Monitoring, Reporting and Verification of social and development issues

Key message

Monitoring, Reporting and Verification (MRV) of the developmental impact of REDD+ is likely to be important for understanding impacts beyond emissions reductions. There are a range of political and technical challenges to overcome in the design of appropriate systems and the effectiveness of different approaches needs to be better understood.

1 **REDD+ could have positive or negative social and developmental impacts, depending on how it is implemented:** This has led to requests, particularly from civil society groups, for such impacts to be monitored, reported and verified (MRV). At the international level, the areas that have been discussed as being under the remit of MRV systems covering social and development issues include:

- Impacts on forest governance (e.g. corruption; rent seeking).
- Livelihood impacts for local communities and indigenous peoples (e.g. rights of access to resources; income from REDD+ and distribution of income).

2 **Effective social/development MRV systems will likely need to go beyond demonstrating conformance with procedural rights (e.g. to consultation) to address issues related to more substantive rights (e.g. rights to land; rights of access to forest resources).** Procedural rights are often easier to deal with in MRV systems (and are the focus of many voluntary standards schemes) but they may not safeguard the interests of indigenous peoples and local communities in REDD+[1].

3 **There is currently little clarity on what MRV systems covering social and developmental issues in REDD+ could look like.** Key questions include:

- What social/development issues to include? For example, whether they focus narrowly on livelihoods impacts or on wider governance issues.
- Which groups are covered? E.g. indigenous communities; forest dependent poor; or people more indirectly affected by REDD+ policies.
- How to include more substantive rights (as noted in point two above)?
- Is it possible to develop indicators and frameworks, and if so what is appropriate? A number of frameworks and approaches exist for MRV beyond carbon. For example, the WRI has produced a draft 'governance indicator framework' which provides 96 qualitative indicators aimed at enabling civil society assessment of forest governance at the national level. This is still being developed and tested.
- How would verification and compliance processes be structured? This is a particularly important issue where more vulnerable groups/individuals could face sanctions as a result of the MRV outcomes.
- Which institutions are appropriate to implement social/development MRV systems? Identifying appropriate and independent verifiers in social/development MRV systems is likely to be challenging, given the vested interests that could exist in governments, private sector or NGOs.

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4 **Establishing mandatory social/development MRV systems at the international level will be politically challenging**. Based on experience with other multilateral environmental agreements, it may be difficult to reach agreement on detailed mandatory guidelines for such MRV systems at the international level, primarily due to concerns about national sovereignty. Self imposed guidelines in donor programmes and voluntary standards may be more feasible and are already being developed. For example, the Climate, Community and Biodiversity Alliance is developing a voluntary standard for national REDD+ systems and UN-REDD has been exploring the options for a 'governance MRV framework'.

5 **There also appears to be interest from the private sector in applying voluntary MRV systems that can help to demonstrate the benefits of REDD+ beyond emissions reductions.** A recent survey of 141 corporate participants in the carbon market indicated considerable interest in the (non-carbon) co-benefits. 30% stated that they would be willing to pay a premium of up to $4 per tonne of CO_2 for projects that meet higher standards relating to such benefits, and 70% stated that they would be willing to pay a premium of up to $1 per tonne CO_2[2]. It is not currently clear how the benefits of such premiums would actually be shared.

6 **There is little evidence available to demonstrate the effectiveness of social/development MRV systems.** However, there is indirect evidence from the forest and carbon sectors, that highlights some of the potential benefits:

- Verification systems to track illegal logging can increase government revenue through fining non-compliant actors and increasing tax revenues[3].
- They may also encourage overall external investment due to improved transparency and accountability processes, and enable improved land-use planning.

7 **Social/development MRV systems could have perverse effects that need to be understood in REDD+:** These include:

- Negative impacts, particularly for vulnerable groups. MRV systems may face the risk of disproportionately affecting more vulnerable groups, such as the rural poor.
- Trade-offs between increased accuracy and increased costs. Certification to the CCB Standard for example, can add between $4000 and $8000 on top of standard CDM certification costs[4]. These are likely to occur on top of high costs for REDD+ implementation, given the complexities involved in setting up the technical systems needed to implement it.
- Activity shifting effects such as increased operating costs for industry, concentration of industry, smaller operators being marginalized into illegality (e.g. Indonesia and PNG) and displacement of illegal timber harvesting (e.g. Ecuador, Cambodia and Costa Rica)[5]. Activities such as Independent Forest Monitoring (IFM) can also have perverse outcomes, such as illegal activity moving from large concessions into community forests (Cambodia) and illegal operations becoming increasingly informal (Cameroon)[6].

8 **The MRV 'sector' itself could have developmental impacts that need to be considered.** These impacts have been little discussed in the REDD+ debate, but include issues such as:

- Value addition in relation to establishing MRV systems, but experience from the CDM indicates that much of this is captured outside countries themselves (e.g. in 2008, out of 19 verifiers accredited globally for the CDM, only two were based in a developing country)[7].
- Local involvement in MRV systems implementation. Pilot carbon projects, such as the KTGAL project in Tanzania, and participatory monitoring projects for biodiversity, indicate that involving local communities in monitoring and verification processes can be both effective and efficient. They can also deliver wider benefits in terms of supporting other forestry programmes and initiatives and more secure user rights[8]. However, local implementation of MRV will not automatically result in positive outcomes for those involved - there are cases where participatory enforcement could lead to negative social impacts.

Key publications on this issue

Bird, N. and Schreckenberg, K. (2006) 'Developmental impacts of verification systems in the forest sector', VERIFOR Briefing Paper.

Global Witness (2009) 'Building confidence in REDD: Monitoring Beyond Carbon', Global Witness, London, U.K.

Herold, M. (2009) 'An assessment of national forest monitoring capabilities in tropical non-Annex I countries: recommendations for capacity building', report prepared for the Prince's Rainforest Project.

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Peskett and Iwata (2007) 'Can Standards for Voluntary Carbon Offsets Ensure Development Benefits?', ODI Forestry Briefing number 13, Overseas Development Institute, London.

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Skutsch, M. M., Van Laake, P. E., Zahabu, E. Karky, B. S. Phartiyal, P.(2009) 'Community monitoring in REDD+', In: Angelsen, A. (Ed.) (2009b). Realising REDD+. National strategy and policy options. CIFOR, Bogor, Indonesia.

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1 Meridian, 2009

2 Ecosecurities and CCB, 2009. The forest carbon offsetting survey 2009

3 Bird and Schreckenberg, 2006

4 Peskett and Iwata, 2007

5 Peskett, L., Huberman, D., Bowen-Jones, E., Edwards, G. and Brown, J. 2008. Making REDD work for the poor, prepared for the poverty environment partnership

6 Global Witness, 2009

7 Peskett et al. 2008

8 Skutsch 2008; Danielsen et al., 2007