the pilots at each meeting with a view to making a decision, no later than its tenth meeting, on whether, how and under what circumstances to operationalize the arrangement of MDPs under the Readiness Fund, and determine whether it is necessary to arrange for an evaluation of the piloting arrangement by independent third party;” and
2. Respond to Resolution PC/8/2011/3 which requests the TF to formulate recommendations for the PC to consider at PC9 regarding “the types of lessons to be learned from the development of the Common Approach and the pilots; the timeline for when these lessons are likely to be learned, including in relation to the tenth meeting of the PC; and the type of information needed, ways of and responsibility for acquiring it.”

Types of Lesson Learned	How Acquired	By Whom	By When
Liabilities <ul style="list-style-type: none"> • Are there any new and additional liabilities resulting from the Common Approach 	WB Legal Dept.	FMT	PC9
Development of the Common Approach <ul style="list-style-type: none"> • What are some lessons learned from the development of the Common Approach from the perspectives of: <ul style="list-style-type: none"> ○ Pilot countries; ○ Delivery Partners; ○ Indigenous Peoples representatives; ○ Civil society organizations (CSOs); 	Process reflections/ observations	Meridian & TF Members	PC 10 (subject to availability of resources to collect and summarize reflections)

Types of Lesson Learned	How Acquired	By Whom	By When
<ul style="list-style-type: none"> ○ Task Force Facilitator; ○ Independent Analysts; and ○ FMT 			
<p>Willingness of Potential DPs / Pilot Countries to Engage</p> <ul style="list-style-type: none"> • Why were only four of the six potential DPs been engaged, and at varying levels? • Moving forward, what should the process look like for the remaining DP's, including but not limited to FAO and ADB? • Are other REDD Countries interested in participating in the FCPF as a result of the establishment of the Common Approach? • Is it necessary to revise criteria for potential DPs and additional REDD country candidates? 	Interviews with Representatives of ADB, FAO, UNEP and AfDB	FMT/PC	<p>PC9 for questions about other DPs</p> <p>PC10 for question about other pilot countries</p>
<p>Costs Associated with Implementing Common Approach</p> <ul style="list-style-type: none"> • What has been the cost associate with implementing the Common Approach to: <ul style="list-style-type: none"> ○ DPs (including for the interim "Accountability Mechanism") ○ Pilot Countries ○ FMT/FCPF 	FMT data request	DP/Pilot countries/ FMT	<p>PC10 preliminary cost assessment</p> <p>PC11 and beyond for a more complete cost assessment</p>
<p>Negotiating Transfer Agreements (TA)</p> <ul style="list-style-type: none"> • What was the response of the management of DPs to the proposed Common Approach? • How long did it take to negotiate TAs? • Were there significant hurdles to negotiating the TAs aside from the response to the Common Approach? If so, what were the issues? • What provisions are included in the TAs to provide remedies in 	Case study	FMT/DP	PC 10

Types of Lesson Learned	How Acquired	By Whom	By When
case of breach of fiduciary and safeguards policies? <ul style="list-style-type: none"> • Are there more effective achieve milestones in negotiating TAs? 			
Implementing Common Approach (Post PC9 and Pre-PC10) <ul style="list-style-type: none"> • Which of the applicable elements of Common Approach have the DP's implemented during this period of time? • What were the key enabling factors? • What were the key obstacles and what steps were taken to address these obstacles? 	Information request from FMT to DPs	DP/Pilot Countries / other stakeholders	PC10 (<i>but likely to be based on very limited experience</i>)
Grievances and Accountability (Post PC9 and Pre-PC10) <ul style="list-style-type: none"> • Have there been any grievances from affected stakeholders? • If so, what has been the nature and scope of the grievances, have they been addressed and/or resolved to all parties or complainants satisfaction? • What mechanisms or processes were used to address these grievances? 	Information request from FMT to DPs	DP Pilot Countries / other stakeholders	PC10 (<i>Likely to be based on very limited experience</i>)
Implementing Common Approach (Post PC10) Grievances and Accountability (Post PC10) [SAME QUESTIONS AS ABOVE]	Information request from FMT to DPs	DP Pilot Countries / other stakeholders	PC11, 12, etc. <i>(Likely to have more experience to draw from)</i>
Comparison to Similar Efforts <ul style="list-style-type: none"> • How does the development of the FCPF Common Approach compare to the development of the GEF's safeguard standards? • Are there any other efforts that would be worthy of comparison (e.g, UN-REDD, REDD SES)? 	Collaborative information exchange	FMT & GEF staff	PC10 / 11, <i>(Depending on how fast the GEF process matures)</i>