

# Emerging REDD Arrangements: Principles and Criteria for Effectiveness

Independent Advisory Group on  
Forests, Rights, and Climate Change

UN-REDD Policy Board

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# Outline

1. Current state of play: (1) readiness funds and emerging institutional scenarios, (2) elements of a global REDD architecture, and (3) realities of the forest context
2. Stakeholders' and rights holders' interests and expectations
3. The Principles and Criteria used to judge proposed architecture, interim arrangements, operations, governance
4. Implications, issues and tasks ahead
5. Discussion

# State of Play:

## Readiness Implementation

UNREDD and FCPF: opportunity to set positive precedents; made some progress in terms of representation and attention to governance

Each has strengths/weaknesses, abilities to perform (thematic, geographic), and institutional mandates; competition is not all bad!

- Mixed records: on following own guidance and slow to disburse
- Internal bureaucratic hurdles; forestry still seen as high risk in World Bank

Mixed record on standards, safeguards, recourse mechanisms, and progress still slow in aligning with higher international legal standards:

1. UNREDD has standards but no safeguards, beginning to build recourse mechanism, and still to operationalize IP guidance note
2. FCPF has safeguards and recourse mechanism, but are under pressure/trend to weaken them. SESAs have no teeth and therefore no clear guidance.
3. Without safeguards : no clear goalposts (long-term objectives) or mileposts (progress towards objectives)

# State of Play:

## Emerging Institutional Scenarios

Some scenarios emerging outside UNFCCC process:

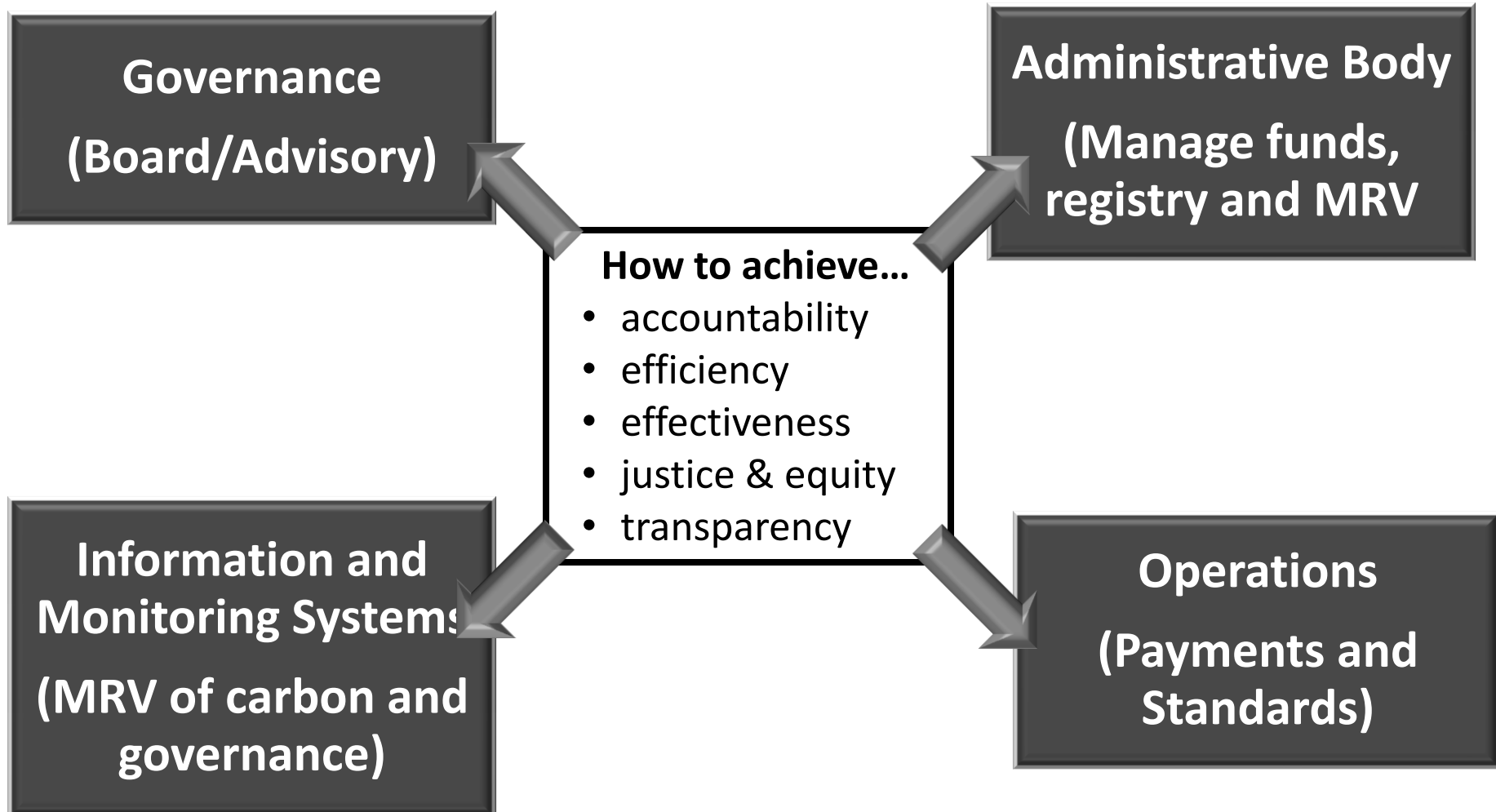
1. Start a new “light secretariat” to begin the coordination by identifying most urgent needs, financial flows, existing actions and available resources.
2. Merge UNREDD, FCPF, FIP, CBFF to constitute the “REDD Body”
3. Keep all implementing organizations separate, but put under one Governing Board with independent advisory

The idea is: to manage REDD “readiness” funding in anticipation of eventually becoming part of “a global REDD architecture” and transition from current fragmentation to coherent system under COP

The question is: how do IP, forest peoples and developing countries view these scenarios?

# Four Components of “Architecture”

## Global and National Levels



# State of Play:

## Reality of the Forest Context

1. Commodity boom back, opportunities and incentives to convert forests increasing - very difficult to change BAU
2. Legal and political precedents set guaranteeing IP and forest peoples' rights to land/forests/carbon. Representation and participation in policy decisions result of decades of struggle
3. Major risk of conflicts as the value of land/forests/carbon increase – and expectations of rights are not met (*combustible combination, volatile mix of more money, great expectations, less governance*)

# Stakeholder Interests/Objectives

|   |  |
|---|--|
| <b>Developing country governments</b>       | Just and equitable compensation for contributions<br>Financial and technical support   |
| <b>Developed country governments/donors</b> | Investment integrity<br>Measurable reduced emissions<br>Functioning market for forest carbon   |
| <b>Forest peoples, IPs, rights holders</b>  | Rights respected and livelihoods enhanced<br>Just and equitable compensation for contributions<br>Equitable and participatory governance               |
| <b>Private investors</b>                    | Return on investment<br>Clear rules and low transaction costs<br>Confidence in market  |
| <b>Civil society</b>                        | Real reductions and protection of natural forests<br>Enhanced social and economic development<br>Protection of vulnerable and marginalized communities |

# Analysis of Stakeholder Interests

- Lots of overlap, and many mutual interests,
- But some important differences, and all put emphasis on different dimensions;
- All interests are legitimate and principles and criteria for design and operations need to reflect and address all of them



# Interests/Objectives Give Rise to Principles

|   |  |
|---|--|
| <b>Developing country governments</b>       | Justice and equity in participation and payments<br>Transparency in design and operations  |
| <b>Developed country governments/donors</b> | Transparency in administration and payments<br>Efficient and effective scheme<br>Clear rules of the game   |
| <b>Forest peoples, IPs, rights holders</b>  | Justice and equity<br>Accountability of administration<br>Transparency of implementation<br>Participation in decision making   |
| <b>Private investors</b>                    | Effective emissions reductions<br>Transparency<br>Accountability   |
| <b>Civil society</b>                        | Effectiveness (avoiding perverse incentives)<br>Justice, equity and accountability<br>Participation in decision making<br>Transparent and accessible information and systems on financial flows, MRV |

# Principles give Rise to Criteria

|   |   |
|---|---|
| <b>Developing country governments</b>       | Balanced participation in decision-making bodies<br>Adequate, predictable and sustainable compensation for changing BAU   |
| <b>Developed country governments/donors</b> | Accountable administrative systems<br>Performance-based payments<br>Recourse mechanisms   |
| <b>Forest peoples, IPs, rights holders</b>  | Enforceable rights (eg, FPIC, UNDRIP...)<br>Recourse mechanisms – nationally and globally<br>Transparent and accessible MRV and payment systems<br>Equal participation of IPs, forest peoples in decision-making bodies   |
| <b>Private investors</b>                    | Certification of emissions reductions<br>Transparent and clear decisions and MRV<br>Clear legal environment (secure property rights, contract enforcement)  |
| <b>Civil society</b>                        | Forest conversion not rewarded by REDD+ programs<br>Rights respected and contributions recognized and rewarded<br>Equitable participation in decision-making by IPs, CSOs<br>MRV measures more than carbon and is accessible for 3rd party verification<br>Recourse mechanisms exist and are functional |

# Foundations for Effectiveness: Principles and Criteria Applied

Ensure equitable representation, transparency, independent advisory and audit for global and national-level institutions



Ensure interim and permanent administrative organizations meet highest level of social, environmental and financial standards

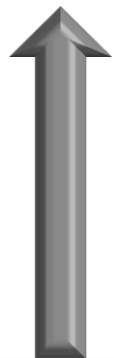
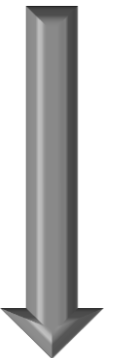
## OUTCOMES

- Carbon sequestered & maintained
- Rights respected
- Livelihoods supported
- Forests conserved



Monitor social and environmental impacts, in addition to carbon, ensure transparent, easy access to data

Ensure real drivers are targeted and just, fair, social and environmental protections, and recourse mechanisms



# Implications for each “Architectural Component”

## **Governance – global and national**

Design representation of executive board (profile, role of governments, IP’s and CSOs)

Establish independent oversight and auditing mechanism (functions and roles of governments, IP’s, CSOs)

## **Administration (“Interim Financial Arrangements”)**

Apply Principles and Criteria to different options: which is optimal in terms of efficiency, transparency, accountability, etc – what are advantages, disadvantages of different current entities (UNREDD, FCPF, FIP) – how to maintain the highest-level standards?

## **Operations:**

Establish operational guidance for “environmental and social protections, progress, recourse”

## **MRV:**

Establish oversight and independent review systems at national and global levels