**Designing a PNG REDD+ Benefit Sharing and Distribution System**

# Terms of Reference

The Papua New Guinea REDD+ Technical Working Group, through the Forestry Sub-working Group, wishes to contract a team of four specialists to develop a Benefit Sharing and Distribution System (BSDS) for application in PNG, test this system in four case study sites or activities and consult widely on the design and application of the proposed BSDS framework.

The aim of the study is to:

*Contribute to a scientifically rigorous, socially just and environmentally sound REDD+ mechanism that will benefit all sectors of PNG society and reduce emissions from the PNG forestry and land use sectors.*

1. **Background**

Approximately 15 per cent of global greenhouse gas emissions are caused by land-use change and, in particular, the destruction of tropical forests of which PNG in 2001 was responsible for between 2 and 7 per cent of global tropical emissions (Shearman and Bryan 2010). Reducing land-use change and forest degradation has been shown as a cost effective way of slowing carbon emissions compared to other mitigation strategies, such as curbing emissions from power stations.

Since 2005, Papua New Guinea has been at the forefront of putting on the international agenda the issue of compensating countries for reducing their emissions from deforestation and forest degradation (REDD) through international carbon financing mechanisms.

The recognition of the potential cost-effectiveness of REDD in reducing emissions led to its inclusion in the Bali Action Plan agreed at the COP 13 in 2007. The global community at COP 15 in 2009 further reiterated the intent to support a REDD mechanism and agreed *“on the need to provide positive incentives to such actions through the immediate establishment of a mechanism including REDD+, to enable the mobilization of financial resources from developed countries”*.

Consequently, the governments of many industrialized countries are announcing significant new funds to support REDD+ mechanisms. Much of the global effort to date has been channeled into creating high-level partnerships to administer large funds for REDD over a short timeframe. A general model for disbursement of international finance to local level verified performance is outlined in Figure 1:

Figure 1: A simple conceptual of a multi-level REDD payments



While considerable effort has been consumed at the international level on REDD financing mechanisms (international REDD+ financing mechanisms is not within the scope of this study), work is now emerging on general principles for the establishment of national transparent and equitable Benefit Distribution Systems (BSDS), in which:

1. Stakeholders are carefully identified, engaged and supported - not just consulted.
2. The amount of incentive payments, the timing and the form in which these payments are to be made is decided by stakeholders and directly linked to actions agreed by them.
3. Stakeholders are aware of direct and indirect benefits, and these are quantified.
4. A trusted, independent, transparent, equitable, and accountable mechanism is put in place for the disbursement of payments to stakeholders and for the management of funds.
5. Information on all transactions is placed within the public domain for scrutiny by civil society, government and the private sector.
6. Benefit sharing agreements are flexible, allow for necessary changes based on learning and have clear dispute settlement mechanisms.[[1]](#footnote-1)

How these principles are operated is now a critical question for tropical rainforest countries such as Papua New Guinea.

PNG is now developing a robust institutional framework to discuss, debate and enact action on REDD+. The Office of Climate Change and Development has been established, the Climate Compatible Development (Plan) for Papua New Guinea (Draft 2 released March 2010) clearly outlines the necessity to establish a fund disbursement mechanism and benefit-sharing models and the PNG FA Forestry and Climate Change Framework for Action 2009-2015 supports the development of a national fund with the responsibility of the GoPNG to “*establish a transparent and well coordinated financial mechanism”* and “*disburse these funds appropriately to the recipients*”.

It is expected that PNG will move through a phased approach to the development of a fully functional REDD+ mechanism that will eventually link performance based payments to verified emission reductions.

*Phase 1 - ‘Readiness’ Phase:* PNG is currently developing a national Climate Compatible Development Plan that incorporates a REDD+ strategy through inclusive multi-stakeholder consultations, building capacity in monitoring, reporting and verification (MRV), and establishing demonstration activities. Much of the payment stream for this will be through public Overseas Development Assistance (ODA) and upfront payments to national institutions and NGOs operating at the sub-national level. Benefit sharing mechanisms will be trialed at the sub-national level.

*Phase 2 - Implementation Supported by Transitional Funding:* A‘more advanced readiness’, phase with the focus on implementation of policies and measures to reduce emissions (as set out in the Climate Compatible Development Plan). An increasing complexity of funding sources as outcome based funding mechanisms are developed across all levels (national, sub-national and community/clan).

*Phase 3 – Payment for Performance:* PNG is compensated solely for verified reduced emissions and enhanced carbon stocks relative to agreed reference levels under a UNFCCC compliant system. Different funding sources, including market based funding mechanisms are utilized. This needs to be based on land use and management plans in order to determine performance in terms of reduced CO2 emissions.



Across this time period, PNG will need to effectively respond to the major drivers of deforestation and forest degradation. While there is on-going debate about the rate of deforestation and forest degradation in PNG, the drivers of deforestation and forest degradation are well known:

* Large-scale logging operations;
* Subsistence agriculture and livelihood practices;
* Clearance of forested land for cash crops (primarily palm oil expansion, but also crops such as coffee and cocoa);
* Extractive industries and urban expansion;
* Forest fires and natural hazards.

In meeting the objectives of this work, the expert team will need to consider: i) the phased approach to REDD+ developments in PNG, ii) the different abatement levers that the benefit distribution system must influence and iii) horizontal linkages across the national, sub-national, community/clan and even individual levels.

1. **Objectives**

To further policy and institutional options on establishing and maintaining an equitable and transparent BSDS in PNG, this study is proposed to:

1. Review experiences and document major lessons learned from various benefit distribution systems in PNG in the forestry, natural resource management and resource extraction industries;
2. Draw upon international research and experience on REDD+ and select, describe and evaluate three to five of the most appropriate REDD+ BSDS for PNG.
3. a) Formulate a general benefit distribution system (or framework) that factors in the different abatement levers, a phased approach to REDD+ developments in PNG and horizontal linkages;

b) Examine how this framework could be applied to at least four (4) different existing NGO established REDD+ pilot sites or activities where one or more abatement levers (ie agricultural leases, subsistence agriculture, conventional logging concessions) are in evidence, outline any barriers that might arise in implementing the framework and solutions or options to overcome these identified barriers; and

c) Outline the financial and or service oriented expectations of the different stakeholders involved in the four (4) scenarios above and align these expectations with current thinking on realistic REDD income streams envisaged through the described benefit distribution framework.

1. Outline policy, legal and institutional barriers that currently prevent or complicate the establishment of an equitable and transparent BSDS in PNG.
2. Outline options for modifications to policy, legal and institutional arrangements that will facilitate and maintain an equitable and transparent BSDS in PNG.
3. Involve and consult a broad range of civil society, non-government and government stakeholders to ensure diversity in opinion is reflected in the final outputs.

It is expected that approximately 50% of the final report will be devoted to detailing objective 3.

1. **Scope of the work**

The scope of services is wide and aims to encourage the team of experts to openly explore and widely consult on the issues. The expert team should combine their expertise and knowledge on the subject matter with the messages received during the consultation process.

The expert team is expected to:

1. Develop and present within 2 weeks of the study commencing, a scheduling document outlining the tasks and activities the team members will undertake throughout the study. This should include indicative pilot sites or activities that the team will visit to ‘test’ their proposed general BSDS framework against.
2. Develop and present within 2 weeks of the study commencing a consultative approach to engage all relevant stakeholders throughout the study period.
3. Desk review existing international and PNG documents to allow international REDD developments and PNG experience in BSDS to inform the study’s development. A preliminary list of documents is outlined in Section 5.
4. Develop a general BSDS framework specific to the PNG context that can be ‘tested’ through broad national ,sub-national and community level consultations, and that has the capacity to be flexible (where necessary), to a variety of community contexts.
5. Travel to two existing NGO managed REDD+ pilot sites to meet with sub-national stakeholders and ‘ground-truth’ findings to ensure these findings are applicable for the PNG context.
6. Travel to two ongoing forestry or agricultural projects to examine how effectively and equitably existing benefits distribution systems transfer money from the national to the local scales. Apply these lessons to a general BSDS framework for REDD+.
7. Consult with a broad range of stakeholders throughout the study to ensure a broad range of viewpoints are considered and, where possible, incorporated into the study. A preliminary list of stakeholders to consult is listed in Section 7.
8. Within two months of the study commencing, facilitate at least one consultative workshop to outline the study’s approach and/or findings and receive feedback on these issues. A short report is required on the process and outcomes of this consultative workshop.
9. Consult and update the Chair of the Forestry Sub-working Group every two weeks at the Forestry Sub-working Group meetings.
10. Present, in a workshop format, final findings to the Forestry Sub-working Group and/or REDD+ technical working group, invited experts, and selected stakeholders.
11. Present to the Chair of the Forestry Sub-working Group a completed report that clearly meets all the objectives outlined in Section 2 and outputs listed in Section 8.
12. Work in a collegial manner and maintain good working relations with a broad range of stakeholders on issues that may be of a sensitive nature.

To guide the expert team, it is anticipated that approximately 50% of the final report produced by the expert team will examine the issues outlined in Objective 3.

1. **Training (where appropriate)**

Not applicable

1. **Reports and Time Schedule**

A three month study is proposed with a suggested indicative work schedule as follow:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Task** | **Weeks:** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
| Preliminary consultative meeting with the Chair Forestry Working Group | X |   |   |   |   |   |   |   |
| Preliminary consultative meeting with Port Moresby stakeholders | X | X |   |   |   |   |   |   |
| Development of Scheduling and Stakeholder consultative documents | X | **A** |   |   |   |   |   |   |
| X |
| Desk top review of identified documents | X | X | X | X |   |   |   |   |
| Development of a general BSDS framework for PNG | X | X | X | X | X | X | X | X |
| Travel to 4 REDD pilot sites or activities |   |   |   | X | X |   |   | X |
| Assessment of policy and institutional arrangements |   |   |   |   |   | X | X | X |
| Consultative Workshop |   |   |   | B |   |   |   |   |
| X |   |
| Ongoing consultation with a broad range of stakeholders |   | C |   | C |   | C |   | C |
| X | X | X | X | X | X | X | X |
| Collation of all material and writing of final documents |   |   |   |   |   | X | X | X |
| Presentation of draft findings to Forestry Sub-working Group and selected stakeholders |   |   |   |   |   |   | X |   |
| Inclusion of comments from consultative meeting into final document |   |   |   |   |   |   |   | X |
| Submission of all contractual and reporting requirements |   |   |   |   |   |   |   | D |
| X |

*Reports due:*

A: Scheduling and Stakeholder Consultative Approach submitted at end of Week 2 to Chair of Forestry Sub-working Group.

B: Short report (approximately 5 pages) on the objectives, process and outcomes of the consultative workshop.

C: Verbal report to the Forestry Sub-working Group at ever second Forestry Sub- working Group meeting plus stakeholders

D: Final report consistent with requirements in Section 8.

1. **Data Collection Methods**

It is envisaged that the team of experts will review published data, conduct field work and hold extensive consultation meetings with a broad range of stakeholders at all levels of PNG society.

*Background documents available to the expert team:*

* PNG Climate Compatible Development Plan (Draft 2)
* PNG FA Forestry and Climate Change Framework for Action 2009-2015
* Filer, C (2009), *Land Rights And Benefit Sharing Arrangements For REDD Projects In Papua New Guinea*, Draft Report To The PNG Department Of Environment And Conservation (Unpublished), Australian National University, 30 November 2009
* Filer, C., Henton, D. and Jackson, R. (2000), *Landowner Compensation in Papua New Guinea’s Mining and Petroleum Sectors*
* IUCN (2009), *REDD-plus and Benefit Sharing Experiences in Forest Conservation and Other Resource Management Sectors*, December 2009
* IUCN (2009) *Legal Frameworks for REDD – Design and Implementation at the National Level.* Environmental Policy and Law Paper 77.
* UN-REDD (2010), Design of a REDD-Compliant Benefit Distribution System for Viet Nam, UN-REDD Programme, January 2010
* Fisher, C (2007), *International Experience With Benefit-Sharing Instruments For Extractive Resources*, Resources for the Future, May 2007
* Secretariat of the Convention on Biological Diversity (2008), *Access and Benefit-Sharing in Practice: Trends in Partnerships Across Sectors*. Montreal, Technical Series No. 38, 140 pages.
* TNC (2010), *A Nested Approach to REDD+: Structuring Effective and Transparent Incentive Mechanisms for REDD+ Implementation at Multiple Scales.*
* NGO REDD+ Concept Notes developed by Conservation International, Live and Learn Environmental Education, The Nature Conservancy and Wildlife Conservation Society under an AusAID REDD+ Small Grant Scheme.
* Greenpeace Australia (2010), *PNG National Forest Fund,* Briefing Paper facilitated by Greenpeace Australia, 5 March 2010.
* Trines, E., Skutsch, M. and Dam, P. (2008), *Payment for Environmental Services in Papua New Guinea,* Policy Paper No. 3 for The Kyoto: Think Global, Act Local Project,November 2008
* Expert Consultation Group of the Community Carbon Forestry-PNG Project (November 2009), *Payment for Environmental Services in Papua New Guinea; a proposed PES system for PNG,* Final Draft.
	1. **Reporting Lines**

The team leader of the expert team will report to the Chair of the Forestry Sub-working Group.

The team leader (or delegate) should provide verbal reports to the Chair every two weeks at the scheduled Forestry Sub-working Group meetings. These verbal reports are to provide an update of progress and to identify any issues or bottlenecks that need the support or action of the Forestry Sub-working Group.

* 1. **Stakeholders to Consult With**

Below is a minimum list of stakeholders that the expert team is expected to consult with (but not be limited to) during the study period:

* *Government:* PNG Forest Authority, Department of Environment and Conservation, Office of Climate Change and Development , Forest Research Institute , Department of Agriculture and Livestock, Department of Land and Physical Planning, Department of National Planning and Monitoring, Institute of National Affairs.
* *Academia/Research:* University of PNG, UniTech, National Research Institute, National Agricultural Research Institute
* *Industry:* Papua New Guinea Forest Industries Association (Inc), PNG Oil Palm Research Association, PNG Sustainable Development Program Ltd, OK Tedi, PEAK (Porgera Environmental Association Komiti, OK Tedi Mining, PNG LNG
* *Not for Profit and Non Government Organisations;* Institute of Internal Affairs, FORCERT, Greenpeace, Foundation for People and Community Development, Tenkile Conservation Alliance, Eco-Forestry Forum, WWF, WCS, TNC, Conservation International, Live and Learn Environmental Education, Mama Graun Conservation Trust Fund
* *Development Partners:* UNDP, AusAID, JICA, World Bank, EU
	1. **Expected Outputs**

Within 2 weeks of the work commencing:

1. A scheduling document outlining tasks and activities to be undertaken by the expert team, including a preliminary assessment of the four (4) REDD pilot sites or activities to be used as case studies during the study.
2. A stakeholder engagement approach to ensure a full consultative process is undertaken throughout the study.

These documents to be submitted to the Chair of the Forestry Sub-working group.

Within 2 months of the work commencing:

1. A consultative workshop held in which the approach and preliminary outcomes of the study are presented to a broad range of PNG stakeholders and initial feedback sought and incorporated into the final report.
2. Within one (1) week of the consultative workshop, a short (approximately 5 page) report on the workshop objectives, process and outcomes to be presented to the Chair of the Forestry Sub-working Group.

At the completion of the study:

1. A technical report clearly responding to the objectives of the study, including a road map for the legal, policy and institutional developments necessary for PNG to establish and sustainably maintain a REDD+ BSDS and recommendations for the structure and design of a REDD+ BSDS for PNG.
2. A summary of the report, with a Tok Pisin version, made available for distribution at the sub-national level.
3. A formal presentation of the study’s outcomes and recommendations to relevant GoPNG agency staff, NGO staff and Development Partners.

**10. Suggested Team Expertise**

A team of one (1) international expert and three (3) national experts is suggested. The suggested technical composition of the team may include:

* A forestry/natural resource management specialist with demonstrated knowledge of PNG’s forestry and natural resource management sector and demonstrated knowledge of REDD+M mechanisms;
* A sociologist/anthropology specialist with demonstrated knowledge of PNG’s current BSDS and cultural systems and diversity;
* An natural resource economist or finance specialist with a special knowledge of PES, Cost Benefit Analysis and/or scenario modeling
* A policy/governance/legal specialist with demonstrated expertise in PNG’s policy and legislative framework.

The expert team is expected to include representation from the PNG public and private sectors.

The team members are expected to have the following qualifications:

* All team members should hold a post-graduate degree in their specialized fields;
* At least five years of demonstrated working experience in their specialist field in PNG and internationally;
* Demonstrated experience in REDD+, climate change and/or Payment for Environmental Services;
* The team should display strong inter-personal skills, especially oral and written communication skills; proficiency in spoken and written English is essential; and
* Experience in the field of designing BSDS, or similar instruments would be highly preferred.

**11. Study Budget**

A maximum upper limit proposed for this study is K800, 000.

Secretarial and administrative support is expected through stakeholder as appropriate.

**12. Selection Process and Criteria for Selection**

After the deadline for submission of proposals, the Technical Proposals will be opened by the Chair of the Forestry Sub-working Group (or his delegate) in the presence of members of the evaluation panel.

The evaluation panel will fully evaluate the Technical Proposals based on the criteria listed below. Based on this assessment a number of expert teams will be short-listed. Once a short-listing has occurred, the Financial Proposal of the short listed teams will be opened by the Chair of the Forestry Sub-working Group (or his delegate) in the presence of members of the evaluation panel.

The short-listed proposals will then be assessed against the full criteria below (including the financial proposal) by an evaluation panel made up of members from the REDD+ Technical Working Group. Short listed expert teams may be asked to present their proposals to the REDD+ Technical Working Group evaluation panel.

*Evaluation Criteria:* The evaluation panel (Forestry Sub Working group and some stakeholders) will examine each proposal on the basis of their responsiveness to these Terms of Reference and apply the evaluation weighting listed below and give each proposal a score.

|  |  |
| --- | --- |
| **Criteria** | **Weighting** |
| *Personnel* | *50%* |
| - Individual general qualifications and experience with similar work programs (30%) |  |
| - Team balance, complementarities and representation (10%) |  |
| - Communication and stakeholder engagement skills (10%) |  |
| *Approach* | *40%* |
| - Understanding of the objectives of the study and quality of approach (20%) |  |
| - Innovativeness/comments on the ToR (10%) |  |
| -Work program and schedule (5%)- Recognition of critical risks and constraints and mitigation strategies (5%) |  |
| *Financial Proposal (only assessed for short-listed teams)* | *10%* |
| - Budget breakdown and within budget (10%) |  |

After the evaluation of the Technical Proposals, the Chair of the Forestry Sub-working Group will notify the team leaders of those expert teams that have not been short listed or whose proposals were deemed to be non-responsive to the ToR.

After the contract has been finalized, the Chair of the Forestry Sub-working Group will inform those short-listed expert teams of the outcome of the tendering process.

**13. Contents of Proposals**

A proposal must contain the following:

1. *Personnel* *(no longer than 4 A4 pages)*
* Demonstrated ability of each team members individuals capacity, skills, knowledge and experience to complete the tasks and outputs outlined in this Terms of Reference;
* Assessment of the teams balance, complementarities and representation;
* Demonstrated ability of the teams communication and stakeholder engagement skills and experience;
* Identification and full contract details of the team leader;
* Identification of any actual or potential conflicts of interesting arising from the experience or affiliations of each nominated team member.
1. *Approach (no longer than 5 A4 pages)*
* Complete understanding of the study objectives and how the expert team will approach the study task to meet the study objectives;
* Innovation or a response to these Terms of Reference to further enhance the study’s outcomes;
* Proposed work program (including roles and responsibilities for each team member) (this may be included as one (1) A3 page);
* Assessment of the critical risks and constraints and mitigation strategies.
1. *Financial Proposal (no longer than 2 A4 pages)*
* Full costing of all tasks, activities, travel, accommodation and overhead fees that will be incurred in the delivery of this study.
1. *Annex 1: Team Member Curricula Vitae (CVs)*
* CVs of not more than four (4) pages for each nominated team member for the project must be included;
* Each CV must contain a declaration of commitment and availability to the project, be signed and dated be the nominated team member and contain the full contact details (including phone number and email) or two (2) professional referees.

Font should not be smaller than 11 point and A4 pages are to have margins no smaller than 2.5 cm.

**14. Deadline for Proposals:**

The proposal must be prepared in English and to be submitted 5 weeks after TOR launching.

Proposals can be submitted in hardcopy or electronic format.

*Hardcopies:*

* Five (5) hardcopies of the completed proposal (excluding the Financial Proposal) are to be provided.
* The proposals must be placed in a sealed envelope and addressed to the Chairman of the Forestry Sub-working Group and clearly marked:

 *PNG Benefit Distribution Study Proposal – Commercial in Confidence*

* One (1) hardcopy of the Financial Proposal is to be provided in a separate sealed envelope addressed to the Chairman of the Forestry Sub-working Group and clearly marked:

 *Financial Proposal for the PNG Benefit Distribution Study Proposal – Commercial in Confidence*

* Hard copies may be sent by mail, courier or hand delivered to:

Chair of the Forestry Sub-Working Group

PNG Forest Authority

PO Box 5055

Boroko

National Capital District

Papua New Guinea

*Electronic Copies:*

* Electronic copies can be emailed with two separate attachments.
* One attachment is to contain the completed proposal (excluding the Financial Proposal) and the file is to be titled: *PNG BSDS Proposal*
* The second attachment is to contain the completed Financial Proposal and is to be titled: *Financial Proposal for the PNG BSDS Proposal*
* The emails are to be addressed to:

Chair of the Forestry Sub-Working Group

Email address: gamos@pngfa.gov.pg

Submissions of proposals by email may only be accepted with prior written approval (email exchange is acceptable) from the Chair of the Forestry Sub-working Group.

Faxed copies of Proposals will not be accepted.

1. Adapted from IUCN (2009), *REDD-plus and Benefit Sharing Experiences in Forest Conservation and Other Resource Management Sectors*, December 2009 [↑](#footnote-ref-1)