

## WRI Comments on Issue Papers for the Carbon Fund Methodological Framework

### Issue Paper 5. Q1: Can Programs readily use existing WB safeguards policies and instruments (e.g., SESA, ESMF), or are additional actions necessary?

**In our view REDD+ countries participating in the Carbon Fund will likely wish to take steps beyond the existing WB policies and instruments when implementing the safeguards for the following reasons:**

a) As a readiness program the FCPF supports the implementation of UNFCCC-agreed measures on the ground<sup>1</sup>. As such it presents opportunity for countries to do a more complete exploration of what it means to address and respect the Cancun safeguards, while having the WB policies and instruments as a starting point.

b) Where countries wish to report their actions to the UNFCCC as NAMAs or early actions they will need to demonstrate that the Cancun REDD+ safeguards are being applied<sup>2</sup>. While the WB Policies and instruments set an initial floor for the Carbon Fund, and have much guidance to offer, countries may wish to consider the following when deciding whether to go beyond the bank safeguards for their Carbon Fund program:

- i. ***The extent to which the WB policies and procedures reflect the international agreements that are relevant for the Cancun safeguards as per Cancun Safeguard (a).*** The Bank policies and instruments may only partially address the international agreements relevant to the Cancun safeguards. Examples of the potentially relevant international agreements and guidance can be found at: <http://unfccc.int/resource/docs/2011/smsn/ngo/329.pdf>.
- ii. ***The extent to which the WB policies and instruments comprehensively address concerns related to safeguards f and g.*** While some of the WB policies and instruments may provide a solid starting point for thinking about these issues, additional consideration and more concrete procedures may be necessary.
- iii. ***The extent to which the WB safeguard policies and instruments provide guidance on all the functions of a national system to implement the safeguards.*** WB instruments tend to focus more on some of the functions of a safeguard system than others. A national safeguard system should have instruments that ensure that the full range of functions: anticipate, plan, manage, monitor, and respond (see <http://www.wri.org/publication/safeguarding-forests-and-people>). In order to demonstrate that a national system to implement the REDD+ safeguards is fully effective, countries may wish to make sure that they can clearly demonstrate how they are addressing each function and capturing the information in their SIS. (More on this in Q2)
- iv. ***The extent to which the WB safeguard cover national safeguard goals.*** Some countries, like Indonesia, have developed national safeguard goals, and in some case guidance, that go beyond the Cancun REDD+ language and WB policies and procedures. Demonstrating the implementation of the full range of safeguard goals developed at the national level (even beyond the Cancun Safeguards) as part of a country's Carbon Fund activity is a significant opportunity for REDD countries to a) build stakeholder and donor trust in the readiness of the national system; b) get technical support and back up from Bank experts if needed; c) more clearly understand the types of recognition and support they might like under the UNFCCC umbrella.

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<sup>1</sup> The FCPF Charter commits partners to "seek to ensure consistency with UNFCCC Guidance on REDD" and "comply with the World Bank's Operational Policies and Procedures."

<sup>2</sup> The Cancun safeguard apply to all phases and regardless of the type of finance. See LCA text from Durban.

**As fully implementing the goals in the Cancun safeguards plus additional national safeguard goals could help significantly strengthen Carbon Fund programs and the non-carbon benefits of REDD+, we would recommend that ways be found to ensure that the Methodological Framework and ERPAs allow, recognize and support those countries that are developing and implementing robust national safeguard systems. Some initial thoughts for how this could be accomplished are:**

d) Indicate how countries wishing to be recognized for applying the Cancun REDD safeguards and any additional national safeguards would demonstrate this in their ERPA. For example, this could include an annex in the ERPA indicating how the country has defined the Cancun REDD+ safeguards and how they plan to implement these taking into consideration the main safeguard functions: anticipate, plan, manage, monitor, and respond. These could be supplemental to the plans required by the WB safeguards<sup>3</sup> – or assessed to be functionally equivalent to the World Bank safeguards.

e) Describe the process that would be undertaken if countries include the Cancun safeguards in their ERPA including i) the review by FCPF/ WB of the policies and procedures put forward, taking into account where new procedures are equivalent to or are additional to Bank's policies and procedures; ii) review by the FCPF/ WB of the functionality of safeguard information system through the R-Package process, including the availability of appropriate data;

f) Indicate the information that countries would provide to track how the safeguards have been implemented and their effectiveness over time, as well as information demonstrating that the SIS itself is functioning and at least meets the characteristics listed in the UNFCCC agreements. Also clarify processes for situation where data is not provided and/or where parallel data may demonstrate data incompatibilities.

g) Clarify the process whereby data reported about these national systems would be used in final decision of payments and/or other adjustments, such as requirements linked to the risks of emission reduction reversals.

**Our overarching recommendation on these last two points (f and g) is that the Methodological Framework (MF) should balance the increased flexibility provided to countries in designing national policies and procedures to address the safeguards with monitoring and accountability mechanisms related to the implementation of the safeguards.**

As the Carbon Fund provides an opportunity for countries to design and test strategies and approaches that could be reported to the UNFCCC, flexibility is needed in order to allow countries to test different approaches -- developed with national stakeholders --for implementing the Cancun REDD+ safeguards. However, this flexibility, which may mean using slightly different policies and instruments to those defined by the Bank OPs and/or adding additional ones should be accompanied with the tools needed to assess whether these approaches are successful, to make course corrections where problems arise, and to recognize countries that have been successful. Practically this means:

- i. Countries make information that demonstrates that safeguards are being implemented and their effectiveness on achieving overarching goals (e.g., biodiversity and livelihoods) easily accessible and in a culturally appropriate manner for stakeholders and the World Bank. This is in line with countries developing a safeguard information system for the UNFCCC. The MF should provide initial guidance on the types of information needed, the level of transparency and accessibility of the data, and how the appropriate frequency for providing the data would be identified, while

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<sup>3</sup> Assumes ERPA terms include countries submitting relevant safeguard plans.

being flexible to recognize that different approaches and data may be relevant. The World Bank may also want to consider the role of the regional staff in observing and learning from the approaches countries are applying in order to facilitate the communication of lessons learned and potentially to facilitate the collection of certain data points.

- ii. Mechanisms in the Carbon Fund relating to recognizing and adjusting incentives should also be clarified. Specifically, the MF should describe the measures that will be taken if a) safeguards have not been implemented; b) the information about implementation and impacts is not made available by countries in a timely manner; c) the implementation of the safeguards and the REDD+ program has resulted in the achievement of broader social or environmental goals. These should be unambiguously stated in the Methodological Framework and the specifics clarified in each ERPA. Given the pilot nature of the Carbon Fund, measures should promote learning, while ensuring appropriate action is taken where inaction or inattention could lead to harmful actions.

**In addition to the methods to support countries mentioned above, donors may also wish to consider developing a Grant Program for Development of National Safeguard Systems.** This could be used to support countries that are actively participating in developing a national safeguard systems and safeguard information systems and are open to using their Carbon Fund program as a place to learn and share lessons on the development of policies and procedures to support the Cancun REDD+ safeguards and additional national goals that have been developed. This would be in line with Paris Declaration and Accra Agenda for Action. This would also be helpful for the discussions in the WB on safeguards more generally, and particularly in relation to discussions about Payments for Performance.

As has been observed by the WB in their country systems approach, developing national systems is not a cost-free exercise. Support to those countries actively interested in developing a national system in return for the collection of lessons learned could be a valuable experience on multiple fronts.

**Issue 5 Q2: How can integrated reporting on WB safeguards and on the Cancun safeguards via the Safeguards Information System (SIS) best be achieved, to minimize the burden on countries?**

Reporting on REDD+ safeguards to the UNFCCC, the World Bank and other REDD+ programs and domestic actors simultaneously through the SIS could require the collection of a) Different types of data and b) the creation of different types of report based on that initial data.

One way that the monitoring and reporting burden on REDD+ countries would be reduced is if the collection of data at the national level focuses on the data the country needs to 1) alert authorities when safeguards are not being applied, 2) collect data that could be used for compliance actions, or 3) to make adjustments to the policy design to more effectively achieve the programs social, governance, and environmental objectives. In relation to the first two functions, relevant data will depend on the exact policies and procedures mandated. Where a country is developing policies and procedures for their national system to implement the REDD+ safeguards that do not closely match the WB policies and procedures then this may require the collection of additional data points to ensure that the WB safeguards are also being respected and are having the outcome expected.

This could be mitigated to some extent by developing a process to assess the policies and procedures the REDD+ country has taken, or plans to take for implementing the REDD+ safeguards, to the Bank OPs<sup>4</sup>. REDD+ countries will need to demonstrate the implementation of the safeguards (including

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<sup>4</sup> This may resemble the legal and policies assessment done in the “Country Systems” approach.

through the support and verification by stakeholders) if they wish to not have to repeat certain steps. The assessment would also need to demonstrate that the policies and procedures planned or used are functionally equivalent with donor safeguard requirements or collect the data needed to demonstrate their effectiveness, especially if donor safeguards do not yet include guidance for that safeguard.

One additional approach that could help reduce the “reporting” burden on REDD+ countries, is to demonstrate how the various components of addressing the WB safeguards helps countries achieve the “functions” of a national REDD+ system. This could help countries demonstrate the steps that have taken towards addressing and respecting the Cancun REDD+ safeguards and allow them to organize the information in their safeguard information system. This data may facilitate countries not having to repeat certain steps that have already been taken when they engage in other REDD+ finance arrangements (e.g., FIP, bilateral, etc.).

In our view these functions include: anticipate, plan, manage, monitor, and respond. For example, at the national level one or more agencies or actors responsible for tracking the biodiversity safeguard may collect and review data to track whether native tree species are being planted as part of a new EIA rule designed to achieve REDD+ (hypothetical program example). At the international level, to know that the biodiversity safeguard is being addressed and respected, that granularity of data (e.g., field data from spot checks of tree species planted) may not need to be reported. Rather, what is important is data that can demonstrate that in the course of the REDD+ program:

- i. Thought, studies, science, consultations have been applied to anticipate and plan approaches to address the potential risks and opportunities for biodiversity in relation to the REDD program (anticipate and plan functions);
- ii. The actions described in the plans are funded and implemented (manage)
- iii. Resources have been made available and someone is in charge of collecting data, has a legitimate and effective approach for doing so, is doing it, and has made the data publically available and accessible (monitoring); and
- iv. Someone has the authority and has taken action if non-native species are planted (respond).

Where the bank reports capture that information in relation to the Carbon Fund Program it may be helpful for countries to be able to report it in these categories in their SIS as one way to clarify how they are addressing and respecting the REDD+ safeguards. In some cases, where these functions have been applied at a high level, e.g., the SESA in relation to the national REDD strategy, this should be captured by the SIS. Where countries can show that the Cancun REDD+ safeguards were substantively considered during a SESA type process, then this would likely also be useful.

Finally, where countries are already collecting relevant data for other reasons, such as for reporting to other international or regional rights instruments, using this data may also be helpful.

#### **Related issues:**

#### **Issue Paper 6 Q3: What non-carbon benefits are most important for ER Programs to consider?**

In many REDD+ countries, stakeholders have expressed their views on what non-carbon benefits (environmental, social and governance outcomes) are most important to them. In some countries, like Mexico, Indonesia, Brazil, these views have been formalized into various documents such as national REDD+ strategies, REDD+ safeguard documents, etc. Others have participated in the REDD+ SES. Where these exist, they should be considered as the non-carbon benefits that are most important for that

country, as these are the attributes that – as much if not more than emission reductions – are seen as vital for creating value to actors on the ground and will therefore be central for the sustainability of REDD+ programs over time. Where they do not yet exist, it is the responsibility of the governments, as part of their readiness programs, to identify these with stakeholders. At the base however, the Cancun REDD+ safeguards provide a solid first list of non-carbon attributes/ goals that REDD+ programs should seek protect and promote, though further interpretation of these may be necessary to make them operational at the national level.

### **The link between non-carbon values and safeguards**

Although conversations about non-carbon values and safeguards are sometimes separated, as in this document, in practical terms these should be thought of as overlapping. They are connected in the following ways:

1. Safeguards are about protecting important social, environmental and governance values that may be affected by REDD+ programs and strategies. Non-carbon benefits are the realization of these values beyond the minimum to be protected by safeguards. For example, a REDD program can value the rights of local communities and the desire to improve their livelihoods. As a safeguard, stakeholders may decide that the communities' livelihoods should increase by at least 10% as the result of a REDD+ program, and view any additional increases as a benefit. They might also decide that increasing the tenure rights of local communities in a predetermined number of new areas per year or addressing tenure conflict in a certain number of areas would be a metric of non-carbon value. These will be individual to each country and potentially even to specific programs and strategies.
2. The policies and procedures taken to design and implement the elements of REDD+ programs that protect or safeguard the social, environmental and governance values during the implementation of REDD+ activities, are often very similar to those that would be taken to promote those same non-carbon values. For example, stakeholder consultations/ workshops are one of the steps needed to determine how to structure REDD+ programs that will actually increase a community's livelihoods by 10%. Stakeholder consultations are also necessary if the target is to improve livelihoods by 20%.
3. Monitoring the effectiveness of safeguards for protecting non-carbon values and monitoring the extent to which activities have achieved non-carbon benefits will require the collection of some of the same data. For example, once it has been decided by stakeholders that "livelihoods" are best measured by the amount of 3 goods in a household (which would be determined through consultations or workshops), and a baseline is set using current data, the same data would be collected to determine whether the REDD+ program has directly or indirectly increased the presence of those goods by 10 or 20 percent.

As the Cancun safeguards are relatively broad, countries should be able to capture those non-carbon benefits most important to them within that framework and be able to use data that speaks to both addressing the safeguards and promoting non-carbon benefits simultaneously. Once these are selected they should be reflected in the legal documents, e.g. the ERPA, as noted above, so that there is clarity regarding how addressing the safeguards and demonstrating the achievement of the non-carbon values will be recognized and supported.