Cutting Corners

World Bank’s forest and carbon fund fails forests and peoples

Kate Dooley, Tom Griffiths, Helen Leake, Saskia Ozinga

November 2008
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>5</td>
</tr>
<tr>
<td>Background to the FCPF</td>
<td>6</td>
</tr>
<tr>
<td>The importance of recognition of land and tenure rights</td>
<td>8</td>
</tr>
<tr>
<td>Main findings of FERN-FPP analysis</td>
<td>9</td>
</tr>
<tr>
<td>Analysis of the different R-PIN's</td>
<td>14</td>
</tr>
<tr>
<td>Conclusions</td>
<td>18</td>
</tr>
<tr>
<td>Recommendations</td>
<td>20</td>
</tr>
<tr>
<td>Annex I</td>
<td></td>
</tr>
<tr>
<td>Some Key FCPF standards and operating principles</td>
<td>21</td>
</tr>
<tr>
<td>Annex II</td>
<td></td>
</tr>
<tr>
<td>The stages of the FCPF</td>
<td>23</td>
</tr>
<tr>
<td>Annex III</td>
<td></td>
</tr>
<tr>
<td>Who wrote the R-PINs?</td>
<td>24</td>
</tr>
</tbody>
</table>
Cutting Corners  World Bank’s forest and carbon fund fails forests and peoples
Executive Summary

In December 2007 the World Bank launched its Forest Carbon Partnership Facility to act as a ‘catalyst’ to promote public and private investment in ‘REDD’ (Reduced Emissions from Deforestation and Forest Degradation) and to support demonstration pilot projects for developing and implementing national REDD strategies. To access the funds gathered by the Facility countries had to submit Readiness Project Idea Notes (R-PINs).

This briefing analyses nine of the first 23 R-PINs approved to try to assess the extent to which the Facility is fulfilling some key social commitments set out in its Charter, and to determine whether or not it is addressing some of the main concerns raised by indigenous peoples and civil society organizations relating to REDD, including governance, human rights, land tenure, and Free Prior and Informed Consent (FPIC).

Overall, this review finds the process to date has been rushed, implicitly directed towards a market based REDD and dominated by centralized government, with little to no consultation with indigenous peoples, local communities or civil society organizations. The poor quality of some R-PINs that have been approved suggests that the Bank’s carbon finance unit is keen to get the Facility up and running as quickly as possible, and this accelerated approach has meant that approval of R-PINs has been rushed and corners have been cut. Furthermore, the review finds that the FCPF is not meeting some of the key social commitments it has made.

This briefing recommends that in the next phase of its operations the Facility must take urgent measures to ensure that it fulfills its commitments to indigenous peoples, forest dwellers, forest dependent communities and to the public, and adheres to its own rules.

1 For more information on FPIC please see: http://www.forestpeoples.org/documents/law_hr/bases/fpic.shtml
Background to the FCPF

The World Bank’s Forest Carbon Partnership Facility was developed by the Bank’s carbon unit. The Facility was launched amid international public controversy in December 2007 in Bali largely because the Bank had failed to adequately consult with indigenous peoples and Southern governments. In responding to this criticism, in 2008 the World Bank belatedly held some meetings with indigenous peoples and duly documented their concerns. In October 2008, the Facility also agreed to establish a one million USD fund to support forest peoples participation in FCPF-assisted REDD activities. The stated aim of the Facility is to act as a ‘catalyst’ to promote public and private investment in REDD and to support demonstration pilot projects for developing and implementing national REDD strategies.

FCPF participants

Countries become ‘REDD country participants’ in the FCPF once they have submitted a concept note of their preparation plans for REDD and the note is approved by the FCPF. Country participants may then form part of the FCPF governing bodies. These initial concept notes are known as Readiness Plan Idea Notes (R-PINs). As of October 2008 the following 23 countries have had their R-PINs approved and been selected as participant countries:

- **Latin America:** Argentina, Colombia, Costa Rica, Guyana, Mexico, Nicaragua, Panama, Paraguay, Peru.
- **Africa:** Ghana, Gabon, Liberia, Kenya, Madagascar, Cameroon, DRC, Republic of Congo, Ethiopia.
- **Asia and Pacific:** Lao PDR, Nepal, PNG, Vanuatu, Vietnam.

Once fully operational, the FCPF will have a maximum of 30 developing country participants.

FCPF Funds

The Facility consists of a Readiness fund and a Carbon Fund. The Readiness Fund is designed to support countries in developing and implementing Readiness Plans (R-Plans) that will result in...
national REDD strategies and country systems for monitoring, measurement and verification of emission reductions from deforestation against a national reference baseline. Once a country is deemed ‘ready’ (i.e. with its REDD strategy, baseline and monitoring framework), it may submit ‘Emissions Reduction Programs” (ERPs) to the Facility. Once these ERPs are approved then the Carbon Fund will pay countries for these programmes through Emission Reduction Program Agreements (ERPAs) – agreements between the REDD country participants (i.e. national governments) and the World Bank. At the end of 2008, the FCPF is entering the phase where REDD country participants are beginning to prepare Readiness Plans (see Annex II).

The significance of the FCPF

When compared with other World Bank funds, notably the forthcoming Forest Investment Programme, the FCPF is small. However, the operations of the facility are important because it will act as a catalyst for the formulation of national REDD strategies that could shape national forest, conservation, and land use policies in forest countries for years to come. These strategies will determine what can and cannot happen in forest areas in the future and as such it is difficult to overstate its importance to the lives and livelihoods of indigenous and forest-dependent peoples.

FCPF standards and procedures

The Facility has affirmed that it is committed to applying the World Bank’s social and environmental policies and to ensuring a ‘participatory and inclusive process early on’ in all FCPF activities. This is of particular importance in regards to the Facility’s support of so-called ‘Readiness’ activities that will pave the way for future national programmes for REDD operations. Annex I details some key FCPF standards and operating principles.
The importance of recognition of land and tenure rights

REDD initiatives of various forms, both under the FCPF and others, promise to be the biggest change in national and international forest management ideas and methods in generations. It is hard to overestimate the importance of this tidal wave of policy change, promised money and ideological change to the lives and livelihoods of peoples living within, around and dependent on forests. The social and human rights risks are clear and they are large. The increased monetary value placed on standing forest resources and new forest growth, opens the door for corruption in countries where the forest sector is already rife with it. Centralized planning like that promoted under the FCPF where the national government creates plans, receives payments and disburses the new funds only adds to the marginalisation of forest peoples. Without clear, secure and comprehensive recognition of the customary and collective rights of the peoples who depend on forests, the REDD process will only serve to create incentives for others to deny these land rights and claim benefits for themselves. Without Free, Prior and Informed Consent of indigenous peoples and the full support and involvement of local communities the REDD process would repeat the mistakes of past experiments with centralized forest management strategies based on enforcement and would lead to the same outcome, increased levels of deforestation and corruption while indigenous peoples and local communities face increased levels of poverty and alienation from their lands.
Main findings of FERN-FPP analysis

For a detailed description see the table with content of the different R-PINs on page 14

An analysis of a sample of nine Readiness Plan Idea Notes (R-PINs), the first step in the Readiness activities of the FCPF, submitted by countries and approved by the Facility in 2008, shows that the quality of the R-PIN contents and the quality of the reviews of the R-PINs by the World Bank’s Technical Advisory Panel is highly variable. This review finds that key criteria for assessing the quality and for approving RPINs have been disregarded or rubber-stamped; especially the FCPF criteria (see Annex I) that advises that these documents should be ‘owned’ by both governments and ‘relevant stakeholders’. FERN and FPP conclude that the FCPF is not following its own rules and in its first phase has failed to ensure that the concerns of indigenous peoples and civil society are being addressed in its operations. Specific issues the review has identified include:

World Bank FCPF at odds with World Bank standards and procedures

The World Bank has useful binding standards for protection of indigenous peoples’ rights, forests and land tenure, and consultation procedures embedded in its social and environmental policies. Furthermore, the Bank has publicly stated that these policies will be reviewed to see how they can be improved to ensure consistency with the UN Declaration on the Rights of Indigenous Peoples. However in the development of the FCPF none of these standards has yet been applied and they have only been partially integrated into FCPF rules and procedures. Furthermore the approved R-PINs do not conform with agreed principles, standards and commitments, detailed in Annex 1. This FPP-FERN analysis shows that most of the R-PINs reviewed do not give adequate treatment to the rights of indigenous peoples and local communities. Overwhelmingly, indigenous peoples and communities have not been consulted properly or have not been involved at all in the development of the R-PINs. This is despite the fact that the FCPF Charter makes clear that Bank social and environmental policies apply and that FCPF operations must conducted in a participatory manner with relevant rights holders and stakeholders.5

FCPF appears to facilitate carbon trading

In its 2005 paper entitled ‘The role of the World Bank in Carbon Finance: an approach to further engagement’ the Bank states that its objectives in this sector are to ‘assist in building, sustaining

5 It should be noted that in the FCPF Information Memorandum, the Bank specifies that its safeguard policies only apply once a country has signed a grant agreement with the Bank, therefore being at odds with the Bank’s FCPF charter. See LINK for the Memorandum and the Charter, which is an annex to the Memorandum.
and expanding the international market for carbon emission reductions and its administra-
tive structure”. The Bank’s pro-market approach is therefore clear. The FCPF is more ambiguous
about carbon markets. In the FCPF Charter it is suggested that the FCPF is a temporary fund
aimed at jump starting international efforts to attract private finance and that it will remain in
operation only until 2020 after which the Bank expects the market in REDD certificates will have
matured. Nonetheless, the Bank’s FCPF Memorandum states that ‘emission reduction purchase
agreements’ will be the key payment mechanism of the Carbon Fund thereby bringing trading
schemes into the heart of the Facility.

Human Rights and Land Tenure not being addressed

Despite the fact that recognition of land tenure rights and clarification of ownership rights
has been pointed out by various scientists\(^6\) and research institutes\(^7\) as a basic condition for
any effective REDD Programme, in only a few of the R-PINs reviewed is this critical issue being
highlighted, nor is a process outlined how to establish these rights. Furthermore, no mention is
made in any of the R-PINs of relevant international standards under human rights instruments
such as the UN Declaration on the Rights on Indigenous Peoples (UNDRIP). Several countries
did not acknowledge existing land tenure conflicts, or as in the Lao PDR R-PIN, have empha-
sized state ownership of forests. Paraguay’s R-PIN noted that many communities do not have
secure tenure, and Liberia and Vietnam noted the need to clarify and strengthen land tenure
arrangements – though explanation about what this means in practice is not provided.

No requirements for Free, Prior and Informed Consent (FPIC)

Although recognized by international law as a pre-condition for any project or programme
affecting indigenous and tribal peoples\(^8\), the notion of FPIC did not surface in any of the R-PINs
analyzed. Whilst most countries recognized the need for future consultation with indigenous
peoples and forest dependent communities, none extended that as far as recognizing the
need to seek consent. Consultation was inadequate in most R-PINs, with several apparently
relying on prior consultations on general environmental issues rather than specific public
consultations on REDD and the R-PIN (e.g., Panama, Guyana). Some countries do not even
propose establishing specific participation and consultation mechanisms for REDD and will
rely instead on existing mechanisms. At the same time, many other countries have identified
consultation as a next step for which they are requesting financial support (Guyana, Paraguay,
Liberia, Ghana, Nepal), although the length of time required for extensive stakeholder consul-
tations raises doubts as to whether this is achievable within the WB timelines and there is a
lack of clarity as to precisely when and at what stage such consultation would be conducted
(during the preparation of the R-Plan or national REDD strategies?). In Ghana the VPA with
the EU has had a positive impact on building goodwill and consultation processes with local
communities. In Ghana, the VPA with the EU has had a positive impact on building goodwill
and consultation processes with local communities. Several R-PINs mentioned engaging in

\(^6\) Including Chhatre, A. and Agrawal,A. in Forest commons and local enforcement/ 13286-13291/PINAS/September 9, 2009/Volume 105/No 36

\(^7\) Rights and Resources Initiative/ Seeing peoples through the trees/ no date; a collection of scientific presentations on www.rightsandclimate.

\(^8\) See for more information on latest judgment on tribal and indigenous peoples' rights to land and FPIC: http://www.corteidh.or.cr/docs/casos/

articulos/seriec_185_ing.pdf
the EU FLEG (Forest Law Enforcement Governance and Trade) Programme\(^9\) as part of their strategy to improve forest governance and qualify for REDD funding.

**No way forward to address governance problems**

Although improving forest governance is recognised as a key pre-requisite for improved forest management by the EU FLEG Programme\(^9\), the treatment of this key issue in the R-PINs is patchy and of variable quality. Several Latin American and Asian countries noted the problem of forest law enforcement in very remote areas and recognized challenges with corruption among forest officials (e.g., Paraguay and Lao PDR), but there were few adequate outline strategies to address governance reforms. Some R-PINs apply a very narrow concept of governance e.g., the DRC R-PIN noted that increased security of timber concessionaries is an example of ‘improved governance’.

**No proper analysis of underlying causes of deforestation**

There is a disturbing level of attention placed on ‘slash and burn agriculture’ and the collection of fuel wood as the primary drivers to deforestation (Panama, Guyana, Paraguay, DRC, Liberia, Ghana, Lao-PDR, Vietnam). This emerges in the R-PINs developed in every global region analyzed in this briefing, with negative views taken about traditional and small farmers. This raises serious concerns regarding potential rights violations and the the risk of unjust REDD policies targeting forest peoples. A few R-PINs did pay attention also to industrial agriculture, plantations, cattle ranching and urban development as drivers of forest loss (e.g., Panama, Vietnam and Lao PDR), and several also identified the negative role of infrastructure projects, especially roads (Paraguay and Guyana). In the case of Panama, infrastructure ((roads, dams, electricity grids etc.) and mines are surprisingly not identified as drivers of deforestation, while studies clearly show these are drivers in that country (as in many others).\(^11\)

Although the R-PINs refer to shifting and ‘traditional’ agriculture, none of them discuss the different types of agriculture or their sustainability in relation to carbon emissions and sequestration over the medium term (which science proves is usually neutral or even positive over time in the case of rotational (swidden) farming and agro-forestry systems).\(^12\) There is likewise no discussion of the obligation under the CBD to protect sustainable traditional practices that include shifting agriculture (CBD Article 10c).

In terms of the identification of underlying causes, several African countries’ R-PINs briefly mention the expansion in global markets as a threat to deforestation. High prices for soya, dairy products and beef coupled with high value of agricultural export markets are seen as major underlying factors in forest conversion in Paraguay. Similarly the rising value of timber

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9. The EU FLEG Programme, presented by the EU in 2003 and currently being implemented, sets out a range of measures that aim to tackle illegal logging by improving forest governance, strengthening local peoples’ land tenure rights, developing a licensing scheme that assures timber has been legally produced and creating a system for independent monitoring. For more information see www.loggingoff.info and http://ec.europa.eu/environment/forests/flegt.htm


11. Arias, M (2005) An assessment of the implementation of international commitments on traditional forest-related knowledge in Panama’ pp.3-41 in IAITPTF (2005) Our Knowledge for our survival Volume II, IAITPTF, Chiang Mai

exports is recognized as an underlying cause in Vietnam, leading to Vietnam exporting four times the amount of timber that it legally harvests from its forests.

However, at this stage the R-PINs suggest that the main policy frameworks for actions under national REDD strategies will not address underlying causes of deforestation but will tend to focus instead on reducing the proximate drivers. As noted above, the way these direct drivers have been identified is questionable on both legal and scientific grounds. In the R-PIN for the DRC for example, increasing structural factors such as roads and the recent Chinese purchase of three million hectares for palm oil are acknowledged, but are not addressed in the outline policy response.

**No rigorous risk analysis and identification of monitoring needs and benefit sharing**

Risks were not identified in a rigorous manner in any of the R-PINs though some do discuss ‘challenges and constraints’. Many countries focus on the need for access to high quality satellite images for forest monitoring, although Ghana points out that these can take several days to download in areas with restricted broadband access. However, other than DRC and Nepal, very few of the R-PINs discuss the need to monitor social impacts – though some plan to continue existing governmental surveys of rural livelihoods (e.g., Guyana, Paraguay).

The bulk of the R-PINs reviewed acknowledge the need for benefits to reach local communities, but most are vague on how this would occur (Paraguay, Lao PDR) or confine benefit sharing to indirect benefits such as providing training in forest management (Guyana). Several countries mention the need for public access to monitoring data to increase transparency.

Monitoring systems are also massively under-developed in the reviewed R-PINs with most countries presenting only a scant picture of how monitoring of emission reductions would occur. Some countries indicate that existing systems used for monitoring forest cover (Nepal, Lao PDR and Vietnam) are too infrequent and inaccurate to be applied to the REDD schemes they propose and large funding requests are made to develop monitoring systems. However, even the scant details provided of the proposed monitoring systems have little information or focus on the monitoring of social risks, with the exception of the Nepali R-PIN which recognizes the need to monitor payment systems to ensure corruption is kept at a minimum.

**No critical analysis and lack of knowledge about carbon markets**

Several R-PINs like those of Guyana, Panama and Liberia explicitly support national participation in the carbon market and see the readiness phase as an opportunity to invest in activities to generate tradable credits. (Liberia's R-PIN notes a plan to invest in extending the protected area network to generate REDD credits). The controversies and criticisms of the carbon market were not acknowledged in any of the R-PINs, although several African countries rejected the historical baseline approach due to their relatively low deforestation rates.

**Next steps: more consultation needed**

In general ‘next steps’ were seen as an extensive consultation phase, which is encouraging considering one of the main criticism of the R-PINs is the lack of consultation outside of govern-
ment and international NGOs. Most of the R-PINs reviewed requested financial assistance for this – though timing and mechanisms are vague. Funds are also requested for numerous technical and forestry activities, including updating of national forest inventories, establishing reference levels and monitoring. This focus highlights a growing concern that REDD under the FCPF may lead to a narrow technical focus on monitoring and measurement rather than investment in legal and land policy reforms or strengthening governance capacities.
### Analysis of the different R-PIN’s

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<thead>
<tr>
<th>Country</th>
<th>Human Rights (including indigenous rights)</th>
<th>Land and tenure</th>
<th>FPIC and public consultation on R-PIN</th>
<th>Governance Issues addressed</th>
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<tr>
<td>Panama</td>
<td>No mention of human rights. Treatment of indigenous peoples is superficial and perfunctory.</td>
<td>There is no direct treatment of land tenure issues.</td>
<td>No mention of FPIC. Refers to prior consultations on general environmental issues, rather than specific public consultations on REDD and the R-PIN.</td>
<td>Dealt with briefly, noting that remoteness of many areas is a barrier to forest protection enforcement.</td>
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<td>Guyana</td>
<td>No mention of human rights, despite the fact that the UN CERD human rights committee has observed that the 2006 Amendent Act is not compliant with international human rights standards.</td>
<td>No direct treatment. Existing land tenure conflicts and unresolved indigenous peoples’ land claims in Guyana are not discussed.</td>
<td>No mention of FPIC. The list of individuals and organisations consulted is dominated by government agencies and large conservation NGOs. The R-PIN claims that stakeholder consultations inclusive of indigenous communities were held from which views were incorporated into the R-PIN but no details are provided.</td>
<td>It is noted that existing governance structures are ‘not directed to controlling deforestation and degradation.’ The need for improved ‘land use planning and zoning’ is noted. A ‘transparent governance structure’ for managing payments of REDD incentives is proposed (pg 13)</td>
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<td>Paraguay</td>
<td>No explicit mention of human rights. Land rights of indigenous people is briefly mentioned Rights are mentioned only a few times, including a reference to ‘tradable rights’.</td>
<td>Some useful treatment of land tenure, which notes that many indigenous communities do not have secure land rights. Existing external pressures on indigenous lands are noted, but solutions are not addressed.</td>
<td>No mention of FPIC. Indigenous peoples have so far not been directly consulted, although planned future consultations are outlined. Indigenous peoples’ organisations Paraguay have complained to local World Bank offices that they were not consulted at all over the R-PIN.</td>
<td>Indirect and fragmented treatment. Ministerial corruption (causing deforestation) and the risk of ineffective administration is acknowledged.</td>
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<td>DRC</td>
<td>No mention of human rights.</td>
<td>The proposal makes it clear that most of the land is state owned, but does not deal with the historical and current exercise of customary rights by indigenous peoples and other forest communities in DR.</td>
<td>No mention of FPIC. The R-PIN requests capacity building funds to lead stakeholder consultation as a ‘crucial point to define REDD policies’.</td>
<td>The key governance commitment is increasing security of rights to logging concessionaries (to promote SFM) Has opened discussions for FLEG engagement. Sustainable Forest Management (SFM) (aka certified or ‘low impact’ industrial logging) is offered as the best compromise between development, carbon stock protection and conservation.</td>
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<td>Liberia</td>
<td>Mentions community rights in reference to land tenure, but no mention of human rights or the rights of indigenous peoples.</td>
<td>The need to strengthen land tenure, including carbon rights, is recognised. The establishment of a Lands Commission has been suggested to facilitate reforms in land policy and clarify carbon ownership. A new Community Rights Law is being formulated which will provide increased role for communities in forest governance.</td>
<td>The R-PIN states that commercial logging requires prior assessment of local community issues, but there is no mention of prior consent. Forest Development Authority (FDA) consultation strategies are targeted at forest dwellers</td>
<td>An intention to scale up capacity and field presence of FDA? It is noted that governance strengthening is required but this is interpreted as strengthening government departments</td>
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<td>Underlying drivers</td>
<td>Risk analysis</td>
<td>Benefit sharing – Monitoring and verification</td>
<td>Financing mechanism</td>
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<td>'Traditional' and mechanized agriculture are blamed as primary drivers. Cattle ranching, urban development and low levels of environmental awareness are also mentioned. Roads, mines, dams, energy projects and regional integration plans for infrastructure (Plan Puebla Panama) are NOT identified as drivers. Deforestation is identified as being caused by mining, logging, 'agricultural activity' and infrastructure development (e.g. roads, dams). The R-PIN states that an 'opportunity' exists to 'reduce the incidence of slash and burn' for agriculture through providing viable alternatives to local communities. Different types of slash and burn and rights of indigenous peoples to engage in traditional farming are not discussed. Direct drivers of deforestation in the western Chaco region are clearance for cattle ranching and soy production, as well as improved road systems financed by MDBs. The high value of agricultural export markets (especially beef, dairy products and soy) is noted as a key underlying factor. Insecurity of tenure is identified as a problem, along with forest and land laws (e.g., Law 422/73) which permit deforestation and allow the permanent conversion for agricultural use. Deforestation is blamed on two main factors: firewood collection and subsistence agriculture using shifting cultivation. The R-PIN blames a high rural pop density for putting pressure on forests. The R-PIN claims that massive industrial deforestation has never occurred in the Congo Basin and the extent of illegal logging is not known, and so these are not identified as major drivers. The main drivers were identified as slash and burn farming; fuelwood collection; mining; migration and excessive commercial logging during the civil war. High risk of future pressure on forests from expanding global economy is recognised.</td>
<td>None</td>
<td>The R-PIN affirms that the ‘REDD strategy’ is based on the ‘integrated management of hydrographic basins’ which ‘seeks to ensure equity in the distribution of benefits.’ ANAM advises that it support the concept of direct payments to ‘the actors that are implementing actions to avoid deforestation’. The R-PIN advises that there is a need for Panama to have a permanent forest monitoring system and access to high-resolution satellite images. The need for an emissions reductions' verification system is likewise noted.</td>
<td>Proposes participation in the ‘Emission reductions’ market’ and international environmental markets (pages 2, 11 and 14.) The challenges or controversies related to the carbon market are not acknowledged.</td>
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<td>No mention of risks other than a note that: ‘socio-economic impact of REDD should not be ignored and monitoring of these aspects should be planned.’ Acknowledges need for payments to reach local stakeholders, but admits that ensuring payments get to this local level is difficult. National scale remote sensing combined with local validation. Suggest using logging companies: forest inventories which cover large areas, but also to entrust monitoring-assessment and control of flows to an independent entity and allow NGO access to data for transparency and verification. There is mention of the need to monitor social impacts.</td>
<td>There is no direct mention of carbon trading. It is planned that REDD will be inserted into the existing PES scheme. The purchase of land for private conservation is explicitly endorsed in the R-PIN. Readiness funds are requested for outreach to indigenous and local communities, although most financial requests relate to technical monitoring issues and funds for to establish a ‘Special REDD Monitor Task Force’.</td>
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<td>No risk analysis.</td>
<td>The R-PIN is vague on benefits for indigenous peoples and local communities – though it clearly supports payments to those clearing forests (big farmers (pg.15). No mention of monitoring of social impacts. SEAM notes that the current system of monitoring in support of the Zero Deforestation Law is managed by the ENGO sector in Paraguay that have the leading expertise in GIS systems and analysis of satellite imagery (page 4).</td>
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<td>Country</td>
<td>Human Rights (including indigenous rights)</td>
<td>Land and tenure</td>
<td>FPIC and public consultation on R-PIN</td>
<td>Governance Issues addressed</td>
</tr>
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<td>---------</td>
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<tr>
<td>Ghana</td>
<td>No mention of human rights.</td>
<td>The R-PIN acknowledges that establishing clear land tenure is important to reduce deforestation. Current legislation includes a negotiated contract between communities and timber contractors on social responsibility and benefits to communities</td>
<td>FPIC not mentioned The R-PIN proposes deploying the VPA steering committee and forest governance learning group to ensure participatory and bottom-up consultation process on REDD readiness activities Public consultations will be set up with all stakeholders (inc. forest dwellers) to discuss REDD strategy and the R-PIN.</td>
<td>The R-PIN calls for more involvement of stakeholders in the protection of forests resources. The R-PIN notes that a VPA agreement has been signed with EU to combat illegal logging – as a result steady progress in participatory consultation and that benefits for communities have been secured in Ghana.</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>No mention of human rights. No mention of indigenous rights. 'No data are available on indigenous peoples in the lands targeted for REDD' Only mention of choice by or involvement of communities is 'Voluntary participation of villages in emission reduction plan and activities based on land use plans and land titling'</td>
<td>All land is the property of the State. Village forests may be allocated to villagers. State may also lease forests to investors. For very remote (no road access) villages temporary land certificates are granted to encourage crop production, customary use of the forest is allowed for these villages.</td>
<td>No mention of consent. No public involvement in the development of R-PIN. To date: Two meetings of the Government-Donor Working Group on Forestry (GFWG) where the draft R-PIN was discussed. Future plans: Indigenous peoples and forest dwellers only be involved in the activities, but not in planning or decision making. (pg 12) Consultation (with ‘everyone’) is stated as an important area where readiness funds could be used.</td>
<td>“Weak law enforcement and governance are common issues in all sectors; R-PIN notes the need to include not only the forestry sector, but also general actions by the government and understanding and cooperation of private sector.” All governance for the proposed programmes will be run through a Government-Donor working group.</td>
</tr>
<tr>
<td>Nepal</td>
<td>No mention of human rights directly although there is a strong emphasis on local control and local autonomy</td>
<td>Under ‘community based forest management’ a high degree of tenure control is protected. Specific tenure agreements in place for: Community Forest Users Groups (CFUG), Leasehold Forest Users Group (LFUG) and Buffer Zone Community Forest Users Group (BZCFUG).</td>
<td>Consent not referred to. Consultations on REDD and the R-PIN have not taken place at all levels. One multi stake holder consultation has been done for GoN and for INGOs (no local community). There are strong avenues for information sharing and consultation in place in the forestry sector (since 2006/7) with national rep of local groups. Also stated for the future that ‘GoN must engage with forest dependent communities, civil society and local organizations to incorporate their views and promote transparency, people’s participation and equity’ Recognized national federations of indigenous peoples will be invited to participate in the REDD processes.</td>
<td>Political instability and low enforcement of existing laws addressed as a risk for FLEGT approach. Strong focus on decentralized implementation. “Evidence strongly suggests that once the forest management regime is transferred to the local communities, the degradation and deforestation is substantially reduced” Governance of large block (uninhabited) forests seen as a challenge defining the roles and powers of communities, local government and central government.</td>
</tr>
<tr>
<td>Vietnam</td>
<td>No mention of human rights nor reference to indigenous peoples, although ethnic minorities mentioned</td>
<td>The R-PIN notes that allocation of tenure to rural and ethnic minorities must be accelerated, however only in 2006 did allocation of tenure over forested lands begin. The R-PIN notes that ethnic minorities “have clear historical and de facto tenure over forest lands” Lack of tenure is highlighted as a contributing cause of deforestation – tenure allocation programmes lack money.</td>
<td>Although the REDD programme will focus on the central highlands and north central provinces where the population is overwhelmingly minority groups, there has been no consultation held in these areas or with any other section of the public. Some prior consultations on forest policy are mentioned, but participant groups are not indicated, and it is not clear that this related to the R-PIN and REDD. ‘Existing government infrastructure’ will be used to make sure voices are heard’ For the prep of the REDD Plan a consultation process will be established (including only central gov bodies).</td>
<td>Management of REDD will take place under a Steering Committee for Climate Change Mitigation and Adaptation under the MARD. Lack of enforcement capacity is emphasized. Lack of (and a need for) robust independent monitoring</td>
</tr>
</tbody>
</table>
### Underlying drivers

<table>
<thead>
<tr>
<th>Who is blamed for deforestation?</th>
<th>Risk analysis</th>
<th>Benefit sharing + Monitoring and verification</th>
<th>Financing mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>The main drivers are considered to be agricultural expansion (including permanent and shifting cultivation and cattle ranching) and fuelwood harvesting. Population pressure and mining are also mentioned.</td>
<td>No risk analysis</td>
<td>The R-PIN notes the need to involve civil society in monitoring operations to contribute to forest law compliance.</td>
<td>Payment for environmental services schemes are mentioned.</td>
</tr>
</tbody>
</table>

#### Deforestation factors are presented as four-fold:
- swidden farmers, commercial tree plantations, illegal logging and infrastructure.
- Underlying causes identified include poverty, the desire of neighboring countries for timber products, lack of application of current laws (lack of resources) and corruption.

| Identified as different for high altitude and middle altitude forests. High altitude factors include poverty, political instability, lack of appropriate management institutions, inadequate incentives for managing forest, lack of clearly defined tenure structure and illegal felling for smuggling across the borders. Mid-altitude has less deforestation due to 'success of the community forestry programme'. The R-PIN also notes that nationalization of forests in 1957 led to a massive increase in deforestation rates. | No | Monitoring of forest cover currently on a 10 year cycle, this will be changed under the proposal, to what is unclear. In the current plan there are 19 components, all of which will have different monitoring systems. REDD is section 6 of the 19, and monitoring will be done by participating villages 'according to agreed emission reduction plans'. Distribution of payments will be done to all programmes, monitored ones and non-monitored ones. How the division of payments will be done is not discussed. Monitoring of livelihood benefits are 'being done by NGOs'; and the R-PIN states that they should be monitored in the future, no mention of by whom. | Very few details mentioned. It appears to be a single payment to the National Committee (under the government) who would then distribute the payment to all contributing programmes. The process for establishing estimates of which programme contributed how much is not given. |

#### Identified as different for high altitude and middle altitude forests.
- Commercial timber industry: “Vietnam currently exports 4 times more processed timber products by volume than it officially harvests from its own forests”
- Conversion to cash cropping
- Poor people, especially ethnic minorities, clearing the forest for cropping, exacerbated by a lack of legal tenure.
- Infrastructure development for economic gain, including electrical generation.

### Benefit sharing + Monitoring and verification

The R-PIN notes that "REDD will directly contribute to Vietnam’s obligations under the UNFCCC, CBD, UNCCD and to the economic development of remote, upland and ethnic minority areas".

The R-PIN also notes that the payment system would require a robust independent monitoring system to ensure payments are made correctly.

Existing monitoring systems are fragmented across government departments.

Future monitoring is planned to be done by local community groups to feed into national statistics (to be audited by a national REDD group) and land tenure allocation to minorities has occurred.

The monitoring system should also receive payments for their services.

The national REDD strategy will be opened up to sub-project developers to bid for inclusion.

The REDD strategy aims to channel payments to three groups: “forest-dependent rural communities, natural forest management boards and local forest protection enforcement agencies”.

Disbursement of payments to communities will be linked to inventory work and REDD success.

All payments appear to be directed towards officially recognized groups (government bodies) including down to the community level.

### Financing mechanism

Unclear how disbursements and payments would take place. A portion would supplement the direct revenues communities get as part of the PA network.

Other than this, the R-PIN states that institutional structures within the government will need to be designed to deal with financial arrangements.

The R-PIN seems to view large scale payments as being received by the government then disbursed, but this is not clearly stated.

(aside note: forest cover in Vietnam is actually increasing due to massive increase in plantation forests of low quality cover)
Conclusions

For a detailed description see the table with content of the different R-PINs on page 14

- This review finds the process has been rushed, implicitly directed towards a market based REDD and dominated by centralized government, with little to no consultation with indigenous peoples, local communities or civil society organizations.

- The FCPF is not following its own rules (see Annex I) and is violating some of the World Bank's safeguard policies it is meant to adhere to.

- Large international conservation NGOs have been key authors or informants of R-PINS in most of the reviewed countries. See Annex III.

- Plans for future consultations are vague or countries simply plan to use existing national mechanisms (Panama, Guyana, DRC, Lao PDR, Vietnam).

- None of the R-PINs deal explicitly with human rights issues, only one R-PIN contains an outline analysis of social risks (Nepal), nor with the need to clarify land ownership and tenure rights as a pre-condition for any REDD agreement.

- None of the R-PINs discusses the issue of Free, Prior and Informed Consent.

- Only a few R-PINs mention international obligations and standards (the main focus is on existing national forest and conservation laws and regulations) and none mentions the landmark international instrument protecting indigenous peoples' rights, the UN Declaration on the Rights of Indigenous Peoples.

- Nearly all the R-PINs identify ‘traditional agriculture’ and/or ‘shifting agriculture’ as a driver of deforestation (Panama, Guyana, Paraguay, DRC, Liberia, Ghana, Lao-PDR, Vietnam), while these practices are often protected under international law and are usually ‘carbon’ neutral or even positive over time in the case of traditional rotational (swidden) farming and agro-forestry systems.13

- Most R-PINs propose to use REDD funds to stop ‘slash and burn agriculture’ and provide ‘alternative livelihoods’ for forest communities.

13 See Counsell, S (2008) 'Monitoring, permanence, and indigenous peoples' Presentation to the conference 'Rights, Forests and Climate Change' convened by The Rainforest Foundation Norway and the Rights and Resources Initiative Oslo, Norway | October 15-17, 2008
• Land tenure and customary rights are only given superficial treatment in some R-PINs and existing land tenure conflicts and unresolved issues are not discussed (Panama, Guyana, DRC).

• Most of the R-PINs examined are vague about how forest peoples might benefit from future REDD programmes and control of the distribution of benefits appears to remain in the hands of central government to be distributed through unidentified channels according to unstated criteria.

• More positively, several R-PINs propose independent monitoring of REDD (e.g., DRC, Paraguay, Vietnam) and all propose some form of future consultation with forest peoples and civil society on REDD.
Recommendations

The Facility and relevant sections in the World Bank must:

• Make sure FCPF operations are fully consistent with mandatory standards contained in the Bank’s relevant safeguard policies (e.g., Indigenous Peoples Policy, Forests Policy and others) during Phase II (R-Plan preparation) and in all subsequent phases.

• Refrain from rushed timelines for preparation of the R-Plans and ensure adequate time and space for meaningful consultation. The EU FLEGT process has shown that a proper consultation process takes years and cannot be rushed.

• Require participation of relevant rights holders and civil society organisations in the formulation of the mandatory R-Plan ‘Consultation and outreach plan’.

• Require informed participation of indigenous peoples, forest dependent communities and civil society organizations in the formulation and finalization of terms of reference for all REDD related studies and programmes.

• Ensure future FCPF plans and documents fully address critical issues, including human rights, free, prior and informed consent, land tenure issues, measures to recognize and respect customary rights, avoidance of negative social impacts and equitable benefit sharing.
Annex I

Some Key FCPF standards and operating principles

As a result of intense advocacy by indigenous peoples and civil society organizations, the final Charter of the Facility affirms that:

‘The operation of the Facility, including implementation of activities under Grant Agreements and Emission Reduction Programs, shall: … Comply with the World Bank’s Operational Policies and Procedures, taking into account the need for effective participation of forest dependent indigenous peoples and forest dwellers in decisions that may affect them, respecting their rights under national law and applicable international obligations’ (Operating Principles, 3.1(d)) (emphasis added) 14

The FCPF Information memorandum affirms that:

‘the FCPF will adhere to several principles of engagement, including ‘inclusiveness and broad stakeholder participation’ at the national and international levels. ‘At the national level, the relevant stakeholders and right-holders will be consulted and participate in the readiness process […] it is important that these actors participate early on in the readiness process. Countries will, for example, make special efforts to ensure that forest-dependent indigenous peoples and other forest dwellers meaningfully participate in decisions that may affect them and that their rights are respected consistent with national law and applicable international obligations’ (emphasis added) 15

R-PIN selection criteria:

The FCPF Information Memorandum and the FCPF Charter (annexed to the same document) set out a series of criteria, principles, rules and standards to be followed by the Facility. The FCPF criteria for approving or rejecting R-PINs include:

- Ownership of the proposal by both government and relevant stakeholders
- Consistency between national and sectoral strategies
- Completeness of information and data provided

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14 It should be noted, however, that the Information Memorandum states that without a World Bank grant agreement with the REDD Country Participant, the World Bank’s safeguard policies will not apply (page 27) – a condition that is not specified in the Charter. This raises the important question of which standards will apply (if any) if a REDD country chooses to obtain support from donors outside the World Bank (e.g., Indonesia)?

• Clarity of REDD responsibilities
• Feasibility and likelihood of success

Consultation on the R-Plan:

The R-Plan template document advises that:

“The FCPF expects the R-Plan formulation and implementation process to be a significant, inclusive, forward-looking and coordinated effort to consult all major affected parties in the country about their ideas and concerns regarding REDD.... This effort should include national consultation with stakeholders about REDD on a continuous basis for each component of the R-Plan, a review of previous efforts to change land use practices and patterns and their effectiveness or why they succeeded or failed, and a cooperative identification of a set of planned measures to change land-use behavior, policies, and implementation in the future (i.e., a REDD Strategy)”16

The FCPF has also produced guidance on the preparation of the required ‘Consultation and Outreach Plan’. Unfortunately, this guidance is not in conformity with World Bank safeguard policies and best practice on meaningful public consultation. For example, it does not conform to the mandatory consultation standards set out in the Bank policy on Indigenous Peoples (OP.410)17 and related best practice guidance.18

R-Plan selection criteria:

These are similar to the R-PIN criteria with an additional criterion for a broad and innovative approach, which should include:

a  innovative and/or comprehensive strategies or programs…;

b  innovative and/or advanced concepts of monitoring, reporting and remote sensing, including for forest degradation, biodiversity protection and social benefits;

c  proposals that will test new mechanisms and distribution methods of REDD revenues;

d  provide regionally important leadership…; and

e  demonstrate approaches that are inclusive and focus on REDD in combination with poverty reduction, livelihood enhancement, and/or land tenure rights, including alternative forest sector or other governance arrangements.

16 R-RIN Template (page 2, paragraph 6)
Annex II

The stages of the FCPF

**Phase I** = Preparation of R-PIN (no funding available)

The R-PINs (REDD concept notes) are meant to ‘provide an overview of land use, deforestation causes, stakeholder consultation and institutional issues for addressing REDD’ and to summarize country request for assistance to prepare for their REDD programmes.\(^{19}\)

**Phase II** = Preparation of an R-Plan (grant of up to $200,000 USD)

The Readiness Plan is a document that will set out the steps and ‘minimum requirements’ for a country to achieve ‘Readiness’. It is meant to build and expand upon the R-PIN. The R-Plan must contain a completed ‘consultation and outreach plan’ and a rapid analysis of ‘Land use, Forest Policy and Governance Quick Assessment’. Crucially, it must also contain detailed or outline terms of reference for, inter alia, the establishment of a ‘National REDD working Group’, a risk assessment a national REDD Strategy, a REDD Implementation Framework and also **TORs for social and environmental impact assessment** of the REDD strategy.\(^{20}\)

The Bank does not stipulate a time-line for preparation of R-Plans, but notes that they will be completed ‘over a number of months’.

**Phase III** = Implementation of R-Plan to Produce R-Package (grant of between $1 and $3 million USD)

This refers to activities to formulate and finalize a package of detailed plans, including (i) a National REDD Strategy (ii) national REDD monitoring systems, and a national baseline for deforestation rates.

**Phase IV** = Preparation and submission of Emissions Reductions Program(s)

**Phase V** = Negotiation and approval of Emission Reduction Payment Agreements (ERPAs)

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http://carbonfinance.org/Router.cfm?Page=FCPF&FID=34267&ItemID=34267&fI=DocLib&CatalogID=44010

\(^{20}\) R-PIN Template
### Annex III

**Who wrote the R-PINs?**

<table>
<thead>
<tr>
<th>Country</th>
<th>Date submitted</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panama</td>
<td>July 2008</td>
<td>National Environmental Agency (ANAM)</td>
</tr>
<tr>
<td>Guyana</td>
<td>July 2008</td>
<td>GoG CI-Guyana</td>
</tr>
<tr>
<td>Paraguay</td>
<td>October 2008</td>
<td>SEAM (government Secretary of the Environment) INFONA (National Forestry Institute) WWF Nature Conservancy BirdLife International</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The R-PIN states that The main source of information for the R-PIN was a 2006 WWF document on SFM</td>
</tr>
<tr>
<td>DR Congo</td>
<td>May 2008</td>
<td>Ministry of Environment, Nature Conservation and Tourism, FRM team: GIS; legality/governance; forest experts external Consultant. Consultation occurred with Woods Hole research centre, other govt depts.</td>
</tr>
<tr>
<td>Liberia</td>
<td></td>
<td>FDA (Forest Development Authority) Conservation International Consultations with several international agencies</td>
</tr>
<tr>
<td>Ghana</td>
<td>May 2008</td>
<td>The Forestry Commission, Remote sensing specialist from University of Ghana IUCN</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>June 12, 2008</td>
<td>Working Group on R-PIN set up in the Department of Forestry, including the Wildlife Conservation Society in Lao PDR, IUCN in Lao PDR, Sustainable Forestry and Rural Development Project (SUFOORD; MAF/WB/Finland), Forestry Strategy Implementation Promotion Project (MAF/JICA/Sida), Upland Research Capacity Development Program (MAF/Sida)</td>
</tr>
<tr>
<td>Nepal</td>
<td>April 2008</td>
<td>Ministry of Forests and Soil Conservation, Department of Forest Survey and Research,</td>
</tr>
<tr>
<td>Vietnam</td>
<td>March 8, 2008</td>
<td>Department of Forestry, MARD Department of Forestry, MARD Fauna and Flora International (FFI) Fauna and Flora International (FFI) — SNV — Fauna and Flora International (FFI) — Independent Consultant — IUCN — Department of Forestry, MARD — International Cooperation Department, MARD</td>
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