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# Safeguards in REDD+ and Forest Carbon Standards: A Review of Social, Environmental and Procedural Concepts and Application

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This study has been developed in the context of a ClimateWorks-funded effort to enhance transparency within public and private forest carbon and REDD+ standards and initiatives. Our analysis is informed by the acknowledgement that it is becoming increasingly difficult for stakeholders to track the progress in the various venues that promote REDD+ standards and create the foundation for results-based payments. This paper is the third in a series of analytical papers that compare main design features of forest carbon standards and REDD+ initiatives. The first paper, “Standards for Results-Based REDD+ Finance, Overview and Design Parameters” was published in December 2012, and the second “Reference Levels: Concepts, Functions and Application in REDD+ and Forest Carbon Standards” was published in January 2013.

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# Executive Summary

## Background

Safeguards are a set of principles, rules and procedures put in place to achieve social and environmental goals. In 2010, parties to the UN Framework Convention on Climate Change (UNFCCC) agreed in Cancun on seven broad safeguard principles for the implementation of REDD+ addressing transparency, participation of stakeholders, protection of biodiversity and ecosystem services, and respect for rights of indigenous and local communities.<sup>1</sup> A year later, in Durban, an agreement was reached that parties undertaking REDD+ activities “should provide a summary of information on how the [Cancun] safeguards are being addressed and respected.”<sup>2</sup>

For REDD+ host countries to qualify for the anticipated results-based financing under the UNFCCC,<sup>3</sup> they should comply with the social and environmental issues outlined by the Cancun Safeguards as well as the procedures stipulated by the UNFCCC Conference of the Parties (COP) decisions. In addition, jurisdictions and projects seeking REDD+ and forest carbon financing from multilateral, bilateral and third party sources will also need to consider or abide by the array of safeguard standards established by each institution or agreement. It is up to developing countries to navigate these standards and define how to integrate them into their national implementation frameworks and reporting processes.

There are varying degrees of disparity between substantive and procedural elements of safeguard standards, creating confusion in country implementation and reporting. Efforts are underway to integrate safeguard standards, as exemplified by the common proposal template of the Forest Carbon Partnership Facility (FCPF) and the UN-REDD Programme. However, limited harmonization can be expected at the international level (multilaterals, bilaterals and markets) due to context-dependent institutional goals and procedures.<sup>4</sup> As a result, the various safeguard requirements are more often perceived as a costly administrative burden, rather than as an aid for meeting social and environmental goals.

## Perspectives: developing country, donor country and private sector

To address these challenges and achieve long-term sustainability and policy coherence, REDD+ host countries will need to develop national safeguard responses that can fulfill multiple requirements and ensure policy coherence among initiatives at various scales. Such a national system would benefit from aligning domestic laws and policies with international policy and applying existing institutions and processes. Coordinating complementary international frameworks and private sector initiatives could also inform national REDD+ safeguards and improve effectiveness and efficiency (e.g., streamline reporting processes for Convention on Biological Diversity’s Aichi Targets, Millenium Development Goals, and safeguards).

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1 Decision 1/CP.16, Appendix 1.

2 Decision 12/CP.17.

3 The funding mechanism for REDD+ under the UNFCCC is still being negotiated,

4 Swan, S., Bertzkey, M., Goodman, L. REDD+ Biodiversity Safeguards: Options for Developing National Approaches. June 2012.

The international donor and investor community face the inherent challenge of promoting high-quality safeguards that maximize social and environmental integrity and mitigate investment and reputational risk, while supporting flexible, nationally driven processes in REDD+ host countries. This is particularly challenging in the context of results-based payments which assume a high degree of flexibility on the allocation of payments received for achieved outcomes. Donors and investors need to acknowledge national sovereignty as well as avoid creating burdensome bureaucracy and delays in disbursement. Therefore, safeguard standards need to prevent overly prescriptive, inflexible guidance that is not adaptable to different local contexts. Not only can such inflexible requirements decrease the overall participation level of a standard, they generally also decrease cost-efficiency and overall effectiveness of the domestic system. Conversely, completely flexible safeguards providing only abstract principles risk confusing participants or proponents, leading to delayed implementation or compromised goals.

## Safeguard Standards Review: Summary of Findings

Based on the most recent safeguard standards documents, and considering previous comparative studies and safeguards literature,<sup>5</sup> we systematically reviewed over 30 standards for REDD+ and forest carbon initiatives and evaluated their substantive (social and environmental) and procedural components. We organized the information both by the level at which they operate (jurisdictional and project-level scales) and by the type of institutions to which they correspond (multilateral, bilateral and third party). A comprehensive review can be found in the report's Annex.

Most safeguards standards employ both substantive (safeguard principles and rules) and procedural elements. While implementation methods vary, many standards take a 'principles, criteria and indicators' approach where parties establish a set of principles and broad norms (e.g., contribute to good governance), then detail a list of criteria that must be met to guarantee that norm (e.g., governance structures are clearly defined, transparent and accountable), and finally provide a list of indicators that should be exhibited to demonstrate compliance with the given criteria (e.g., information on governance decisions is made publicly available). The Cancun Safeguards define broad criteria and guidance and, at present, leave it to the implementing country to develop methods for supporting them. Whether future decisions will add more guidance is an ongoing issue being negotiated within the UNFCCC.<sup>6</sup> The three most common safeguard design standards (UN-REDD, FCPF and REDD+ SES) enable countries to convert the Cancun Safeguards into a national framework by means of guidelines and steps for operationalizing their safeguards. The REDD+ Social and Environmental Standards (REDD+ SES) process seems to be the most clear, with ten implementation steps organized in three themes: Governance, Interpretation and Assessment.

In terms of content, the most comprehensive and meticulously worded safeguards include the UN-REDD guidance documents, the package of strategic and program specific rules that govern the FCPF, as well as the dedicated safeguard systems of REDD+ SES and CCB Standards. Aside from the Cancun Safeguards, these standards also represent the most commonly used frameworks in designing REDD+ projects, programs and policies – although they vary considerably with regards to application and stringency. UN-REDD guidance and REDD+ Social and Environmental Standards (REDD+ SES) are developed to assist countries with

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<sup>5</sup> Comparative studies: Merger et al 2011, Moss and Nussbaum 2011, UNEP-WCMC 2011, Stickler et al. 2012, FCMC 2013; Safeguards literature: Murphy 2011, Peskett et al. 2012, Swan et al. 2012, Daviet and Larsen 2012, Parrotta et al 2012, Client Earth 2013.

<sup>6</sup> UNFCCC Outlook for SBSTA 2013, work on matters relating to methodological guidance: Available at: [http://unfccc.int/methods\\_science/redd/methodological\\_guidance/items/4123.php](http://unfccc.int/methods_science/redd/methodological_guidance/items/4123.php)

the development of national REDD+ systems. In contrast, the Forest Carbon Partnership Facility (FCPF) safeguard standards are part of donor-country contracts and therefore are mandatory conditions for funding. At the project level, the Climate, Communities & Biodiversity (CCB) Standard is used to receive voluntary certification, and is often paired with a carbon standard (e.g., Verified Carbon Standard (VCS), American Carbon Registry (ACR), Climate Action Reserve (CAR)). Forest carbon standards may or may not include their own safeguard requirements. Safeguard compliance is often a requirement under private carbon investment or emission reduction purchase contracts.

Regarding the substantive elements, general consensus exists on overarching principles for safeguarding social welfare and the environment (e.g., protecting human rights, avoiding natural forest conversion), with variation found mostly in the rigor of application, definitions and co-benefit considerations of standards. As a financing facility, the FCPF requires the minimum requirement of 'do no harm,' and does not mandate co-benefits such as enhanced livelihoods and biodiversity. In contrast, voluntary standards (e.g., CCB Standards) and those that guide the design of policies, programs and projects (e.g., UN-REDD, REDD+ SES) are more aspirational in their principles and criteria, highlighting the importance of not only protecting but also improving social and environmental conditions. These standards target those that design REDD+ programs and interventions, rather than those that merely invest (and hence have less control over the activity).

Regarding procedural safeguard components, user-friendliness is a central issue for the efficiency of operations at the country and project levels. Many of the safeguard standards' documents (including websites) and procedural requirements tend to be unwieldy, requiring time, money and often international consultants, for countries to navigate, understand and adopt them. The FCPF safeguards and most multilateral development banks for example, have multiple lengthy documents located on disparate websites requiring high legal and/or technical aptitude to digest and complete. The harmonization of REDD+ safeguards would facilitate this work, reduce cost and increase transparency. Agreed reporting formats would allow a verification of compliance based on provided evidence and spot checks.

## Acronyms

Acronym	Name	Acronym	Name
A/R	Afforestation/ Reforestation	IPCC	Intergovernmental Panel on Climate Change
AB32	Assembly Bill 32 ( California Global Warming Solutions Act)	ISO	International Organization for Standardization
ACR	American Carbon Registry	ISS	Integrated Safeguards System (AfDB)
ADB	Asian Development Bank	JI	Joint Implementation (Kyoto Protocol)
AfDB	African Development Bank	JNR	VCS Jurisdictional and Nested REDD+
AFOLU	Agriculture, forestry and other land-use	LULUCF	Land use, Land-Use Change, and Forestry
ARB	Air Resources Board (USA/CA)	MDB	Multilateral Development Bank
BAU	Business as usual	MRV	Measurement, Reporting, Verification
BSI	Better Sugar Initiative	NEPA	National Environmental Policy Act
CAR	Climate Action Reserve	NGO	Non-governmental organization
CBD	Convention on Biological Diversity	NZU	New Zealand Unit
CCB	Climate, Community and Biodiversity	ODA	Official Development Assistance
CCBA	Climate, Communities & Biodiversity Alliance	PEFC	Programme for the Endorsement of Forest Certification
CDM	Clean Development Mechanism	PFSI	Permanent Forest Sink Initiative (NZ)
CER	Certified Emission Reduction (CDM)	PRISAI	Principles, Criteria, Indicators, and Safeguards of Indonesia
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act	REDD	Reducing Emissions from Deforestation and forest Degradation
CFI	Australian Carbon Farming Initiative	REDD+	REDD and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks
CMP	Meeting of the Parties (Kyoto Protocol)	REDD+ SES	REDD+ Social and Environmental Standards
COP	Conference of the Parties (UNFCCC)	RL	Reference Level
CSR	Corporate Social Responsibility	ROI	Return on Investment
ERT	Emission Reduction Ton (ACR)	ROW	REDD+ Offset Working Group (California)
ERU	Emission Reduction Unit	RSB	Roundtable for Sustainable Biofuels
ETS	Emission Trading System	RSPO	Roundtable on Sustainable Palm oil
FAO	UN Food and Agricultural Organisation	RTRS	Roundtable on Responsible Soy Production
FCPF	Forest Carbon Partnership Facility	SESA	Strategic Environmental and Social Assessment (FCPF)
FIP	Forest Investment Program	SFM	Sustainable Forest Management
FLEGT	Forest Law Enforcement, Governance and Trade	SIS	Safeguard Information System
FPIC	Free, Prior and Informed Consent	SISA	System of Incentives for Environmental Services (State of Acre)



FSC	Forest Stewardship Council	UN	United Nations
GCF	Governors' Climate and Forests Task Force	UNCCD	United Nations Convention to Combat Desertification
GEF	Global Environment Facility	UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
GHG	Greenhouse Gases	UNFCCC	United Nations Framework Convention on Climate Change
GMO	Genetically Modified Organisms	UN-REDD	United Nations Programme to Reduce Emissions from Deforestation and forest Degradation
IDB	Inter-American Development Bank	VCS	Verified Carbon Standard
IFC	International Finance Corporation	VCS JNR	Verified Carbon Standard Jurisdictional and Nested REDD
ILO169	International Labour Organization Convention No.169	VCU	Verified Carbon Unit (VCS)
IP	Indigenous Peoples	VVB	Validation/Verification Body (VCS)

# 1 Introduction

## 1.1 Purpose and structure of study

Safeguards are a set of principles, rules and procedures put in place to achieve social and environmental goals. In 2010, parties to the UN Framework Convention on Climate Change (UNFCCC) agreed in Cancun on seven broad safeguard principles for the implementation of REDD+ addressing transparency, participation of stakeholders, protection of biodiversity and ecosystem services, and respect for rights of indigenous and local communities.<sup>7</sup> A year later, in Durban, an agreement was reached that parties undertaking REDD+ activities “should provide a summary of information on how the [Cancun] safeguards are being addressed and respected.”<sup>8</sup> For REDD+ host countries to qualify for the anticipated results-based financing under the UNFCCC,<sup>9</sup> they should comply with the social and environmental issues outlined by the Cancun Safeguards as well as procedures stipulated by other UNFCCC decisions. In addition, governments and project developers seeking REDD+ and forest carbon financing from multilateral, bilateral and third party sources will also need to consider or abide by the array of safeguard standards established by each institution or agreement.

The current paper presents a comparative analysis of social and environmental safeguard standards, common approaches, and issues from developing country, donor country and private sector perspectives. This report aims to complement previous studies on safeguards and systematically review safeguard standards relevant to REDD+. The paper will also clarify how safeguard standards align with the Cancun Safeguards, how they are to be applied at various scales, and how they correspond to the different types of REDD+ programs and financing.

Section 1 provides an overview of the definitions and objectives of safeguards as well as lays out the context for their application. Section 2 outlines the review of safeguard standards, highlighting their social, environmental and procedural components. Section 3 presents comparative findings and analyses, and demonstrates how standards correspond to the Cancun Safeguards. The paper concludes with Section 4, drawing on developing country, donor country and private sector perspectives, discussing instruments being used to address challenges.

## 1.2 Safeguards: Definitions and Objectives

For the purpose of this report, we define forest carbon and REDD+ safeguards (also referred to here as safeguard systems) as a set of principles, rules and procedures put in place to achieve social and environmental goals. Whereas principles and rules outline safeguards’ substantive elements (e.g., protection of indigenous rights and biodiversity), procedures delineate the task of implementing, monitoring and enforcing safeguards (e.g., safeguard information systems or compliance assessments).

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7 Decision 1/CP.16, Appendix 1.

8 Decision 12/CP.17.

9 REDD+ finance, including a funding mechanism for REDD+ under the UNFCCC, is still being negotiated.

Safeguards are formulated by different entities and serve different purposes. Public or private investors and project developers use safeguards to prevent risks or undesirable outcomes of a particular project, program or policy. Public entities normally develop their own safeguard policies, whereas private investors rely on public legislation or private standard systems.

Applied in the context of foreign assistance and investment, the notion of formulated 'safeguards' is most commonly associated with planning and implementing investment projects by multilateral development banks (MDBs). The World Bank's safeguard policies "...require that potentially adverse environmental impacts and selected social impacts of Bank investment projects should be identified, minimized, and mitigated."<sup>10</sup> Beyond the avoidance of adverse impacts, safeguards provide a mechanism for integrating environmental and social concerns into decision-making. World Bank's safeguard policies provide that:

*(a) potentially adverse environmental impacts affecting the physical environment, ecosystem functions and human health, and physical cultural resources, as well as specific social impacts, should be identified and assessed early in the project cycle;*

*(b) unavoidable adverse impacts should be minimized or mitigated to the extent feasible;*

*(c) timely information should be provided to stakeholders, who should have the opportunity to comment on both the nature and significance of impacts and the proposed mitigation measures.<sup>11</sup>*

In addition to the public sector and multilateral organizations, the private sector also has an interest in safeguards where standards mitigate investment risks and improve project quality. Safeguards can mitigate both project failure and reputational risks, therefore the private sector has increasingly invested in forest carbon projects that address social and environmental issues. Aside from safeguards supporting particular investments or projects, there are also safeguard systems developed to inform policy formulation. Such systems are composed of guidelines built around principles, rather than binding obligations and mandated results. These standards, whether formulated by private or public bodies, target public agencies and support public policy making.

Forest carbon projects and REDD+ safeguards were established to ensure a given project or program does not contravene its own long-term climate and forest goals in addition to maximizing wider sustainable development and social and environmental protection benefits. As forest carbon/REDD+ sector safeguards have evolved, their purpose and objective have grown from minimal criteria of 'do no harm' underlying much of the environmental impact assessment requirements from public and private financiers as well as national legislation, to more proactive 'do good' principles to promote the long-term environmental and social co-benefits of REDD+.

However, opinions still differ about the appropriate emphasis of REDD+ safeguards.<sup>12</sup> 'Do no harm' proponents argue that the main goal of REDD+ is climate change mitigation, therefore safeguards should

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<sup>10</sup> "World Bank Safeguard Policies," (Website). Available at:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTLAWJUSTICE/0,,contentMDK:22226433~menuPK:6256357~pagePK:148956~piPK:216618~theSitePK:445634,00.html>.

<sup>11</sup> Ibid.

serve to mitigate risks – be they social risks to populations living in affected areas, environmental risks to the forest areas and related ecosystems and biodiversity, legal risks to the state or responsible project developers and certifiers, or financial risks to funders and investors. Such an approach allows countries the flexibility to manage decisions related to positive social and environmental co-benefits rather than to mandate them. On the other hand, *'do good'* proponents expect REDD+ to not only reduce net greenhouse gas emissions, but also to improve the welfare of forest communities and biodiversity, pointing out that REDD+ will not succeed or gain legitimacy otherwise. They propose directly targeting poor forest communities and biodiverse forests for REDD+ activities, rather than just areas with high emission mitigation or carbon enhancement potential. While these objectives seem divergent, country-level studies (spatial and socio-economic) have shown synergies and significant overlaps between climate change mitigation and other social and environmental benefits.<sup>13</sup> Additionally, both types of proponents tend to support *'no regrets'* measures, or activities relevant to REDD+ such as improved forest governance and land tenure reforms that will be beneficial regardless of the outcomes in UNFCCC negotiations, REDD+ financing and carbon markets. Ultimately, the REDD+ country, often in cooperation with its donor or investor partners, will determine the primary and secondary policy goals of REDD+ and integrate those within safeguard systems and national strategies (prioritization of activities and locations).

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12 'Do no harm' and 'do good' objectives are not officially defined, however, have often been used in the REDD+ safeguard discussions. Some reports detailing these objectives include: FCMC. REDD+ Social Safeguards and Standards Review. Forest Carbon, Markets and Communities Program (FCMC) for USAID. 2013.; Swan, S. and McNally, R. High-Biodiversity REDD+: Operationalizing Safeguards and Delivering Environmental Co-Benefits. SNV. 2011; and Moss, N. and Nussbaum, R. A Review of Three REDD+ Safeguard Initiatives. Forest Carbon Partnership Facility and UN-REDD Programme. 2011.

13 See, e.g., Roe, S. Spatial Prioritization of REDD+ sites in the Philippines. 2012; Parrotta, J., Wildburger, C., and Mansourian, S. Understanding Relationships between Biodiversity, Carbon, Forests and People: The Key to Achieving REDD+ Objectives. A Global Assessment Report. IUFRO World Series Volume 31. 2012; UNEP WCMC "Carbon, biodiversity & ecosystem services: exploring co-benefits" region and country studies. Available at: [www.carbon-biodiversity.net/OtherScales/ShortProfiles](http://www.carbon-biodiversity.net/OtherScales/ShortProfiles)



## 2 Safeguard Standards Review

### 2.1 Approach

Based on the most recent safeguard standards documents, and considering previous comparative studies and safeguards literature,<sup>14</sup> we systematically reviewed safeguards for REDD+ and forest carbon initiatives, and evaluated their substantive (social and environmental) and procedural components. As elaborated below, we organized the information both by the level at which they operate (jurisdictional and project-level scales) and by the type of institutions to which they correspond (multilateral, bilateral, national, or private). The results of our full review are included in the Annex to this report. Table 1 provides an overview over the various standards reviewed in this report. Standards are divided into the following categories:

**Jurisdictional mechanisms** refer to REDD+ and forest carbon initiatives that target a national or subnational governance unit, such as a region or a province. Jurisdictional systems are usually implemented in coordination with public sector entities.

**Project-level mechanisms** refer to REDD+ and forest carbon projects, individually designed for investment or development, primarily by private entities or non-governmental organizations (NGOs). Where integrated into a broader, jurisdictional REDD+ system, a framework for nested accounting must be used.

**Complementary social and environmental mechanisms** are not specifically designed to address REDD+, but provide a basis for addressing various aspects of REDD+ safeguard systems. Not only do these systems provide relevant lessons for safeguards, many project level standards make reference to these conventions, declarations, and standards because they are of high relevance to REDD+ implementation.

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14 Comparative studies: Merger E, Dutschke M, Verchot L. Options for REDD+ Voluntary Certification to Ensure Net GHG Benefits, Poverty Alleviation, Sustainable Management of Forests and Biodiversity Conservation. Forests. 2011; Moss, N. and Nussbaum, R. A Review of Three REDD+ Safeguard Initiatives. Forest Carbon Partnership Facility and UN-REDD Programme. 2011; UNEP-WCMC. Review of the Biodiversity Requirements of Standards and Certification Schemes: A snapshot of current practices. Secretariat of the Convention on Biological Diversity, Montréal, Canada. Technical Series No. 63. 2011; Stickler C., Berazza, T., Nepstad, D. Global Rules for Sustainable Farming: A comparison of social and environmental safeguards for REDD+ and Principles & Criteria for Commodity Roundtables. 2012;. FCMC. REDD+ Social Safeguards and Standards Review. Forest Carbon, Markets and Communities Program (FCMC) for USAID. 2013. Safeguards literature: Murphy, D. Safeguards and Multiple Benefits in a REDD+ Mechanism. IISD, 2011; Swan, S. and McNally, R. High-Biodiversity REDD+: Operationalizing Safeguards and Delivering Environmental Co-benefits. 2011; Peskett, Leo and Todd, Kimberly. Putting Safeguards and Safeguard Information Systems into Practice. UN-REDD Policy Brief Issue 03. 2012; Swan, S., Bertzkey, M., Goodman, L. REDD+ Biodiversity Safeguards: Options for Developing National Approaches. June 2012; Daviet, F., and Larsen, G. Safeguarding Forests and People: A Framework for Designing a National System to Implement REDD+ Safeguards. World Resources Institute. 2012; Parrotta, J., Wildburger, C., and Mansourian, S. Understanding Relationships between Biodiversity, Carbon, Forests and People: The Key to Achieving REDD+ Objectives. A Global Assessment Report. IUFRO World Series Volume 31. 2012; Client Earth. A Guide to Understanding and Implementing the UNFCCC REDD+ Safeguards, Legal Report. 2013.

Table 1: Overview of standards reviewed in this report

	<u>Multilateral</u>	<u>Bilateral</u>	<u>National/Sub-national</u>	<u>Private</u>
	Negotiated under the UNFCCC, as well as programs implemented by international organizations	Conditions and rules included in agreements negotiated between REDD+ countries or public entities	Standards for forest carbon offsets under national or sub-national emission trading systems	Standards developed by NGOs, private sector or associations.
Jurisdictional	UN-REDD, the World Bank's Forest Carbon Partnership Facility (FCPF) and the Forest Investment Program (FIP), and the Global Environment Facility (GEF)	Norway's bilateral agreements; Germany's agreements under the REDD Early Movers program, and the Indonesia-Australia Forest Carbon Partnership		The REDD+ Social and Environmental Standards (REDD+ SES) and the Verified Carbon Standard Jurisdictional and Nested REDD+ (VCS JNR)
Project-level	Mechanisms under the Kyoto Protocol (Clean Development Mechanism, Joint Implementation), investment standards of MDBs including their private sector branches (e.g., the IFC Performance Standards)		Offsets under the Australian Carbon Farming Initiative (CFI), the New Zealand Permanent Forest Sink Initiative (PFSI), and domestic forest offsets under California AB32	Verified Carbon Standard (VCS), Climate Action Reserve (CAR), American Carbon Registry (ACR), Climate, Community & Biodiversity (CCB) Standard, CarbonFix/Gold Standard, Plan Vivo, and Social Carbon
Complementary social and environmental mechanisms	Decisions taken by the Parties of the Convention on Biological Diversity (CBD) and related resources, and the application of the United Nations Declaration on Indigenous Peoples (UNDRIP)			Commodity Roundtables (Roundtable for Sustainable Biofuels (RSB), Roundtable on Sustainable Palm oil (RSPO), Roundtable on Responsible Soy Production (RTRS), Bonsucro) and Certification systems (Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), Fairtrade and ISO 14000)

## 2.2 Social, Environmental and Procedural components

There are various comparative analyses that have already evaluated the content of the main social and environmental safeguards (e.g., Merger et al. 2011 on ten social, environmental and carbon standards; Moss and Nussbaum 2011 on three multilateral safeguard initiatives; UNEP-WCMC 2011 on biodiversity safeguards and standards; Stickler et al. 2012 on social and environmental safeguards for REDD+ and commodity roundtables; and FCMC 2013 on social safeguards). Rather than repeating previous work, the aim of this paper is to complement such studies by providing a comprehensive review of over 30 social, environmental and carbon standards (see Annex), briefly summarizing the results and highlighting evolving areas of particular interest.

Table 2: Sub-criteria assessed in this report (see Annex)

Social Criteria	<ul style="list-style-type: none"> <li>• Application of free, informed and prior consent (FPIC)</li> <li>• Consideration of vulnerable groups</li> <li>• Support of tenure and resource rights</li> <li>• Enhancement of livelihoods and labour rights</li> <li>• Inclusion of guidance on benefit-sharing</li> <li>• Provision related to the avoidance of resettlement</li> </ul>
Environmental Criteria	<ul style="list-style-type: none"> <li>• Mitigation of environmental impacts</li> <li>• Enhancement of biodiversity and other ecosystem services</li> <li>• Avoidance of reversals and displacement of emissions</li> </ul>
Procedural Criteria	<ul style="list-style-type: none"> <li>• Integration of safeguards in policies, laws and regulations</li> <li>• Rules mandating transparency</li> <li>• Requirement of stakeholder participation</li> <li>• System for monitoring and reporting (Safeguard Information Systems)</li> <li>• Established grievance mechanism to address concerns and conflicts</li> <li>• Regulated compliance assessment process</li> </ul>

We organized our assessment of each safeguard standard by substantive (social and environmental) and procedural components (see Table 2). The substantive elements outline issues and principles to be addressed and the procedures delineate how the safeguards will be implemented and enforced. Depending on the details required by the standard, we also applied additional criteria based on the literature reviewed and the most common standard components identified. Some standards refer to these social, environmental and procedural criteria as broad principles, while others stipulate indicators for their compliance. This is dependent on the type of safeguard (e.g., legally binding or voluntary) and the level of details and stringency required. (See Annex for a full overview of applicability and specific compliance indicators for each standard.)

## 2.3 Social Criteria

Policies, programs and projects in the land-use and forestry sector inherently involve numerous interrelated and complex social risks and opportunities. In many developing countries, forested areas are rife with corruption and social conflict due to poor governance, poverty and powerful commercial interests. Forest-dependent local and indigenous communities have historically been marginalized and their rights infringed

due to these conditions, negatively impacting their land tenure, livelihoods, and use of resources. To mitigate conflict and enhance governance in developing countries, REDD+ and other forest carbon activities should maximize beneficial outcomes and reduce risk. The social issues listed in Table 2 and detailed below are the most commonly addressed in safeguard standards. For more information, the FCMC 2013 report provides an in-depth analysis of social safeguards and their application.

### Free and Prior Informed Consent (FPIC)

The concept of FPIC is that parties must acquire the free, prior and informed consent from local and indigenous communities before adopting and implementing development, administrative measures, projects or other interventions that would affect them, their lands or livelihoods. This is intended to safeguard rights and promote cooperation. It is important to note that the implementation of FPIC varies by community and implementing organization, generally to reflect customary practices, and thus the concept and applicability of “consent” is not consistent. This has been an important divergence between some parties due to semantic and legalistic interpretations of consent and veto rights.

*Many REDD+ jurisdictional and project standards include FPIC with the exception of some carbon standards including Plan Vivo, Social Carbon and VCS, as well as the World Bank (FCPF, FIP) and other development banks which require full and effective stakeholder consultations instead. Forest carbon standards outside of REDD+ also do not mandate FPIC (e.g., CDM, CFI, PSFI).*

### Vulnerable Groups

Vulnerable and marginalized groups (e.g., indigenous peoples, women, religious or ethnic minorities) make up a large population of those who reside in forested areas. Therefore, their inclusion in decision making and consideration when developing initiatives is paramount to protecting their rights.

*Most REDD+ standards and MDB standards emphasize the rights of Indigenous Peoples, marginalized/vulnerable communities and women for protection of rights, stakeholder participation, consultation and benefit sharing. Forest carbon standards for offset projects do not mention this criteria, with the exception of CCBS and ACR.*

### Tenure/Resource Rights

Given the potential earning capacity of forest lands through REDD+ and carbon markets, special interests may be incentivized to purchase or capture communal land that could lead to the possible dispossession of land and resources for forest communities without secure land tenure and resource rights. This topic tends to be a focal point in stakeholder consultations on safeguards as it not only affects all participants, but unclear land rights is also broadly acknowledged to be an underlying condition intensifying deforestation drivers.<sup>15</sup> Addressing land tenure and rights is highly complementary to the overall goals of REDD+ because forest communities with stronger land tenure have also been shown to be better stewards of sustainable resource use and conservation of forests.<sup>16</sup>

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<sup>15</sup> FCMC. REDD+ Social Safeguards and Standards Review. Forest Carbon, Markets and Communities Program (FCMC) for USAID (p. 9). 2013.

<sup>16</sup> Gregersen, H et al. The Greener Side of REDD+: Lessons for REDD+ from Countries where Forest Area is Increasing. Rights and Resources Initiative. 2011.



*Most REDD+ standards (UN-REDD, REDD+ SES, FCPF, FIP, ACR, CCBS, VCS, Carbon Fix/Gold Standard, Social Carbon, and Plan Vivo) address land tenure and resource rights. The jurisdictional standards mostly focus on respecting customary land and resource rights and strengthening tenure security, whereas project-level standards tend to ask for clear land rights/title as a prerequisite.*

### Enhanced Livelihoods/Labor Rights

One of the potential co-benefits of REDD+ and forest carbon projects is enhancing the livelihoods of local communities through alternative income sources as well as capacity building and knowledge transfer. The inclusion of this criteria would fall under the 'do good' safeguard objective. We also looked for the mention of labor rights.

*A few initiatives (UN-REDD, REDD+ SES, FIP) make explicit cases for enhancing livelihoods. Labor rights were largely absent in standards reviewed, save for the CarbonFix/Gold Standard.*

### Benefit Sharing

Benefit distribution systems are independent of safeguards and are to be developed by each REDD+ country as part of the main funding mechanism to finance initiatives and channel REDD+ revenues to local communities. Benefits are usually considered in terms of cash, but may also come in the form of capacity building, infrastructure, and social and environmental services. The main challenge will be to establish transparent and accountable systems that are equitable and sensitive to local circumstances and culture. The purpose of benefit sharing safeguards is to ensure that benefits are distributed equitably among all stakeholders including local communities, government, and concession holders, as well as project developers and facilitators if applicable.

*REDD+ SES, UN-REDD and the FIP make the most specific mention of benefit sharing, highlighting equitable and culturally appropriate distribution of benefits.*

### Avoided Resettlement

Similar to the land tenure issue, there is a fear that due to the increased value of forests from REDD+ and forest carbon projects, such initiatives could precipitate the forced resettlement of local communities. This issue stems from previous projects (e.g., large dams and national parks) that have seen populations evicted.

*All REDD+ standards except for the Cancun Safeguards explicitly stipulate that no resettlement can occur due to REDD+ activities. MDBs and programs under the World Bank (FCPF, FIP, IFC) require that resettlement is avoided or minimized, and in cases where this is not feasible, an extensive resettlement policy must be followed that requires improving or restoring livelihoods and standards of living of those displaced.*

## 2.4 Environmental Criteria

Another main concern with REDD+ relates to environmental risks. For example, if safeguards are not in place, natural forests with lower carbon stocks could be converted into fast-growing monocultures with higher carbon stocks in order to increase emissions reductions and crediting. Damage to ecosystem services,

biodiversity, displacement of emissions and reversals are all issues commonly addressed in environmental safeguards.

### Mitigate negative environmental impacts

Depending on the initiative or activity, negative environmental impacts are wide ranging and can include natural forest conversion, pollution, sedimentation, invasive species, reduced water quality, reduced soil quality, and biodiversity damage. This safeguard considers the interconnected nature of environmental services and avoids focusing solely on carbon emissions at the expense of other environmental issues.

*All REDD+ and forest carbon standards require minimum criteria of mitigating negative environmental impacts, commonly implemented through environmental impact assessments.*

### Enhance biodiversity and other ecosystem services

Protecting biodiversity and ecosystems will be crucial to the success and sustainability of REDD+, as this reduces the risk of forest ecosystem dysfunction and maintains forest resiliency. Ecologically resilient forests can better adapt to climate change and thus maintain ecosystem services such as carbon sequestration over the long-term.<sup>17</sup> While the issue of 'do no harm' to biodiversity and ecosystems is covered in the first criteria of 'mitigating negative environmental impacts,' this criteria looks at 'do good' objectives of enhancing value and services.

*All REDD+ safeguard standards seek to preserve areas with high biodiversity value and ecosystem services, however explicit language prioritizing or 'enhancing' these areas for REDD+ and forest carbon initiatives varies. Standards with the most rigorous language on this are CCB Standard, Gold Standard, REDD+ SES, UN-REDD and FIP. Carbon standards including VCS and CAR, and national law-based standards, make no mention of biodiversity and ecosystems.*

### Address reversals and displacement of emissions

'Reversals', or non-permanence of forest carbon emissions reductions and removals, occur when emissions reductions from one period are annulled in another due to deforestation or degradation after the project cycle or by natural disasters including fire, drought or pests. 'Leakage', or displacement of emissions, occurs when deforestation or degradation is not adequately addressed but simply shifts from one region to another. Concerns with reversals and displacement have become part of the discussion and planning on deforestation drivers, reference levels, measurement, reporting and verification (MRV), scale and carbon accounting. If drivers are effectively addressed, emissions are accurately monitored, and carbon is accounted for at jurisdictional scales, displacement of emissions could be mitigated by proxy. Reversals are usually managed through periodic crediting, buffers or insurance.

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<sup>17</sup> Swan, S. and McNally, R. High-Biodiversity REDD+: Operationalizing. Safeguards and Delivering Environmental Co-Benefits. SNV. 2011

*Permanence and leakage are included in the Cancun Safeguards, but only explicitly mentioned in carbon standards (e.g., VCS, Plan Vivo, Gold Standard) where their accounting and crediting methodologies are addressed. It should be noted that non-carbon standards lacking explicit language on reversals and displacement do have provisions in the 'mitigating negative environmental impacts' criteria, which could cover these issues by accounting for primary and secondary impacts.<sup>18</sup>*

## 2.5 Procedural Criteria

Beyond establishing social and environmental safeguards lies the task of operationalizing, monitoring and enforcing them. These activities are governance issues that relate to the proper functioning of national-level, sub-national level and forest sector decision making and management. While approaches vary by standard, most literature and stakeholders agree that to achieve its objectives, safeguards should employ procedural elements including a) incentives for its application (policies, laws and regulations); b) public and stakeholder engagement; c) transparency for institutional accountability; d) monitoring and reporting (i.e., safeguard information systems); e) mechanisms for conflict resolution and grievance redress; and f) compliance assessment process.<sup>19</sup>

### Legal compliance

Policies, laws and regulations provide incentives (both positive and negative) for adopting and implementing safeguards. When standards are legally binding, they provide a catalyst for implementing parties to fulfil its requirements in order to receive funding and avoid political/legal offense. International conventions and agreements as well as national regulations may also provide this incentive.

*Standards vary between voluntary and legally/contractually binding. Public and private funders issue financing based on legally binding contracts. While the UNFCCC Cancun Safeguards are not legally binding, they may in the future be broken down to concrete indicators that act as reference points or conditionality in finance agreements. Project-based forest carbon standards require adherence to guidelines in order to receive certification. Most standards explicitly stipulate that programs and projects must abide by international and national laws, with some highlighting international declarations and agreements (e.g., UNDRIP, CBD).*

### Transparency

Transparency is an important component for ensuring accountability in governance. By requiring that information on REDD+ policies, programs and projects be available to the public, identified delivery partners and government stakeholders are held responsible for finance as well as successes and failures of a program or project. This can deter or minimize corruption and improve overall governance.

*All standards emphasize transparency and making information publicly available, yet all have varying degrees of stringency and application. The most common provisions include transparency with stakeholder engagement, MRV, Safeguard Information Systems (SIS), and benefit sharing.*

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<sup>18</sup> US EPA, Principles of environmental impact assessment. Available at: <http://inece.org/resource/usepa-principles-of-eia-review/>

<sup>19</sup> Peskett, Leo and Todd, Kimberly. Putting Safeguards and Safeguard Information Systems into Practice. UN-REDD Policy Brief Issue 03. 2012

## Stakeholder engagement and participation

Full and effective participation of relevant stakeholders at all stages of REDD+ and project development is a critical component of good governance and important in strengthening public institutions, transparency and promoting democratic processes.<sup>20</sup> This issue is stressed in the Rio Declaration, the Aarhus Convention, UNDRIP and many other international agreements, and is relevant in all phases of REDD+ including the social, environmental and procedural issues.

*All standards require public engagement, ‘full and effective participation’ or ‘meaningful consultation’ of relevant stakeholders, except for law-based standards in developed countries where existing laws would account for this safeguard. Procedural aspects in carrying out stakeholder consultations, however are varied with some standards outlining rigorous stipulations (e.g., on cultural appropriateness and public access online), and others only asking for simple requisites.*

## Monitoring and Reporting (Safeguard Information Systems)

In order to monitor progress and gauge compliance, information on how safeguards are being addressed and respected has to be collected and reported in a systematic way throughout the REDD+ process. The design and implementation will likely vary by country and/or delivery partner, however most Safeguard Information Systems (SIS) will have three main components: indicators (parameters to quantify information); methodology for collection of information (sample size, frequency); and a framework for provision of information (how information is stored and shared).<sup>21</sup>

*The UNFCCC language states that SIS should be transparent, consistent, comprehensive and effective in informing on how safeguards are being addressed and respected. All main REDD+ standards (UN-REDD, FCPF and REDD+ SES) also require SIS.*

## Grievance Mechanism

Grievance or conflict resolution mechanisms should be established in order to address concerns in cases where REDD+ / carbon projects cause conflicts or when safeguards are not applied. This mechanism provides a way for local communities to have a voice and a channel for resolution and redress. A grievance mechanism is also a useful way to build trust with local communities, increase transparency and gather ‘lessons learned’ in real-time.

*UN-REDD, REDD+ SES, FCPF, FIP, IFC, World Bank, Gold Standard and CCB Standard have the most explicit requirements and processes for establishing a grievance mechanism. Multilateral Development Banks and forest carbon standards often have a consultative (Ombudsperson) or quasi-judicial (World Bank) review procedure. UN-REDD and REDD+ SES encourage the adoption of existing or development of customized, regionally and culturally appropriate mechanisms.*

20 FCMC. REDD+ Social Safeguards and Standards Review. Forest Carbon, Markets and Communities Program (FCMC) for USAID (p. 9). 2013

21 Peskett, Leo and Todd, Kimberly. Putting Safeguards and Safeguard Information Systems into Practice. UN-REDD Policy Brief Issue 03. 2012



## Compliance Assessment Process

To assess the quality of the process and extent to which guidelines and safeguards have been applied, some standards put in place an assessment process. These processes vary and can take the form of international reviews, reporting, organizational evaluations, and independent audits. Penalties are also commonly instituted to deal with issues of non-compliance.

*Only legally binding standards and voluntary certification schemes have a compliance assessment process. Legally binding standards usually require evaluation and reporting through a mechanism like SIS while project-level forest carbon standards require independent validation and verification from accredited auditors.*

## 3 Findings and Analysis

### 3.1 Challenges

The proliferation of private and public safeguard systems leads to an increasing conflation of principles, criteria, indicators and rules that makes it increasingly difficult for developing countries to navigate these standards and define how to integrate them into their national implementation frameworks and reporting processes. There are varying degrees of disparity in how different safeguard standards treat substantive and procedural elements, creating confusion in country implementation and reporting. Efforts are underway to integrate safeguard standards, as exemplified by the common proposal template of the FCPF and UN-REDD. However, limited harmonization can be expected at the international level (multilateral, bilateral, and private) due to context-dependent institutional goals and procedures.<sup>22</sup> As a result, the various safeguard requirements are more often perceived as a costly administrative burden, rather than as an aid for meeting social and environmental goals.

To address these challenges and achieve long-term sustainability and policy coherence, countries will need to develop national safeguard responses that can fulfill multiple requirements and initiatives at various scales. Such a national system would benefit from aligning domestic laws and policies with international policy and applying existing institutions and processes. Coordinating complementary international frameworks and private sector initiatives could also inform national REDD+ safeguards and improve effectiveness and efficiency (e.g., via streamlining reporting processes for the Convention on Biological Diversity Aichi Targets, Millenium Development Goals, and REDD+ safeguards).

The international donor and investor community face the inherent challenge of promoting high-quality safeguards while supporting flexible, nationally driven processes in REDD+ host countries. This is particularly challenging in the context of results-based payments which assume a high degree of flexibility on the allocation of payments received for achieved outcomes. Donors and investors need to acknowledge national sovereignty as well as avoid creating burdensome bureaucracy and delays in disbursement. Simultaneously, they are interested in fostering the development of safeguards systems that maximize both social and environmental integrity. Therefore, safeguard standards need to prevent overly prescriptive, inflexible guidance that is not adaptable to different local contexts. Not only can such inflexible standards decrease the overall participation level of a standard, they generally also decrease cost-efficiency and overall effectiveness of the domestic system. Conversely, completely flexible safeguards providing only abstract principles risk confusing participants or proponents, leading to delayed implementation or compromised goals.

With these challenges, it is important to understand all the myriad safeguard standards, their criteria and procedures, at what scales they will be applied and how they correspond to financing requirements. This can inform stakeholders of possible integrated approaches for developing effective and efficient safeguards at the international design and country implementation levels.

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<sup>22</sup> Swan, S., Bertzkey, M., Goodman, L. REDD+ Biodiversity Safeguards: Options for Developing National Approaches. June 2012

## 3.2 Summary of Findings

Most safeguards standards employ both substantive (safeguard principles and rules) and procedural elements. While implementation methods vary, many standards take a ‘principles, criteria, indicators’ approach where parties establish a set of principles and broad norms (e.g., contribute to good governance), then detail a list of criteria that must be met to guarantee that norm (e.g., governance structures are clearly defined, transparent and accountable), and finally provide a list of indicators that should be exhibited to demonstrate compliance with the given criteria (e.g., information on governance decisions are made publicly available). The Cancun Safeguards, define broad criteria and guidance and, at present, leave it to the implementing country to develop methods for supporting them. Whether future decisions will add more guidance is ongoing, and being negotiated within the UNFCCC.<sup>23</sup> The three most common safeguard design standards (UN-REDD, FCPF and REDD+ SES) enable countries to convert the Cancun Safeguards into a national framework by means of guidelines and steps for operationalizing their safeguards. The REDD+ SES process seems to be the most clear, with ten implementation steps organized in three themes: Governance, Interpretation and Assessment.

**Regarding the substantive elements**, general consensus exists on overarching principles for safeguarding social welfare and the environment (e.g., protecting human rights, avoiding natural forest conversion), with variation found mostly in the rigor of application, definitions and co-benefit considerations of standards. As a financing facility, the FCPF requires the minimum requirement of ‘do no harm,’ and does not mandate co-benefits such as enhanced livelihoods and biodiversity (it remains unclear if financing under the Carbon Fund will be tied to such benefits). In contrast, voluntary standards (e.g., CCB Standards) and those that guide the design of policies, programs and projects (e.g., UN-REDD, REDD+ SES) are more aspirational in their principles and criteria, highlighting the importance of not only protecting but improving social and environmental conditions. These standards target those that design REDD+ programs and interventions, rather than those that merely invest (and hence have less control over the activity).

The differences found between safeguard standards can be traced, in part, to the intention for which the standard was originally developed. Different standards are developed to meet the needs of different stakeholders and beneficiary groups which, to some degree, affects the interest of who and what is being safeguarded. Further, levels of governance affect the gap in stringency of safeguards between developed and non-developed countries.

Law-based forest carbon standards (generally in developed countries e.g., Australia’s CFI and New Zealand’s PFSI) tend to defer to environmental impact assessments and existing legislation as the basis for safeguard implementation due to higher governance capacities and more rigorous national laws. Public and private funders, such as Multilateral Development Banks (MDBs) and carbon investors, often require a social and environmental impact assessment process bound to specific guidelines where risks are assessed and a mitigation plan established to address safeguards. Generally these safeguard systems are developed with the intent of protecting the investor and mitigating investment risks during implementation, rather than promoting co-benefits at the project level.

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<sup>23</sup> UNFCCC Outlook for SBSTA 2013, work on matters relating to methodological guidance: Available at: [http://unfccc.int/methods\\_science/redd/methodological\\_guidance/items/4123.php](http://unfccc.int/methods_science/redd/methodological_guidance/items/4123.php)

Voluntary carbon, social and environmental standards are catered for project developers and the carbon market, and therefore generally take a more pro-active and prescriptive approach to safeguards, as additional certifications may demand a price premium on the voluntary market. Some project-level carbon standards, including the VCS, focus primarily on carbon accounting and do not formulate detailed safeguards, however offer methods for incorporating social and environmental standards such as the VCS-CCB.<sup>24</sup> Standards with a more social and environmental paradigm such as Plan Vivo and CCB standard are very detailed in protecting communities and the environment, as they are the target beneficiaries of the standard.

Regarding procedural safeguard components, user-friendliness is a central issue for the efficiency of operations at the country and project level. Many of the safeguard standards' documents (including websites) and procedural requirements tend to be unwieldy, requiring time, money and often international consultants, for countries to navigate, understand and adopt them. The FCPF safeguards and most multilateral development banks for example, have multiple lengthy documents located on disparate websites requiring high legal and/or technical aptitude to digest and complete.

Overall, most REDD+ countries favor a country-led approach that meets Cancun Safeguard principles and can be customized to local circumstances and institutions. Initiatives to create national and subnational safeguard systems have been taking place in Acre (Brazil), Mexico, Indonesia and Vietnam, among others. Acre and Mexico have created their own systems while also using the REDD+ SES as an instrument to identify gaps, monitor and report results from their jurisdictional safeguard system. Bilateral donors (e.g., Norway, Germany, Australia, USA) that have yet to establish clear policies on REDD+ safeguards need to decide whether and where they accept host country safeguard systems and where they require additional standards and conditions to be met.

### 3.3 Alignment with Cancun Safeguards

Due to differences in definitions and jargon, uncertainties exist with respect to the way standards align and adhere to the UNFCCC Safeguards. Countries tend to use the Cancun Safeguards as a foundation for creating national and subnational safeguard systems, therefore it is important to show how its seven principles correspond with other standards. A criteria key in the Annex shows how the Cancun Safeguards correspond with the social, environmental and procedural criteria used for the review. Table 3 illustrates the relationships between the Cancun Safeguards and the main standards.

Given the broad and simple nature of the Cancun Safeguards, various interpretations of how standards align can be made. There are some cases where unclear definitions become a challenge for drawing definitive correlations. For example, the definition of 'forest' and 'natural forest' can vary by country and even by standard. Some may identify forests as areas with greater than 10% tree cover and others with 30% tree cover. Furthermore, it is sometimes unclear whether this area can also cover plantations or not. This poses issues with comparability, however, it was noted that many standards try to ensure that all seven Cancun Safeguards are effectively addressed. Based on our analysis, the most equivalent standards to the Cancun Safeguards are the UN-REDD, REDD+ SES and FIP.

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24 Verified Carbon Standard. (website) Accessed 4/2013. Available at: <http://v-c-s.org/news-events/news/vcs-ccb-join-forces-streamline-project-approval-and-credit-issuance-reducing>



Table 3: Reflection of Cancun Safeguards in forest carbon standards and initiatives

Standards	Cancun Safeguards						
	2a	2b	2c	2d	2e	2f	2g
FCPF	X	X	I	X	X	I	I
FIP	X	X	I	X	X	I	I
UN-REDD	X	X	X	X	X	X	I
REDD+ SES	X	X	X	X	X	I	I
GEF	X	O	I	X	I	O	O
IFC	X	X	X	X	X	O	O
Gold Standard	X	O	X	X	X	X	X
CCB Standard	X	X	X	X	X	I	I
KEY	X = Explicit    O = Not included    I = Implied						
<p>Cancun Safeguards</p> <p>2. When undertaking [REDD+] activities, the following safeguards should be promoted and supported:</p> <ol style="list-style-type: none"> <li>Actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements;</li> <li>Transparent and effective national forest governance structures;</li> <li>Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws including UNDRIP;</li> <li>The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities;</li> <li>That actions are consistent with the conservation of natural forests and biological diversity, ensuring that REDD+ activities are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits;</li> <li>Actions to address the risks of reversals;</li> <li>Actions to reduce displacement of emissions.</li> </ol>							

In addition to aligning content, it is also important for countries to see how other reporting and procedural initiatives can correspond with the Cancun Safeguards and national systems. Regardless of which pathway a country uses in developing its safeguards system, there is wide recognition that integrating safeguards into procedural requirements applicable to all natural resource related activities such as environmental impact assessments and streamlining existing reporting under conventions, agreements and treaties will reduce costs

and increase efficiency.<sup>25</sup> There are currently a number of international initiatives, in which countries report information relevant to REDD+ safeguards. Some of these initiatives are outlined in Table 4, including the information relevant to safeguards on which they report and how they address the Cancun Safeguards.

Table 4: Existing reporting initiatives and their alignment with the Cancun Safeguards<sup>26</sup>

Treaty, agreement, or convention	Information reported	Cancun safeguards addressed
FAO Forest Resource Assessment	Forest ownership, forest extent and classification, wood removals, carbon stocks, policy, legal and institutional frameworks	2a, 2b, 2e, 2f, 2g
Convention on Biological Diversity (CBD)	Based on Aichi biodiversity targets including information on stakeholder engagement, enhancement of carbon stock, conservation of biodiversity, deforestation and forest degradation, needs of indigenous communities	2c, 2d, 2e, 2f
Forest Law Enforcement Governance and Trade (FLEGT)	Negotiated on a country-specific basis, but likely to include forest sector laws, policies, regulations, governance, transparency, indigenous rights, and stakeholder involvement	2a, 2b, 2c, 2d, 2e
Millennium Development Goals	Proportion of land area covered by forest, proportion of species threatened with extinction, proportion of species threatened with extinction	2e, 2g
UN Convention to Combat Desertification (UNCCD)	Reported on a country specific basis but must include land cover status; may include additional information on conservation, biodiversity, governance <sup>27</sup>	2e, 2g

For example, existing reporting under the Food and Agricultural Organization's (FAO) Forest Resources Assessment (FRA), provides significant information on forest cover, forest classifications and conservation, policies, and laws. This information could be integrated into information systems covering 5 of the 7 safeguards laid out in the Cancun Safeguards, allowing countries to monitor aspects of certain safeguards while requiring little additional effort or resource. Table 4 summarizes the information needed to integrate into safeguard systems to meet UNFCCC requirements within the context of existing initiatives. Other treaties and agreements not listed in the table (e.g., UNDRIP and Ramsar Convention on Wetlands) may not contain operational monitoring requirements, however can also help form the design of information systems to address certain safeguards. It is not suggested that this information alone is sufficient to provide robust monitoring of safeguards, but integrating key elements from these reporting initiatives can form an integral component of an effective safeguard information system without adding unnecessary layers of complexities.

<sup>25</sup> SNV 2012. National Options for REDD+ Environmental Safeguards: Operational Guidance. Available at: [http://www.snvworld.org/sites/www.snvworld.org/files/publications/quick\\_guide\\_1.pdf](http://www.snvworld.org/sites/www.snvworld.org/files/publications/quick_guide_1.pdf)

<sup>26</sup> Table adopted from data in SNV Report "National Options for REDD+ Environmental Safeguards: Operational Guidance"

<sup>27</sup> CBD SBSTTA 16 Information Document UNEP/CBD/SBSTTA/16/INF/21. 7 March 2012. Secretariat of the Convention on Biological Diversity, Montréal, Canada. Available at: [www.cbd.int/doc/meetings/sbstta/sbstta-16/information/sbstta-16-inf-21-en.pdf](http://www.cbd.int/doc/meetings/sbstta/sbstta-16/information/sbstta-16-inf-21-en.pdf)

## 4 Perspectives

### 4.1 Developing Country Perspective

#### Opportunity

Successfully designed and implemented safeguard systems<sup>28</sup> can both ensure the equity and environmental soundness of REDD+ while creating a pipeline of information that may prove useful beyond REDD+.<sup>29</sup> Nonetheless, overly complex and bureaucratic safeguard systems risk encumbering the implementation of REDD+ and driving transaction costs to prohibitive levels. Consequently, countries will need to develop safeguard systems that streamline processes and leverage existing infrastructure. As with other components of REDD+, there is a need to mitigate risks, address challenges, and capitalize on opportunities in the development of an effective safeguard system.

Safeguards can provide a foundation for REDD+ to promote sustainable development by respecting indigenous rights, maintaining environmental integrity, enhancing governance, promoting biodiversity conservation, and promoting transparency and participation. Effective and equitable safeguard systems will ensure REDD+ at least does “no harm,” and at best promotes co-benefits. As long-term REDD+ finance remains unclear, it has been suggested by many that countries adopt a ‘no-regrets’ approach to REDD+ safeguards systems.<sup>30</sup> This can be achieved, in part, by ensuring the systems are more than simple procedural hurdles meant to comply with the UNFCCC, as they have the capability to provide vital information from the forestry sector and beyond. Well-designed Safeguard Information Systems will assist countries to gather a wide variety of valuable data and information that can help rationalize natural resource management as well as socio-economic policy decisions, even outside of REDD+. Indeed, many countries may choose to go beyond basic safeguard requirements and develop a system of data collection that will help manage policy development on a larger scale.

#### Box 1: Experience from the Field - Central Kalimantan, Indonesia

Beginning in August 2010, the province of Central Kalimantan, Indonesia embarked on the process of developing provincial wide REDD+ safeguards using the REDD+ SES process. With donor financing from the Clinton Climate Initiative, the ten step process prescribed by the REDD+ SES process was implemented throughout 2011 and included processes such as establishing facilitation teams, awareness raising, capacity building, and developing a plan for implementation. The end result was a formal submission to the governor in February, 2012 of the newly developed safeguard system consisting of 7 principles, 27 criteria, and 82 indicators tailored to the situation in Central Kalimantan. In its entirety, the process cost roughly USD 100,000 and took approximately one year.

*Source: Hakim, S. Personal Communication, April 4, 2013*

<sup>28</sup> In this context safeguards systems is used to refer to the combination of substantive and procedural components, including safeguard information systems

<sup>29</sup> REDD+ SES indicators for example provide information on land tenure, benefit sharing, enhanced livelihoods, relocation, governance in sectors identified as drivers, and assessments of the impacts of policies and measures on natural forests and biodiversity.

However, a country's ultimate interest in developing a safeguard system may be to comply with the Cancun Safeguards and make the country eligible to receive results-based REDD+ financing under the UNFCCC. In the interim, countries have incentive to develop and adhere to safeguards as they face requirements from multilateral donors such as the FCPF and UN-REDD. Similarly, sub-national jurisdictions may choose to push forward with safeguard development to attract public or private financing. Investors and donors will be more attracted to jurisdictions or countries where strong safeguards exist, as there will be greater assurances that the implementation of REDD+ will occur with environmental integrity and under stronger governance.

## Challenge

The design of safeguards can be cumbersome, their implementation potentially costly. Designing effective systems is a particular challenge for countries with poor governance. From a technical perspective, REDD+ is already a complex undertaking. Developing additional safeguards and information systems may be formidable, particularly in countries where capacity is limited and financing for existing efforts is stretched thin. Existing safeguard initiatives at both sub-national and national levels require the dedication of significant human and financial resources. In Central Kalimantan, for example, the province used the REDD+ SES standard to develop jurisdictional safeguards, an undertaking that took nearly one year at a cost of over USD 100,000 (See Box 1). Still, financing for safeguard development appears to be a high priority for bilateral and multilateral financing initiatives, demonstrating that the costs of safeguard development can be defrayed by donor funding. The FCPF for example requires funding streams be devoted to the SESA process, while donor funding in countries such as Indonesia has assisted in the development of safeguard systems.

The challenges posed by standard development only present half the equation of safeguard systems. Procedural elements will also need to be operationalized. Under the UNFCCC, countries are required to develop information systems to monitor how safeguards are being addressed and respected. Where governance and capacity is low, it will be challenging for countries to implement systems for gathering robust, useful data. Obtaining relevant data will require developing processes to validate information collected at different levels. To address the complexities that can arise in developing these processes, piloting systems at a sub-national level can prove to be a cost effective solution in identifying the most efficient practices. Safeguard trials could focus on areas where existing capacities are higher, providing other regions with examples of best management practices.

### Box 2: Experience from the field - Viet Nam

In Viet Nam, the REDD+ sub-technical working group on safeguards has opted to take a country-led, grassroots approach to safeguard development rather than using UN-REDD SEPC or REDD+ SES as a basis for the process. In order to develop safeguards, the country is undertaking a gap assessment based on the '5 P's': existing relevant policies, plans, programmes, processes and practices. The gap analysis will examine how the existing 'P's' address the Cancun safeguards, and allow the country to develop a roadmap to address gap-areas. The process is being supported by the SNV Netherlands development organization.

*Source: Swan, S. "Environmental and Social Safeguards Roadmap for Vietnam's National REDD+ Action Programme." 3rd UN-REDD Regional Lessons Learned Workshop on Social and Environmental Safeguards. Bangkok, Thailand: March 6, 2013*

While piloting at a sub-national level presents an opportunity for countries, integrating approaches at different scales (project, sub-national, and national) which may use different methodologies presents another challenge for safeguard systems. For example, in the province of Central Kalimantan in Indonesia, there are projects that seek to follow the VCS standards while the provincial government has opted to use REDD+ SES as a guiding framework sub-nationally, and the national REDD+ taskforce has established a national protocol called Principles, Criteria, Indicators, and Safeguards of Indonesia (PRISAI). Countries must reconcile these potentially disparate approaches to create a single, coherent national system. Lessons can be drawn from nested carbon accounting and nested registry methodologies.

### Instruments

Countries may consider developing safeguard systems which will be applicable more holistically, covering the entire spectrum of natural resource related activities rather than only to REDD+. According to a recent report,<sup>31</sup> investing in a cohesive national system draws multiple advantages including: ensures all REDD+ activities are covered by adequate safeguards, helps national governments coordinate REDD+ activities and policies, and provide benefits to a country beyond those linked to REDD+. Three distinct routes have been identified as possible directions for a country to take in safeguard development.<sup>32</sup> In a first scenario, countries adopt a country driven process where existing policies and regulations are expanded upon to meet safeguard requirements. A second potential scenario uses existing international frameworks, such as REDD+ SES, or the strategic planning tools provided by UN-REDD or the FCPF, as a basis for implementing safeguard policies, regulations, and monitoring systems. In a third hybrid approach, countries could integrate certain aspects of international frameworks while leaving a large degree of flexibility to integrate domestic policies, regulations, and monitoring systems based on national circumstances. Aligning existing international frameworks, policies and reporting processes to increase efficiency can be applied to all three approaches. For more detail on designing national systems and examples from efforts in Vietnam, Brazil, Indonesia and Mexico, reports including Daviet and Larsen 2012 and SNV 2012 provide in-depth guidelines for country stakeholders.<sup>33</sup>

#### Box 3: Experience from the Field - Acre, Brazil

The State of Acre in Brazil has one of the most advanced safeguard systems in place. Acre is using REDD+ and safeguard development as an instrument to complement sustainable development goals and plans. In 2010, the state government established the State System of Incentives for Environmental Services (SISA), a state law with 10 safeguard principles and various procedural elements. The creation of this law included various stakeholder consultations, garnering 300+ recommendations, with land tenure highlighted as the main issue. The government used REDD+ SES as an instrument to monitor, report/communicate the impacts and results of SISA. It was also used to help identify gaps and assess if the governance system was in line with the law. The State of Acre is currently designing the monitoring and reporting system. There were 99 indicators identified, therefore accounting for all of them, collecting data and reporting is an challenge mostly due to capital constraints.

*Source: ROW Workshop on Benefits Sharing and Safeguards, March 26, 2013*

31 Daviet, F., and Larsen, G. Safeguarding Forests and People: A Framework for Designing a National System to Implement REDD+ Safeguards. World Resources Institute. 2012

32 Swan, S., Bertzkey, M., Goodman, L. REDD+ Biodiversity Safeguards: Options for Developing National Approaches. June 2012

33 SNV 2012. National Options for REDD+ Environmental Safeguards: Operational Guidance; and Ibid. Daviet, F., and Larsen 2012

## 4.2 Donor Country Perspective

### Opportunity

From a donor perspective, safeguards are used to ensure the compliance of the recipient with program objectives, an alignment with donor policies and funding priorities, a compliance with social and environmental treaty obligations, and the achievement of secondary benefits. In addition, governments and public agencies that contribute to REDD+ programs are interested in safeguards to ensure program success, avoid reputational risks as well as facilitate finance from additional sources. Many donors therefore define their own set of funding conditions. To date most existing donor safeguard requirements are not REDD+ specific, but based on broader considerations for foreign assistance. Examples of country donors include those providing finance via bilateral agreements (e.g., Norway, Germany, Australia and the US). These donor countries also give funding to multilateral programs including the FCPF and UN-REDD.

### Challenge

Due to the myriad of funding institutions and their disparate policies, ensuring that safeguards are effective and consistent across multiple stakeholders continues to be a challenge. Work is currently underway by the FCPF and UN-REDD to improve the consistency of—to the extent practicable—the guidance provided to developing countries on social and environmental safeguards. However, harmonization of standards is limited given differing donor policies and funding priorities.

Most funding for REDD+ currently flows through bilateral sources of finance, each with their own specific legal regimes, policies, and practices—as well as their own histories around treatment of rights, indigenous peoples, and the environment. These national policies and practices are then reflected in how donors approach both international agreements around safeguards and implementation of safeguards through foreign assistance programs to developing countries where national legislation applies. Other than generic safeguards to be upheld by official development assistance (ODA) programs, donor countries currently do not have REDD+ specific safeguards. Uncertainties exist with respect to the way international REDD+ finance should reflect the Cancun Safeguards, how such guidance can be integrated into existing rules and procedures, and how criteria for safeguard implementation could appear. In addition, donors are struggling to understand how to support REDD+ safeguards with different types of funding models. It is also not clear whether and how donors should require the monitoring of safeguards in the context of results-based payments and whether an ex-ante check of adherence to safeguard-related requirements can serve as a tool to prioritize supported REDD+ programs and payments.

Governments and public agencies that contribute to REDD+ programs through results-based payments are interested in the compliance with a set of defined safeguards to ensure program success as well as to avoid reputational risks. These objectives are inherently at odds with the ex-post nature of results-based payments. The assumption is that a REDD+ country has already achieved program success before it receives any results-based payments. The party's mutual obligations should hence be settled with the receipt of the payment. However, even when making ex-post payments, public agencies wish to ensure that the REDD+ benefits for which they pay meet certain criteria; they are also likely to formulate criteria that guide the use of disbursed funds. REDD+ benefits have to be achieved in compliance with certain environmental and social criteria. At the same time donor agencies' accountability towards tax payers extends into the future. They have an interest in transparency and purposefulness of the use of their funds even where they make



ex-post payments. There will be continued media coverage of the recipient's REDD+ program and there will be demands for tracking the management and use of funds.

## Instruments

In order to ensure compliance of recipients with their stated REDD+ co-benefit goals, donors continue to rely on their own due diligence, monitoring and evaluation systems and payment appraisals. The harmonization of REDD+ safeguards would facilitate this work, reduce cost and increase transparency. Agreed reporting formats would allow a verification of compliance based on provided evidence and spot checks. In the absence of an agreed set of safeguards, it is likely that donors will continue developing their own criteria and standards, which potentially obliges recipient countries to report in various, non coordinated formats adding costs and complications.

When making results-based payments, it is likely that donors will require compliance with certain fiduciary and financial procedures that include reporting on use of funds. Donors and recipients may also agree on the use of funds for particular public programs or sustaining REDD+ benefits. Wherever possible they should work with and strengthen the institutions and systems that countries already have in place and work. Using existing systems and institutions enhances country ownership and thus the sustainability of REDD+ programs. A country's safeguard systems could apply, provided that it meets a certain set of pre-defined criteria and quality requirements.

## 4.3 Private Sector Perspective

### Opportunity

The private sector actors in REDD+ and forest carbon include producers (project developers and investors) and buyers (businesses purchasing carbon credits). Project developers tend to apply social and environmental safeguard standards in addition to carbon standards in order to increase the value and integrity of their project, and therefore seek price premiums on the market. In addition to increasing value, corporate investors are also motivated by corporate social responsibility (CSR) and sustainability goals, therefore are typically interested in both carbon emission reductions and community and biodiversity co-benefits.<sup>34</sup> For example, the insurance company Allianz made a 10% equity investment in REDD+ project developer Wildlife Works, as part of its effort to reduce deforestation and address climate change.<sup>35</sup> Allianz also agreed to a multi-year option to purchase carbon credits from the Wildlife Works Kasigau Corridor REDD+ Project in Kenya, the first REDD+ project in the world to achieve validation and verification under the VCS and CCB.<sup>36</sup>

Buyers wanting to meet legal obligations (compliance buyers) and carbon-neutrality goals (voluntary buyers) tend to focus on buying large volumes of carbon credits at low costs,<sup>37</sup> however may also pay a premium based on CSR considerations and corporate ethos. For example, Disney recently purchased REDD+ credits from the Alto Mayo Initiative (by Conservation International and the Peruvian Government, VCS and

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34 Engaging the Private Sector in REDD+: Challenges and opportunities, IISD Discussion Paper. 2012. Available at: [www.iisd.org/pdf/2012/redd\\_engaging\\_private\\_sector.pdf](http://www.iisd.org/pdf/2012/redd_engaging_private_sector.pdf)

35 Wildlife Works Press Release. Oct 2011: Available at: [www.wildlifeworks.com/press/releases/allianz.pdf](http://www.wildlifeworks.com/press/releases/allianz.pdf)

36 Ibid. Wildlife Works Press Release

37 Ibid. IISD 2012

CCB validated) as part of its plan to go carbon neutral and its CSR policy to reduce tropical deforestation.<sup>38</sup> USD 3.5 million was paid at approximately USD 7-8 per ton, considerably higher than current CDM credit prices.<sup>39</sup>

In addition to delivering higher value to projects and meeting CSR/sustainability goals, the private sector, similar to donor countries has interest in safeguards where it can minimize investment and reputational risk. Businesses will likely weigh tradeoffs between cost and environmental/social safeguards based on the motive behind their investment, risk assessments and budget. Based on the most recent State of the Voluntary Carbon Market report, VCS and CCB validated REDD+ projects have increased, indicating that investors and buyers are progressively selecting projects with higher safeguard standards.<sup>40</sup>

## Challenge

Poorly designed safeguard standards may result in REDD+ becoming overly burdensome, thereby discouraging the private sector to engage in REDD+ activities. Where the implementation of social and environmental obligations add red-tape and negatively influence the return on investment (ROI) below a set investment threshold, safeguards will deter investments into REDD+. Governance in REDD+ countries tends to be low and ill-designed safeguard systems could result in increased bureaucratic processes that will not only slow progress, but also increase opportunities for corruption.

Further, there is a risk of poorly designed and costly safeguard systems providing perverse incentives. Requirements that are only applied to REDD+ activities run the risk of increasing the competitiveness of competing land uses while discouraging the implementation of projects, which would result in emission reductions in the forestry sector. For example, if an arduous safeguard system is applied to the development of community forestry initiatives or sustainable forest management projects, they will be placed at a competitive disadvantage when compared to conventional logging or extractive industry projects, which would not be subject to such stringent regulations.

Lastly, the private sector needs to clearly see the value proposition for applying safeguards in their investments, or buying premium credits with added social and environmental benefits. Project-level standards generally do a good job providing the business case for the inclusion of safeguard provisions, however risk management should be addressed more explicitly.

## Instruments

Where certain safeguards are mandated (e.g., consultation processes under national/sub-national laws), the private sector will have to comply with regulatory requirements for project approval. In the absence of safeguard obligations, the private sector will select those environmental and social standards that provide CSR value, improve ROI and reduce risk. It will prefer the safeguards that do not increase transaction costs, show a clear link to project success (e.g., local participation) and reduce reputational risks (e.g., transparency).

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38 Thomson Reuters article, "Disney, Latam Airlines buy 444,000 Peruvian forest carbon credits." Mar 2013. Available at: [www.trust.org/item/?map=disney-latam-airlines-buy-444000-peruvian-forest-carbon-credits](http://www.trust.org/item/?map=disney-latam-airlines-buy-444000-peruvian-forest-carbon-credits)

39 Ibid.

40 Peters-Stanley, M., and Hamilton, K., State of the Voluntary Carbon Markets. Ecosystem Marketplace/Forest Trends. 2012. Available at: [www.forest-trends.org/publication\\_details.php?publicationID=3164](http://www.forest-trends.org/publication_details.php?publicationID=3164)

Certifiers creating standards with iterative, concatenated processes (e.g., principles and criteria) present a solution for addressing these issues at a 'best practice' global level and allowing for customization of standards at local levels. By agreeing to simple yet binding norms at a global level, standards can then entrust development of further more detailed criteria and modalities via an agreed process for projects according to local circumstances (e.g., CCB Standard). In addition, standards that have globally accepted methodologies and criteria that can then be tracked by transparent information systems can draw clear links to social and environmental benefits – and thereby provide CSR value and mitigate reputational risks. Companies looking to further avoid investment risk will likely seek out an insurance coverage or credit guarantee for carbon projects like those provided by the World Bank (Multilateral Investment Guarantee Agency) and USAID (Development Credit Authority).

## ANNEX

### A.1 Standards Reviewed

#### Jurisdictional Mechanisms

##### International Law-based:

UNFCCC

##### Regional Law-based:

California AB32 – Air Resources Board (Jurisdictional REDD+)

##### Multilateral Programs:

The World Bank's Forest Carbon Partnership Facility (FCPF), Forest Investment Program (FIP), Global Environment Facility (GEF), UN-REDD

##### Bilateral Programs:

Australia, Germany, Norway, USA

##### Voluntary Markets, NGO and Private Sector:

REDD+ Social and Environmental Standards (REDD+ SES)

#### Project-level Mechanisms

##### International Law-based:

Kyoto Protocol: Clean Development Mechanism (CDM), Joint Implementation (JI)

##### National and Regional Law-based:

Australia Carbon Farming Initiative (CFI), California AB32– Air and Resources Board (US Forest Protocol), New Zealand Permanent Forest Sink Initiative (PFSI)

##### Multilateral Agencies:

African Development Bank, Asian Development Bank, Inter-American Development Bank, World Bank, IFC Performance Standards

##### Voluntary Markets, NGO and Private Sector:

American Carbon Registry (ACR - *including Nested REDD+*), CarbonFix/Gold Standard, Climate Action Reserve (CAR), Climate, Community & Biodiversity (CCB) Standards, Panda Standard, Plan Vivo, Social Carbon, Verified Carbon Standard (VCS - *including VCS Jurisdictional and Nested REDD+* (JNR))

#### Complementary Social and Environmental Mechanisms

##### International Law-based:

Convention on Biological Diversity (CBD), United Nations Declaration on Indigenous Peoples (UNDRIP)

##### Voluntary Markets, NGO and Private Sector:

Certifications (FSC, PEFC, Fairtrade, ISO 14000), Commodity Roundtables (RSPO, RTRS, RSB, Bonsucro)

## A.2 Criteria Key

Social Criteria	Implied or Required in*
<b>Free, Prior and Informed Consent (FPIC):</b> Acquiring free, prior and informed consent from affected local and indigenous communities	(Cancun Safeguard 2c and 2d)
<b>Vulnerable Groups:</b> Protecting the rights of vulnerable and marginalized groups (e.g., indigenous peoples, women, religious or ethnic minorities)	(Cancun Safeguard 2c)
<b>Land Tenure &amp; Resource Rights:</b> Supporting land and resource rights of affected local communities	
<b>Enhanced Livelihoods &amp; Labor Rights:</b> Enhancing livelihoods through alternative income sources as well as capacity and knowledge transfer	
<b>Benefit Sharing:</b> Guidance on distribution of benefits from the program/project	
<b>Avoided Resettlement:</b> Mitigating evictions of local communities	
Environmental Criteria	Implied or Required in*
<b>Mitigate negative environmental impacts:</b> Avoiding impacts including natural forest conversion, sedimentation, invasive species, biodiversity damage, etc	(Cancun Safeguard 2e)
<b>Biodiversity and other ecosystem services:</b> Protecting areas of high conservation and biodiversity value and enhancing ecosystem services	(Cancun Safeguard 2e)
<b>Address risk of reversals &amp; displacement of emissions:</b> Permanence & leakage	(Cancun Safeguard 2f and 2g)
Procedural Criteria	Implied or Required in*
<b>Policies, Laws and Regulations:</b> Incentives for adopting and implementing safeguards; consistency with international and national policies	(Cancun Safeguard 2a)
<b>Transparency:</b> Rules on transparent governance	(Cancun Safeguard 2b)
<b>Stakeholder Participation:</b> Full & effective participation of relevant stakeholders	(Cancun Safeguard 2d)
<b>Safeguards Information System (SIS):</b> System to monitor and report results	(UNFCCC Decision 12/CP.17)
<b>Grievance Mechanism:</b> A process for addressing concerns and conflicts	
<b>Compliance Assessment Process:</b> Verification of compliance	
<b>Complementarity with other REDD+ standards and mechanisms</b>	

\* For full wording of Cancun Safeguards and relevant UNFCCC decisions, refer to page 34

## A.3 Jurisdictional Mechanisms

### A.3.1 International Law-based

#### UNFCCC

**Overview and Objective:** In 2010, parties to the United Nations Framework Convention on Climate Change (UNFCCC) agreed to slow, halt and reverse forest loss and its related emissions. The decisions from Cancun (Decision 1/CP.16<sup>41</sup>) and Durban (Decision 12/CP.17<sup>42</sup> and Decision 2/CP.17<sup>43</sup>), outline policy approaches as well as guidelines and modalities on REDD+, including social and environmental safeguards (also known as the Cancun Safeguards). The text on safeguards did not change at COP18, however, are slated to be addressed at COP19.

**Applicability:** Parties agreed that participating *countries should “promote and support,”*<sup>44</sup> identified safeguards and *“provide a summary of information on how all of the [Cancun] safeguards are being addressed and respected.”*<sup>45</sup> While these decisions are not legally binding, they represent a political promise to abide by the standards. It is likely that countries will need to comply with the listed principles to qualify for financing under the UNFCCC<sup>46</sup>.

Social & Environmental Safeguards	<p>Decision 1/CP.16, appendix I, para 2 states:</p> <p><i>When undertaking [REDD+] activities, the following safeguards should be promoted and supported:</i></p> <ul style="list-style-type: none"> <li><i>a) Actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements;</i></li> <li><i>b) Transparent and effective national forest governance structures;</i></li> <li><i>c) Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws including UNDRIP;</i></li> <li><i>d) The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities;</i></li> <li><i>e) That actions are consistent with the conservation of natural forests and biological diversity, ensuring that REDD+ activities are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits;</i></li> <li><i>f) Actions to address the risks of reversals;</i></li> <li><i>g) Actions to reduce displacement of emissions.</i></li> </ul>
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41 Decision 1/CP.16, Appendix I. Guidance and safeguards for policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries: <http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf>

42 Decision 12/CP.17. Guidance on systems for providing information on how safeguards are addressed and respected and modalities relating to forest reference emission levels and forest reference levels as referred to in decision 1/CP.16:

<http://unfccc.int/resource/docs/2011/cop17/eng/09a02.pdf>

43 Decision 2/CP.17. Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention:

<http://unfccc.int/resource/docs/2011/cop17/eng/09a01.pdf>

44 Ibid. Decision 1/CP.16, Appendix I

45 Ibid. Decision 12/CP.17, para 3

46 The funding mechanism for REDD+ under the UNFCCC is still being negotiated



Procedures	<p>Decision 12/CP.17 states that parties undertaking REDD+ activities “<i>should provide a summary of information on how the safeguards in 1/CP.16 are being addressed and respected throughout the implementation of the activities.</i>” This summary of information, which some refer to as Safeguard Information System (SIS)” should take into account national circumstances, recognize national legislation and relevant international obligations and agreements, respect gender considerations, and:</p> <ol style="list-style-type: none"> <li>1. <i>Be consistent with the guidance identified in decision 1/CP.16, appendix I</i></li> <li>2. <i>Provide transparent and consistent information that is accessible by all relevant stakeholders and updated on a regular basis;</i></li> <li>3. <i>Be transparent and flexible to allow for improvements over time;</i></li> <li>4. <i>Provide information on how all of the safeguards are being addressed and respected;</i></li> <li>5. <i>Be country-driven and implemented at the national level;</i></li> <li>6. <i>Build upon existing systems, as appropriate;</i></li> </ol> <p>The SIS “<i>should be provided periodically and be consistent with relevant decisions of the Conference of the Parties on guidelines on national communications from Parties.</i>” In addition, these safeguards and rules apply, regardless of what modality of financing is utilized.</p> <p>Aside from these decisions and a report issued under the Subsidiary Body for Scientific and Technological Advice in June 2011,<sup>47</sup> there are no robust guidelines on procedure or performance criteria for safeguards, leaving considerable flexibility for parties to interpret how to implement them in practise. Uncertainty remains on the kind of information to be provided, the periodicity of reporting, accountability mechanisms, and institutional assessment and compliance, among others.</p>
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### A.3.2 Regional Law-based

#### California AB32 – Air and Resources Board (Jurisdictional REDD+)

**Overview and Objective:** In 2006, California passed climate legislation (AB32), instituting a cap-and-trade program to meet its objective of reducing its emissions to 1990 levels by 2020. The Air and Resources Board (ARB) is responsible for implementation and oversight and has created its own offset protocols for domestic offsets (safeguard standards for domestic projects are outlined in the project-level section of this Appendix). There is potential for international offsets (including REDD+, through the sectoral offsets provision) to be included in the coming years, however no final guidance/standards have been issued. The REDD+ Offset Working Group (ROW) released a draft report<sup>48</sup> in January 2013 with a set of recommendations regarding the design of compliance-grade jurisdictional REDD+ programs and options for linking these programs with the California system. The safeguard recommendations of the ROW report are outlined here.

**Applicability:** California will have to decide whether and how they want to use the ROW recommendations if they decide to make REDD+ credits eligible in their cap-and-trade system. If adopted as part of the

47 FCCC/SBSTA/2011/2/Appendix II. Report of the Subsidiary Body for Scientific and Technological Advice on its thirty-fourth session: <http://unfccc.int/resource/docs/2011/sbsta/eng/02.pdf>

48 The REDD Offsets Working Group (ROW) is a group of experts convened by California, the Brazilian state of Acre, and the Mexican state of Chiapas to develop recommendations for how California can bring REDD+ into its carbon market. A draft report was released in January 2013 (to be finalized in mid-2013) and is the result of the ROW’s efforts over the last two years. It discusses a broad range of issues, including the scope of eligible REDD+ activities, reference levels and additionality, crediting pathways, registry infrastructure, state-level accounting, systems for measurement, monitoring, reporting, and verification, legal and institutional issues, and social and environmental safeguards. The report can be accessed here: <http://stateredd.org/recommendations> (p. 45-52).

California offset protocol, participating jurisdictions will be legally bound to comply to participate in the program.

Social & Environmental Safeguards	<p>Instead of developing its own set of social and environmental safeguards, the ROW recommends that California use an already-established safeguard system that has on-the-ground experience, stakeholder input and tested standards. The ROW suggests the REDD+ Social and Environmental Standards (developed by CARE and CCBA) as a model because of its globally recognized set of principles, criteria and framework of indicators as well as its years of stakeholder input. The REDD+ SES details are provided later in this Appendix.</p> <p>In its recommendations, the ROW emphasizes respecting the rights of indigenous peoples and local communities, including the application of the principle of free, prior, and informed consent (FPIC) and establishing adequate grievance mechanisms.</p>
Procedures	<p>The ROW underscores that REDD+ implementation should be consistent with existing international and national/subnational requirements including the Decisions from the UNFCCC and best-practice standards like the REDD+ SES, and recommends a third party to regulate the implementation of the various principles and requirements. The ROW also stresses the importance of integrating safeguards and safeguard information systems with measurement and accounting systems that will transparently provide information to all stakeholders, and stipulates that linkage arrangements be contingent upon these reporting mechanisms:</p> <p><i>“California should condition any linkage and acceptance of REDD+ credits on the adoption of robust MRV provisions for safeguards, including independent third-party verification of any assessments of the design and implementation in partner jurisdictions. For both carbon MRV as well as the implementation of safeguards, linkage arrangements should contain a suspension provision to deal with cases of serious non-compliance.”</i></p> <p>If there are nested projects within partner jurisdictions, the ROW recommends that all projects be independently validated and verified using best practices at a the project-level, such as the Climate, Community &amp; Biodiversity (CCB) Standards.</p>

### A.3.3 Multilateral Programs

#### Forest Carbon Partnership Facility (FCPF)

**Overview and Objective:** The Forest Carbon Partnership Facility (FCPF) is a partnership between developing countries, donors and, in the case of the FCPF Carbon Fund, private sector participants. The FCPF has created a framework for *REDD+ readiness*, which helps countries prepare for the full implementation of REDD+. Currently, the FCPF has 36 developing country participants with an additional 17 expressing interest in joining. The process to participate starts with the formulation of the Readiness Proposal Idea Note (R-PIN) and, once accepted, the completion of the Readiness Preparation Proposal (R-PP). If the R-PP is approved and the grant agreement is issued, countries carry out the “readiness” activities laid out in the R-PP, including the implementation of safeguards.<sup>49</sup> As part of the REDD+ Readiness preparation

49 Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners. Aug 2011. Available at: [http://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Nov2011/FCPF%20Readiness%20Final%20Common%20Approach%20\\_Final\\_%2010-Aug-2011\\_Revised.pdf](http://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Nov2011/FCPF%20Readiness%20Final%20Common%20Approach%20_Final_%2010-Aug-2011_Revised.pdf)

process, REDD country participants will need to undertake a Strategic Environmental and Social Assessment (SESA) and then produce an Environmental and Social Management Framework (ESMF) as an output.

In the case where the World Bank is not the implementing agency ('Delivery Partner'), the *Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners* developed by the FCPF will apply and requires the World Bank's Operational Policies and Procedures (OP)<sup>50</sup> and safeguard policies as a minimum acceptable standard, and outlines the processes to be followed by each country receiving funding. In addition to complying with the WB OP and the SESA/ESMF process, the Common Approach also requires adherence to a set of guidelines: Terms of Reference for SESA and ESMF, Guidelines on Stakeholder Engagement, Guidelines for Establishing Grievance and Redress Mechanisms and Guidance on the Disclosure of Information. More detailed information on the World Bank OP is provided starting on page 64.

**Applicability:** FCPF safeguards and standards elaborated here only apply to countries receiving funding from the FCPF Readiness Phase. The FCPF Carbon Fund (for performance-based programs) is still in the process of finalizing its safeguards framework, which is likely to add additional requirements to those already required in the readiness phase. These standards are legally binding by contract and in compliance can result in an inspection panel process and contract/funding suspension.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	Consultation with all relevant stakeholders, particularly indigenous peoples is emphasized, yet the WB OP, FCPF Charter and Guidelines on Stakeholder Engagement do not expressly mandate consent in FPIC. FCPF will support adherence to FPIC if the country has ratified ILO 169, adopted national legislation on FPIC or if a development partner applies the principle. <sup>51</sup>
Vulnerable Groups (Cancun Safeguard 2c)	Treatment, consultation and benefits to indigenous peoples are outlined in the Common Approach, WB OP (4.10) and FCPF Charter. The Guidelines on Stakeholder Engagement stipulates the inclusion, consultation and treatment of other vulnerable groups, including women.
Land Tenure & Resource Rights	One of the principles outlined in the Guidelines on Stakeholder Engagement is that " <i>special emphasis should be given to the issues of land tenure, resource-use rights and property rights.</i> " Clarity on these rights is prescribed in REDD+ formulation and implementation. OP 4.10 also requires that legal recognition be obtained for projects being implemented on lands belonging to Indigenous Peoples.
Enhanced Livelihoods & Labor Rights	One of the FCPF Charter <sup>52</sup> objectives is to " <i>test ways to sustain or enhance livelihoods of local communities.</i> " OP 4.10 states where projects involve the development of natural or cultural resources, the effect on local livelihoods must be assessed and Indigenous Peoples must receive adequate compensation. OP 4.12 requires displaced persons to have their livelihoods restored or improved. OP 1.00

50 The World Bank safeguard policies include Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), Forests (OP 4.36), Pest Management (OP 4.09), Dam Safety (OP 4.37), Physical Cultural Resources (OP 4.11), Involuntary Resettlement (OP 4.12), Indigenous Peoples (OP 4.10), International Waterways (OP 7.50), and Disputed Areas (OP 7.60). The World Bank is currently conducting a review and update of their safeguards to be completed in 2014. Available at: [www.worldbank.org/safeguards](http://www.worldbank.org/safeguards).

51 FCPF and UN-REDD Programme Guidelines on Stakeholder Engagement in REDD+ (p. 3). Apr 2012. Available at: <http://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/July2012/Guidelines%20on%20Stakeholder%20Engagement%20April%202012%20revision%20of%20March%2025th%20version%29%20%281%29.pdf>

52 Charter Establishing The Forest Carbon Partnership Facility, Section 2.1 (p. 11). Revised version Oct 2012. Available at: <http://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Feb2013/FCPF%20Charter%20-%2010-24-12%20clean.pdf>

	affirms the World Bank's mission to reduce poverty and states that poverty assessments will occasionally be carried out in member countries. Labor rights are not explicitly elaborated in the WB OP or supplementary guidelines.
Benefit Sharing	The World Bank OP do not include any provisions on benefit sharing (which is a REDD+ specific concept). However, OP 4.10 on Indigenous Peoples states that strategies and projects should be designed so that they (IPs) " <i>receive culturally compatible social and economic benefits.</i> "
Avoided Resettlement	OP 4.12 requires that involuntary settlement is avoided or minimized, and where unfeasible, assistance is given to displaced persons to improve or restore their livelihoods.
<b>Environmental Criteria</b>	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	OP 4.01 on Environmental Assessment is used to identify, avoid, and mitigate potential negative environmental impacts. This policy is considered the umbrella policy on environmental safeguards. OP 4.04 on Natural Habitats and OP 4.36 on Forests also outline mitigation of negative impacts including forest conversion and degradation.
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	OP 4.01 on Environmental Assessment (paras 2-3 and Annex A, paras 7 and 9), OP 4.04 on Natural Habitats (paras 1, 4, 5, and 9 and Annex A, para 1) and OP 4.36 on Forests (paras 1, 5 and 7) address the preservation of areas with high biodiversity value and promote the protection of environmental services.
Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	The Operating Procedures do not explicitly outline reversals and displacement; however these could be covered in the OP 4.01 and 4.36 of avoiding and mitigating potential negative environmental impacts. The Carbon Fund is currently developing requirements in its Methodological Framework to address reversals and displacement.
<b>Procedural Criteria</b>	
Policies, Laws and Regulations (Cancun Safeguard 2a)	Both the R-PP and grant agreement are structured to comply with the UNFCCC and all other relevant international and national agreements and laws. Country participants are required to submit a progress report during the Readiness phase for compliance review.
Transparency (Cancun Safeguard 2b)	Transparency is emphasized in the Common Approach, R-PP, Guidelines on Stakeholder Engagement and specifically the <i>FCPF Guidance on Disclosure of Information</i> . It is primarily required for REDD+ governance, stakeholder consultations and forest monitoring systems. The World Bank also has a Policy on Access to Information that mandates the Bank to make program information available to the public.
Stakeholder Participation (Cancun Safeguard 2d)	Delivery partners are required to follow the <i>FCPF and UN-REDD Programme Guidelines on Stakeholder Engagement in REDD+</i> which outline principles and operational 'how-to' guidance on planning and implementing consultations. The principles stress the participation of all relevant stakeholders at every stage of the REDD+ process, premised on transparency, access to information, and cultural appropriateness. <sup>53</sup> Consultation and stakeholder participation is also emphasized in in OP 4.01, 4.10, 4.12 and 4.36 – detailed in the 'World Bank' section on page 64.

53 FCPF and UN-REDD Programme Guidelines on Stakeholder Engagement in REDD+ (p. 5). Apr 2012. Available at: <http://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/July2012/Guidelines%20on%20Stakeholder%20Engagement%20April%202020,%202012%20%28revision%20of%20March%2025th%20version%29%20%281%29.pdf>

Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	Section 4b of the R-PP requires country participants to “ <i>Design an Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards.</i> ” This section also provides direction for incorporating safeguards and governance into the design and implementation of the national forest monitoring system.
Grievance Mechanism	The Guidelines on Stakeholder Engagement in REDD+ require country participants to establish mechanisms for grievance and accountability, and to make them accessible throughout the implementation of REDD+. The <i>FCPF Guidelines for Establishing Grievance and Redress Mechanism at the Country Level</i> <sup>54</sup> provides a practical approach for implementation. Additionally, the World Bank has an Inspection Panel, an accountability mechanism that can investigate and report on citizen claims of violation of safeguards or from those who have been or may be negatively affected by the program.
Compliance Assessment Process	A mid-term progress report, supervision by the Delivery Partner and assessment of the Readiness Package (R-Package) are procedures to determine the status of a country’s safeguard approach/implementation. The R-Package is prepared towards the end of the Readiness phase (when the activities in the R-PP are advanced or completed). OP 13.60 also states that the Bank uses a combination of monitoring, self-evaluation and independent evaluations to assess operational project and policy implementation and adherence.
Complementarity with other REDD+ standards and mechanisms	The aim of the Common Approach is to harmonize safeguard mechanisms between all the delivery partners. The FCPF and UN-REDD have also developed an R-PP National Program Document joint format to synchronize approaches. While there are some differences (i.e. FPIC), FCPF safeguards are deemed complementary with development banks, the UNFCCC and UN-REDD programs.

## Forest Investment Program (FIP)

**Overview and Objective<sup>55</sup>:** The Forest Investment Program (FIP) offers grants and loans as part of the World Bank’s Strategic Climate Fund within the Climate Investment Fund (CIF). It supports developing countries by providing up-front bridge financing for readiness priorities identified in national REDD+ strategies and action plans. Made operational in 2009, this funding source is channeled through Multilateral Development Banks (MDBs) and is meant to complement and leverage large-scale investments, including through the FCPF and UN-REDD. Currently, it is being piloted in eight countries: Brazil, Indonesia, Democratic Republic of Congo, Mexico, Burkina Faso, Laos, Ghana and Peru. During the appraisal phase, the FIP applies safeguard principles and guidelines from the Strategic Climate Fund Design Document, FIP Design Document, and FIP Investment Criteria and Financing Modalities. Once selected, the FIP employs the safeguard standards and procedures from the MDB carrying out the program (World Bank, Asian Development Bank, Inter-American Development Bank, African Development Bank, and European Bank for Reconstruction and Development).

54 FCPF Guidelines for Establishing Grievance and Redress Mechanism at the Country Level. Aug 2012. Available at: <http://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Aug2012/Attachment%204%20grievance%20and%20redress%20mechanism%208-9-2012.pdf>

55 FIP Design Document. Jul 2009. Available at: [https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP\\_Design\\_Document\\_July\\_final.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_Design_Document_July_final.pdf)

**Applicability:** Country proposals are appraised and selected based on six investment criteria: climate change mitigation potential, demonstration potential at scale, cost-effectiveness, implementation potential, integrating sustainable development (co-benefits), and safeguards.<sup>56</sup> Therefore, countries and projects have to incorporate FIP and MDB safeguard principles and standards into their strategies in order to receive funding. Countries and projects receiving funding will then have to comply with the respective MDB safeguard processes during the implementation phase.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	In line with World Bank and FCPF, the FIP emphasizes full and effective participation and consultation of all relevant stakeholders and that projects be based on broad community support, however, it does not require consent.
Vulnerable Groups (Cancun Safeguard 2c)	Indigenous Peoples, local communities and women are emphasized in stakeholder participation and consultation (para 30 Investment Criteria). The <i>“Dedicated Grant Mechanism for Indigenous Peoples and Local Communities”</i> specifically addresses these groups with regards to livelihoods, consultation, resource/land rights, capacity building and local knowledge. <sup>57</sup>
Land Tenure & Resource Rights	Para 12a in the FIP Design Document mentions that the FIP will promote investments in institutional capacity and forest governance including land tenure reform. In addition, the FIP established the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities which supports activities including <i>“securing and strengthening customary land tenure and resource rights and traditional forest management systems of indigenous peoples and local communities”</i> (para 39 FIP Design Document).
Enhanced Livelihoods & Labor Rights	One of the FIP Principles states <i>“(t)he FIP should contribute to the livelihoods and human development of forest dependent populations, including indigenous peoples and local communities”</i> (para 13b FIP Design Document). Furthermore, the Investment Criteria document (para 27) instructs that proposals should demonstrate how funds will support and monitor improvement in <i>“social and economic well-being of forest dependent communities, including poverty reduction, job generation, wealth creation, equitable benefit sharing, and acknowledgement of the rights and role of indigenous peoples and local communities.”</i>
Benefit Sharing	Equitable benefit sharing is mentioned in the co-benefits section of the Investment Criteria document (see text in <i>Enhanced Livelihoods</i> section above).
Avoided Resettlement	No mention in FIP documents, however, the safeguards of the implementing agencies normally require that resettlement is avoided or minimized.
Environmental Criteria	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	The safeguards of the implementing agencies include the mitigation of negative environmental impacts. The FIP also emphasizes the safeguarding of the integrity of natural forests, avoiding conversion, deforestation or degradation (para 16g FIP Design Document)

<sup>56</sup> FIP Investment Criteria and Financing Modalities (p. 3). Jun 2010. Available at: [https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP\\_Investment\\_Criteria\\_and\\_Financing\\_Modalities\\_final.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_Investment_Criteria_and_Financing_Modalities_final.pdf)

<sup>57</sup> Design for the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities to be Established Under the Forest Investment Program. Nov 2011. Available at: [https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP\\_Design\\_Proposal\\_DGM\\_for\\_IPs\\_and\\_%20LC\\_FINAL\\_November2011\\_0.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_Design_Proposal_DGM_for_IPs_and_%20LC_FINAL_November2011_0.pdf)



Biodiversity and other ecosystem services (Cancun Safeguard 2e)	One of the eight objectives of the SCF (and FIP) is to “maximize co-benefits of sustainable development, particularly in relation to the conservation of biodiversity, natural resources ecosystem services and ecological processes.” <sup>58</sup> Additionally, the Investment Criteria document (para 27) specifies that proposals should set out how funds will “catalyze, support and measure monitor the delivery of biodiversity protection and strengthened resilience of ecosystems and associate ecosystem services.”
Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	Para 16c of the FIP Design Document prioritizes programs that address the direct and underlying drivers of deforestation and forest degradation “to avoid perverse incentives and ensure a holistic and inclusive national approach to REDD.” This criterion, in addition to the safeguards that mitigate negative environmental impacts (above), mitigates reversal and emissions displacement risks.
<b>Procedural Criteria</b>	
Policies, Laws and Regulations (Cancun Safeguard 2a)	The FIP recognizes Agenda 21, the Millennium Development Goals, UNDRIP, and other international agreements, treaties and commitments (para 30 Investment Criteria).
Transparency (Cancun Safeguard 2b)	Transparency is highlighted in monitoring and evaluation, stakeholder consultations, economic/social/environmental impact assessments, and the development of the investment strategy/program proposal.
Stakeholder Participation (Cancun Safeguard 2d)	Para 31 of the Investment Criteria document states “FIP investment strategies, programs and projects should be designed and implemented under a process of public consultation, with full and effective participation of all relevant stakeholders on matters that affect their distinctive rights, including in particular groups that historically have tended to be marginalized such as indigenous peoples, local communities and women.” Annex III in the FIP Design Document provides a Guideline for Consultations to be followed by the MDBs and project implementers.
Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	“MDBs should provide detailed information on safeguards to be applied to each project and program, and confirm application of the guidelines in Annex III of the FIP Design Document and consistency with relevant decisions for REDD+ under the UNFCCC once decided” (para 34 Investment Criteria).
Grievance Mechanism	One of the Investment Criteria (para 21c and d) asks that public policy institutions support REDD+ efforts. The establishment of conflict resolution mechanisms is highlighted here with regards to program sustainability and effective stakeholder participation.
Compliance Assessment Process	Each implementing agency will report to the Strategic Climate Fund (SCF) Trust Fund Committee on an annual basis with information from a monitoring and evaluation conducted by the agency (in accordance with its own procedures). An independent evaluation of the operations of the SCF and the impacts of its activities will be carried out after three years (p. 15 FIP Design Document).
Complementarity with other REDD+ standards and mechanisms	The FIP seeks to complement the UNFCCC, UN-REDD, FCPF, GEF, CBD and other REDD+ initiatives (para 25 Design Document), however there is no harmonization work on safeguards as of yet.

58 Strategic Climate Fund (p. 10 para 16). Jun 2008. Available at: [https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Strategic\\_Climate\\_Fund\\_final.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Strategic_Climate_Fund_final.pdf)



## Global Environment Facility (GEF)

**Overview and Objective:** In operation since 1991, the Global Environment Facility is one of the largest funder of environmental projects in the world, providing USD 11.5 billion in grants and leveraging USD 57 billion in co-financing in over 165 countries.<sup>59</sup> Since 2007, the GEF has provided resources dedicated to REDD+ with an aim to reduce pressures on forest resources and strengthen the enabling environment of reducing GHG emissions. Similar to the FIP, the GEF initially relied on the safeguards of its implementing partner agencies (multilateral development banks and UN Agencies), however in 2011 it established its own policies on safeguards and gender mainstreaming.<sup>60</sup> These policies take a “principles-based” approach and sets minimum acceptable standards akin to the World Bank’s policies. The GEF used seven of the 10 principles from the World Bank Operating Procedures with supplementary input from the GEF Secretariat, its partner agencies and NGO network.<sup>61</sup> These safeguards are highlighted below; however, it is important to note that GEF partner agencies will also be applying their own safeguards which may be more stringent.

**Applicability:** To receive GEF resources, GEF partner agencies are required to apply their own safeguard policies while meeting the social and environmental criteria in the GEF safeguards standards. GEF partner agencies carry out both jurisdictional and project-level projects.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	Safeguard 4 on Indigenous Peoples states “Undertake free, prior, and informed consultations with affected Indigenous Peoples.” Consent is not required, and FPIC of other groups is not mentioned.
Vulnerable Groups (Cancun Safeguard 2c)	Indigenous Peoples (Safeguard 4) and Women (Policy on Gender Mainstreaming) are given special attention. There is no mention of local communities or other vulnerable groups.
Benefit Sharing	Safeguard 4 on Indigenous Peoples requires that they (IPs) “receive culturally compatible social and economic benefits.” There is no additional mention of REDD+ specific benefit sharing.
Avoided Resettlement	Safeguard 3 is dedicated to involuntary settlement, specifying that it be avoided or minimized. In cases where this may not be feasible, partner agencies are required to assist displaced persons in improving or restoring their livelihoods and standards of living.
Environmental Criteria	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	Safeguard 1 on Environmental Assessment requires projects to be conducted in a way that “ensures environmental soundness.” Safeguard 2 on Natural Habitats also stipulates that conversion or degradation of critical <sup>62</sup> natural habitats is avoided.
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	Safeguard 2 on Natural Habitats specifies that forest restoration projects maintain or enhance biodiversity and ecosystem services. Critical natural habitats are also protected in Safeguard 2.

59 Global Environmental Facility Website. Available at: [www.thegef.org](http://www.thegef.org)

60 GEF Policies on Environmental and Social Safeguards and Gender Mainstreaming. Apr 2011. Available at: [www.thegef.org/gef/C40/environmental\\_social\\_safeguards\\_gender\\_mainstreaming](http://www.thegef.org/gef/C40/environmental_social_safeguards_gender_mainstreaming)

61 GEF Safeguards principles include: 1. Environmental Assessment; 2. Natural Habitats; 3. Involuntary Resettlement; 4. Indigenous Peoples; 5. Pest Management; 6. Physical Cultural Resources; and 7. Safety of Dams

62 Including habitats that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value, or (d) recognized as protected by traditional local communities. Para 23 GEF Safeguards.

Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	While environmental assessments are required to account for direct, indirect and cumulative impacts, there is no explicit mention of reversals and emissions displacement.
<b>Procedural Criteria</b>	
Policies, Laws and Regulations (Cancun Safeguard 2a)	Legal compliance is covered in Safeguard 1 Environmental Assessment (para 11) requiring applicable legal and institutional frameworks to be assessed to ensure no project activities contravene international obligations.
Transparency (Cancun Safeguard 2b)	No mention. The GEF partner agencies will apply their own transparency guidelines.
Stakeholder Participation (Cancun Safeguard 2d)	Safeguard 1 (para 14) stipulates that stakeholders (affected groups and NGOs) be involved throughout the preparation and project implementation process.
Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	No mention. The GEF Partner Agencies will apply their own monitoring and reporting, and, if applicable SIS, standards.
Grievance Mechanism	Grievance mechanisms are only mentioned in the case of required resettlement i.e. in the creation of protected areas (Safeguard 3).
Compliance Assessment Process	The GEF Secretariat does not conduct project-by-project reviews of the application of the safeguards policy (para 11). This task is left to the partner agencies.
Complementarity with other REDD+ standards and mechanisms	The GEF safeguards aim to complement its partner agencies.

## UN-REDD

**Overview and Objective:** UN-REDD assists countries to develop and implement strategies in order to facilitate REDD+ readiness. Under its present arrangements, UN-REDD supports 16 National REDD+ Programmes and additional countries through targeted support from the UN-REDD Global Programme. To qualify for National REDD+ Programme funding, countries together with UN agencies submit a National Programme Document (NDP) proposal to the Secretariat for review, and to the Policy Board for final decision and budget approval. Once the NDP and budget is approved, funds are disbursed to the participating UN agencies for program implementation.<sup>63</sup> The Global UN-REDD Programme gives targeted support to countries (i.e. MRV) and is developing tools and guidance on a variety of issues, including safeguards and safeguard information systems (SIS). Tools and guidelines on safeguards include the Social and Environmental Principles and Criteria (SEPC)<sup>64</sup> which include 7 principles and 24 criteria, Benefits and Risk tool (BeRT) to facilitate the application of SEPC, FPIC Guidelines, Stakeholder Engagement Guidelines, Participatory Governance Assessment, and others detailed below.<sup>65</sup>

**Applicability:** The UN-REDD SEPC and other tools provide a guiding framework for addressing social and environmental issues for UN-REDD Programme funded activities. There are no legally binding or contractual safeguards under UN-REDD. The UN-REDD safeguard principles are intended to support UN agencies and

63 UN-REDD Programme Framework Document, June 2008. Available at:

[www.un-redd.org/Portals/15/documents/publications/UN-REDD\\_FrameworkDocument.pdf](http://www.un-redd.org/Portals/15/documents/publications/UN-REDD_FrameworkDocument.pdf)

64 UN-REDD Programme Social and Environmental Principles and Criteria, March 2012. Available at:

[http://www.un-redd.org/Multiple\\_Benefits\\_SEPC/tabid/54130/Default.aspx](http://www.un-redd.org/Multiple_Benefits_SEPC/tabid/54130/Default.aspx)

65 Peskett, Leo and Todd, Kimberly.. Putting REDD+ Safeguards and Safeguard Information Systems into Practice. UN-REDD Policy Brief, Issue 3 (p. 8). 2012.

other actors implementing the UN-REDD Programme. It also provides voluntary guidance for countries developing national approaches to REDD+ safeguards.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	SEPC Criterion 9 recommends that countries should seek FPIC of indigenous peoples and other forest dependent communities and respect and uphold their decision. The <i>UN-REDD Programme Guidelines for Seeking the Free, Prior, and Informed Consent of Indigenous Peoples and other Forest Dependent Communities</i> <sup>66</sup> provide a policy and operational approach/plan for implementation.
Vulnerable Groups (Cancun Safeguard 2c)	SEPC Criterion 7 underscores that land and resource rights of indigenous peoples, local communities and other vulnerable and marginalized groups should be respected and promoted. Clarity on these rights is prescribed in REDD+ formulation and implementation.
Land Tenure & Resource Rights	SEPC Principle 3 is the promotion of sustainable livelihoods and poverty reduction, and Criterion 13 emphasizes that the economic and social well-being of stakeholders should be protected and enhanced, paying special attention to vulnerable and marginalized groups. Labor rights are not explicitly addressed, but the International Labor Organization's Convention 169 is referenced.
Enhanced Livelihoods & Labor Rights	SEPC Criterion 12 specifies " <i>equitable, non-discriminatory and transparent benefit sharing among relevant stakeholders with special attention to the most vulnerable and marginalized groups.</i> "
Benefit Sharing	SEPC Criterion 10 stipulates no involuntary resettlement due to REDD+.
Avoided Resettlement	Poor and vulnerable groups are mentioned in most of the social safeguards criteria, and SEPC Criterion 8 addresses women's empowerment and the promotion and enhancement of gender equality and equity. The <i>UN-REDD Programme Operational Guidance on Mainstreaming Gender in REDD+</i> <sup>67</sup> (Pending) provides a framework for incorporating Criterion 8 into REDD+ programs.
Environmental Criteria	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	SEPC Principles 5 and 7 and Criteria 18-20, 23-24 focus on avoiding or minimizing negative environmental impacts including conversion of natural forests, degradation of forests, carbon stocks, biodiversity and other ecosystem services from direct and indirect REDD+ activities.
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	SEPC Principle 6 and Criterion 21-22 promotes the maintenance and enhancement of biodiversity and the provision of ecosystem services. The <i>Draft Guidelines for monitoring the impacts of REDD+ on Biodiversity and Ecosystem Services</i> <sup>68</sup> could be used by countries when establishing their SIS.
Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	SEPC Criterion 15 addresses the " <i>risk of reversals of REDD+ achievements, including potential future risks to forest carbon stocks.</i> " The displacement of emissions is covered in Principle 7 by avoiding or minimizing impacts to carbon stocks resulting directly or indirectly from REDD+ activities.

66 UN-REDD Programme Guidelines for Seeking the Free, Prior, and Informed Consent of Indigenous Peoples and other Forest Dependent Communities. Available at: [http://www.un-redd.org/Stakeholder\\_Engagement/Guidelines\\_on\\_FPIC/tabid/55718/Default.aspx](http://www.un-redd.org/Stakeholder_Engagement/Guidelines_on_FPIC/tabid/55718/Default.aspx)

67 UN-REDD Programme Social and Environmental Principles and Criteria, Appendix 2 (p. 16). March 2012. Available at: [http://www.un-redd.org/Multiple\\_Benefits\\_SEPC/tabid/54130/Default.aspx](http://www.un-redd.org/Multiple_Benefits_SEPC/tabid/54130/Default.aspx)

68 Draft Guidelines for monitoring the impacts of REDD+ on Biodiversity and Ecosystem Services. Feb 2011. Available at: [http://www.unredd.net/index.php?option=com\\_docman&task=doc\\_download&gid=6802&Itemid=53](http://www.unredd.net/index.php?option=com_docman&task=doc_download&gid=6802&Itemid=53)

Procedural Criteria	
Policies, Laws and Regulations (Cancun Safeguard 2a)	SEPC Principle 1 is to comply with the norms of democratic governance, as reflected in national commitments and Multilateral Agreements. UN-REDD Safeguards are consistent with laws and commitments in the UNFCCC, Convention on Biological Diversity (CBD) Non-Legally Binding Instrument on all Types of Forest (NLBI), Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), International Labour Organization Convention 169 (ILO 169), United Nations Convention Against Corruption (UNCAC), United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), United Nations Convention on the Elimination of All Forms of Racial Discrimination (UNCERD), and The Millennium Development Goals (MDGs) <sup>69</sup>
Transparency (Cancun Safeguard 2b)	SEPC Criterion 3 stipulates that transparency, accessibility of information and active dissemination to all relevant stakeholders is ensured.
Stakeholder Participation (Cancun Safeguard 2d)	SEPC Criterion 4 recommends to ensure “ <i>the full and effective participation of relevant stakeholders, in particular, indigenous peoples and forest dependent communities, with special attention to the most vulnerable and marginalized groups.</i> ” The <i>FCPF and UN-REDD Programme Guidelines on Stakeholder Engagement in REDD+</i> <sup>70</sup> informs countries of the steps they should take to operationalize this criterion.
Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	The following UN-REDD tools and guidelines serve to develop a SIS by assessing existing information systems, developing safeguard indicators and establishing methodologies for information collection: <sup>71</sup> <ol style="list-style-type: none"> <li>1. Participatory Governance Assessment</li> <li>2. Framework for assessing and monitoring forest governance</li> <li>3. Draft Guidelines for monitoring the impacts of REDD+ on Biodiversity and Ecosystem Services</li> <li>4. Draft manual on the collection of forest governance data</li> </ol>
Grievance Mechanism	SEPC Criterion 2 references the establishment of responsive feedback and grievance mechanisms as a way to ensure legitimacy and accountability. The <i>Guidelines on Strengthening/Establishing National-level Grievance Mechanisms</i> <sup>72</sup> focus on how to assess existing policies/regulations and institutional capacity to address REDD+ related grievances.
Compliance Assessment Process	UN Organizations responsible for program activities are required to submit narrative and financial progress reports annually. UN-REDD also conducts independent evaluations of programs, however no information on safeguards assessment was found.
Complementarity with other REDD+ standards and mechanisms	UN-REDD safeguards are consistent with UNFCCC safeguard standards, other UN Conventions and commitments, and have been streamlined in the joint R-PP National Program Document with the FCPF.

69 UN-REDD Programme Social and Environmental Principles and Criteria (p. 2). March 2012. Available at:

[http://www.un-redd.org/Multiple\\_Benefits\\_SEPC/tabid/54130/Default.aspx](http://www.un-redd.org/Multiple_Benefits_SEPC/tabid/54130/Default.aspx)

70 The FCPF and UN-REDD Programme Guidelines on Stakeholder Engagement in REDD+, April 2012. Available at:

[http://www.un-redd.org/Stakeholder\\_Engagement/Guidelines\\_On\\_Stakeholder\\_Engagement/tabid/55619/Default.aspx](http://www.un-redd.org/Stakeholder_Engagement/Guidelines_On_Stakeholder_Engagement/tabid/55619/Default.aspx)

71 Peskett, Leo and Todd, Kimberly. Putting REDD+ Safeguards and Safeguard Information Systems into Practice. UN-REDD Policy Brief, Issue 3 (p. 8). 2012.

72 Ibid.

### A.3.4 Bilateral Programs

#### Australia

**Overview:** The Australian Government has a dedicated International Forest Carbon Initiative (ICFI) that disburses bilateral funding and carries out REDD+ initiatives. ICFI is an AUD273 million program administered jointly by the Australian Agency for International Development (AusAID) and the Department of Climate Change and Energy Efficiency (DCCEE).<sup>73</sup> Australia does most of its work on REDD+ through its bilateral agreements with its neighbor countries, Indonesia and Papua New Guinea. Australia does not (yet) have a dedicated set of safeguard standards for all of its REDD+ programs. However, AusAID has several general policies for its overseas development assistance work, mostly derived from World Bank safeguards.<sup>74</sup> In addition, it has been piloting safeguard mechanisms through its Kalimantan Forests and Climate Partnership (KFCP) in Indonesia. Taking the Cancun safeguard principles as the foundation, the KFCP has undertaken a range of measures including establishing an FPIC process (with village agreements), livelihood improvement programs, biodiversity monitoring, gender mainstreaming, a conflict/grievance mechanism, and a benefit sharing mechanism.<sup>75</sup>

#### Germany

**Overview:** The Ministries in charge of administrating international REDD+ funds in Germany are the Federal Ministry for Economic Cooperation and Development (BMZ), the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and, to a lesser extent, the Ministry of Food, Agriculture, and Consumer Protection (BMELV). According to the Federal Government, between 2008-2012, Germany has contributed or allocated a total of EUR905 million to programs that support the protection of tropical forests.<sup>76</sup> Currently, the most important German REDD+ programs are within the International Climate Protection Initiative (ICI) of the BMU, and the country programs of the BMZ including the 'REDD+ Early Movers' (REM) program. While Germany does not have a specific set of safeguard standards for its climate and forestry initiatives, it is active in their development at the multilateral and bilateral levels. In addition, Germany appraises and gives priority to projects that meet the double objective of protecting both biological resources and mitigating (or adapting to) climate change.<sup>77</sup> Targeted programs like the REDD+ Early Movers (REM) program have also established principles that address safeguard issues. The REM principles include<sup>78</sup>:

73 International Forest Carbon Initiative. Australian Department of Climate Change and Energy. Available at: [www.climatechange.gov.au/government/initiatives/international-forest-carbon-initiative.aspx](http://www.climatechange.gov.au/government/initiatives/international-forest-carbon-initiative.aspx)

74 Forest Carbon, Markets and Communities Program (FCMC). Report: "REDD+ Social Safeguards and Standards Review" (p. 42). Nov 2012.

75 Indonesia-Australia Forest Carbon Partnership. Available at: [www.iafcp.or.id/content/page/44/KFCP](http://www.iafcp.or.id/content/page/44/KFCP)

76 Antwort der Bundesregierung auf die Kleine Anfrage der Fraktion Bündnis ("Reply by the Federal Government to the Questions of the Coalition") 90/Die Grünen. 2012.

77 International Climate Initiative (ICI), Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). Available at: [www.bmu-klimaschutzinitiative.de/en/results](http://www.bmu-klimaschutzinitiative.de/en/results)

78 Federal Ministry for Economic Cooperation and Development (BMZ), Division for the Environment and Sustainable Use of Natural Resources. Report: "REDD Early Movers (REM) – Rewarding Pioneers in Forest Conservation." Apr 2012.

*Transparency of REDD+ systems:* the regulatory and institutional framework ensures transparency and accountability.

*High MRV standards:* REM has high measurement, reporting and verification (MRV) standards for greenhouse gas emissions.

*Clear benefit sharing:* Early movers create mechanisms to equalize disparities between the national and local level, as well as between indigenous groups, farmers and other economic stakeholders, who are thus supported in acting sustainably.

*Effective consultation and safeguards:* Ensuring the participation of Indigenous Peoples, small-scale farmers and forest-dependent communities, and to mitigating negative impacts by developing, harmonizing and complying with stringent social standards.

## Norway

**Overview:** The Government of Norway has bilateral agreements with Brazil, Indonesia and Guyana on the development of National REDD+ programs leading to performance-based payments. In addition, Norway also provides targeted bilateral support on REDD+ readiness to countries including Vietnam, Democratic Republic of Congo and Tanzania. Managed through Norway's International Climate and Forest Initiative (NICFI) under the Ministry of the Environment, it is the largest bilateral pay-for-performance REDD+ program in the world. Norway does not have a common set of safeguard standards for all of its initiatives, yet is involved in their development and appraisal at the multilateral and bilateral levels. In the case of Guyana, Norway identified a number of "enabling indicators" in its 2011 Joint Concept Note concerning the implementation of safeguards. In its Letter of Intent with Indonesia, Norway stipulated a number of safeguard issues in the "General Approach and Principles" including:<sup>79</sup>

*Give all relevant stakeholders, including indigenous peoples, local communities, and civil society the opportunity of full and effective participation in REDD+ planning and implementation*

*Be fully transparent regarding financing, actions and results*

*Seek to ensure the economic, social and environmental sustainability and integrity of our REDD+ efforts*

Norway's agreement with Brazil provides financing to the Amazon Fund, which has developed the most robust safeguard standards to date out of the three programs mentioned. It is based on the Brazilian National Development Bank's (BNDES's) safeguards as well as REDD SES and includes the following eight principles: Legal compliance; Acknowledgement and guarantee of rights; Distribution of benefits; Economic sustainability, improving standards of living and reducing poverty; Environmental conservation and remediation; Participation; Monitoring and transparency; and Governance.<sup>80</sup>

79 Letter of Intent between the Government of the Kingdom of Norway and the Government of the Republic of Indonesia. May 2010. Available at: [www.regjeringen.no/upload/SMK/Vedlegg/2010/Indonesia\\_avtale.pdf](http://www.regjeringen.no/upload/SMK/Vedlegg/2010/Indonesia_avtale.pdf)

80 Amazon Fund Bulletin. Issue 28, July 2012. Available at:

[www.amazonfund.gov.br/FundoAmazonia/export/sites/default/site\\_en/Galerias/Arquivos/Boletins/2012\\_Boletim\\_28\\_ingles.pdf](http://www.amazonfund.gov.br/FundoAmazonia/export/sites/default/site_en/Galerias/Arquivos/Boletins/2012_Boletim_28_ingles.pdf)

## United States

**Overview:** The Government of the United States supports forest carbon initiatives (REDD+) primarily through the United States Agency for International Development (USAID) under the United States Department of State. As of 2010, 40% of REDD+ funding was directed towards bilateral programs with the remaining 20% to global programs, 20% to regional programs, and 20% to multilateral funds.<sup>81</sup> The main objectives of USAID's REDD+ work is to support readiness and demonstration, seen through its bilateral programs with Indonesia, Brazil, Colombia, Mexico, and India among many others. The U.S. does not have a common policy on REDD+ safeguards for all of its initiatives, however, it supports countries and regions to develop national social and environmental safeguard information systems via their national and regional programs like LEAF (Lowering Emissions in Asia's Forests). Through USAID's global FCMC program (Forest Carbon, Markets and Communities), the U.S. seeks to contribute to the development of robust methodologies that improve social and environmental safeguards in REDD+ planning and implementation. From USAID reports, it seems that the U.S. intends to help facilitate country safeguard systems for REDD+ and Low Emissions Development programs. From its report, it states:

*"We will partner with selected countries to demonstrate how to incorporate safeguards into their LEDS and REDD+ strategies and actions. We will do this through training on the use of a SES approach, convening meetings with stakeholders, completing country specific research and data collection, and providing technical assistance to key agencies."<sup>82</sup>*

### A.3.5 NGO, Voluntary Markets, Private Sector

#### REDD+ Social and Environmental Safeguards (REDD+ SES)

**Overview and Objective:** The REDD+ SES were developed between 2009 and 2012 through an inclusive process engaging governments, NGOs, civil society organizations, Indigenous People's organizations, international policy and research institutions and the private sector in an effort to set out a comprehensive, clear and easy to follow set of recommendations that comply with official standards from the UNFCCC and serve as guidance for governments that implement REDD+ programs.<sup>83</sup> CCBA and CARE International serve as the secretariat. The safeguards are composed of 7 principles, 28 criteria and selected indicators. The principles and criteria are the same across all countries whereas the indicators are tailored to the context of a particular country, identified through a country-level multi-stakeholder process. Usage of the REDD+ SES is through a ten-step process organized around three elements (governance, interpretation, and assessment).<sup>84</sup> REDD+ SES are currently being tested by Ecuador, Nepal, Acre state in Brazil and the province of Central Kalimantan in Indonesia.<sup>85</sup>

81 USAID. Report: "U.S. REDD+ Programs: Addressing Climate Change by Conserving and Restoring the World's Forests" (p. 6). Dec 2010. Available at:

[http://transition.usaid.gov/our\\_work/environment/climate/docs/UnitedStatesREDD+Brochure.pdf](http://transition.usaid.gov/our_work/environment/climate/docs/UnitedStatesREDD+Brochure.pdf)

82 Ibid.

83 REDD+ Social and Environmental Standards. Version 2. Sept 2012. Available at: [www.redd-standards.org/index.php?option=com\\_eywafm&task=cat\\_view&gid=45&Itemid=185](http://www.redd-standards.org/index.php?option=com_eywafm&task=cat_view&gid=45&Itemid=185)

84 REDD+ Social and Environmental Standards Website. Process for using REDD+ SES. Available at: [www.redd-standards.org/index.php?option=com\\_content&view=article&id=8&Itemid=11](http://www.redd-standards.org/index.php?option=com_content&view=article&id=8&Itemid=11)

85 REDD+ SES V2. Other countries and provinces are beginning to use REDD+ SES including Guatemala, Mexico, Liberia, Tanzania, Amazonas state in Brazil and San Martin province in Peru.



**Applicability:** The REDD+ SES are entirely voluntary and provide a framework and guidance to be used by governments, NGOs, financing agencies and other stakeholders developing jurisdictional (national and subnational) REDD+ programs. This mechanism enables jurisdictions to show how internationally and nationally defined safeguards are being addressed and respected.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	Criterion 1.3 requires the free, prior and informed consent of Indigenous Peoples and local communities for activities affecting their rights to lands, territories and resources.
Vulnerable Groups (Cancun Safeguard 2c)	Principles 1,2,3,6 on rights, FPIC, benefit sharing, livelihoods and stakeholder engagement pay special attention to Indigenous Peoples, local communities, women and the most marginalized and vulnerable people.
Land Tenure & Resource Rights	The recognition and respect of rights to lands, territories and resources is emphasized in the first Principle and Criteria 1.1-1.4. In the framework for indicators, the following are recommended: a process to inventory and map rights is established, customary and statutory rights of Indigenous Peoples and local communities are included, and a process for defining carbon rights is developed/implemented.
Enhanced Livelihoods & Labor Rights	Principle 3 and Criteria 3.1 and 3.2 are dedicated to the improvement of long-term livelihoods and wellbeing of Indigenous peoples and local communities, underscoring that REDD+ activities mitigate negative impacts and generate enhanced livelihoods and welfare.
Benefit Sharing	Principle 2 and Criteria 2.1 and 2.2 stipulate that the benefits from the REDD+ program be shared equitably among all relevant rights holders and stakeholders and that a transparent and participatory assessment is conducted of predicted and actual benefits, costs and risks. In addition, mechanisms established for benefit sharing should also incorporate full stakeholder participation and transparency.
Avoided Resettlement	As the REDD+ SES mandate FPIC, consent on any resettlement plan would have to be given by the affected community. Under Principle 1, Criterion 1.3 (FPIC), the framework for indicators specifies that any relocation or displacement necessitates a prior agreement on the provision of alternative lands and/or fair compensation.
Environmental Criteria	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	Criteria 5.3, 5.4 and 5.5 require the mitigation of negative environmental impacts including the conversion or degradation of natural forests or other important areas for maintaining biodiversity and ecosystem services. A transparent environmental impact assessment is also stipulated.
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	Principle 5 and Criteria 5.1 and 5.2 stress that REDD+ programs maintain and enhance biodiversity and ecosystem services and instruct that they be identified, mapped and prioritized.
Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	There is no explicit mention of reversals and displacement of emissions; however, these risks are covered in Criteria 5.3, 5.4 and 5.5 (mitigating negative environmental impacts and enhancing positive impacts).
Procedural Criteria	
Policies, Laws and Regulations (Cancun Safeguard 2a)	Principle 7 specifies that the REDD+ program comply with applicable local, national and international laws, treaties and conventions. A process to reconcile inconsistencies is undertaken where local or national laws are not consistent with REDD+ SES, treaties or other instruments.

Transparency (Cancun Safeguard 2b)	Transparency is a key issue highlighted throughout the REDD+ SES (benefit sharing, stakeholder engagement and governance). Particular emphasis is given in Principle 4, Criteria 4.1, 4.3 and 4.4) with regards to governance structures, accountability, and finances.
Stakeholder Participation (Cancun Safeguard 2d)	Principle 6 and Criteria 6.1–6.6 ask that all relevant rights holders and stakeholders are identified and “fully involved through culturally appropriate, gender sensitive and effective participation.” In addition, traditional and other knowledge, skills and institutions should be supported and respected.
Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	REDD+ SES provides support for the development of a country’s safeguards information system. From the 10-step process, 7-10 outline the preparation of monitoring and assessment plans, the collection of information against each indicator and a multi-stakeholder review of the assessment report.
Grievance Mechanism	Criterion 6.4 stipulates a process for resolution of grievances and disputes relating to REDD+, including land and resource conflicts. The framework for indicators gives more specific guidelines on response, redress, timeliness, consideration of customary processes, etc.
Compliance Assessment Process	Final assessment reports are published and should be developed through a multi-stakeholder process. A formal independent verification process does not yet exist, but an international review mechanism will be developed in 2013 to assess the quality of the REDD+ SES process and the extent to which the guidelines have been applied. This will also act as a channel to offer feedback and additional guidance to jurisdictions using REDD+ SES. <sup>86</sup>
Complementarity with other REDD+ standards and mechanisms	REDD+ SES are intended to complement multilateral safeguard standards by providing a clear and easy framework that incorporates all of the safeguards from these other standards through a comprehensive multi-stakeholder process.

## A.4 Project-level Mechanisms

### A.4.1 International Law-based

#### Kyoto Protocol – Clean Development Mechanism Afforestation/Reforestation (CDM A/R)

**Overview and Objective:** The objective of the Clean Development Mechanism (CDM) is “to assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention [advert dangerous climate change], and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3.”<sup>87</sup> The Kyoto Protocol’s CDM allows crediting from afforestation and reforestation (A/R) projects, but excludes other forest carbon activities. In particular, “avoided deforestation” was not included due to both environmental and market concerns, including concerns about the ability to accurately measure emissions

86 REDD+ SES International Standards Committee Meeting Summary Report. Dec 2012. Available at: [www.redd-standards.org/files/REDD\\_SES\\_ISC\\_meeting\\_October\\_2012\\_summary\\_report\\_12-21-12.pdf](http://www.redd-standards.org/files/REDD_SES_ISC_meeting_October_2012_summary_report_12-21-12.pdf)

87 UNFCCC Kyoto Protocol. Article 12.

reductions as well as the potential for a large supply of credits to flood the market.<sup>88</sup> Under the CDM, Designated National Authorities (DNAs) are in charge of confirming a project's contribution to the country's sustainable development. Some DNAs have developed dedicated safeguard systems others just confirm the compliance of a project with national law. This has resulted in a wide variance of on-the-ground safeguard operationalization.<sup>89</sup> A/R projects face additional international safeguards that detailed in the table below.

**Applicability:** The CDM A/R projects are guided by the standards decided under the UNFCCC for the implementation of A/R project. DNA's may formulate additional standards and check that projects meet legally binding domestic legislation.

Social Criteria	Appendix B of Decision 5/CMP.1 states afforestation and reforestation under the CDM should include an analysis of the socio-economic impacts of the project activity. This includes information, where applicable, on the effect of the project on "...local communities, indigenous peoples, land tenure, local employment, food production, cultural and religious sites, and access to fuelwood and other forest products." <sup>90</sup> Other social safeguards are the prerogative of the Designated National Authority.
Environmental Criteria	Appendix B of Decision 5/CMP.1 requires afforestation projects to analyze the project impact "on ecosystem services and biodiversity, and where applicable on hydrology, soil, fire, pests and disease." <sup>91</sup> Decision 16/CMP.1 further states that all UNFCCC forestry activities should contribute to the "conservation of biodiversity and sustainable use of natural resources." <sup>92</sup> Other environmental safeguards are the prerogative of the Designated National Authority.
Procedural Criteria	Paragraph 37 of the annex of Decision 3/CMP.1 requires project proponents to invite stakeholders for comments and for designated operational entities (DOE) to ensure project proponents are accounting for stakeholder comments. <sup>93</sup> The procedural guidelines for credit issuance in CDM projects principally involves: <ol style="list-style-type: none"> <li>1) Completing a Project Design Document</li> <li>2) Receiving approval from the host-country's Designated National Authority</li> <li>3) Obtaining validation from an accredited third-party DOE</li> <li>4) Registering the project with the CDM Executive Board</li> <li>5) Obtaining third party verification from an accredited DOE</li> </ol>

## Kyoto Protocol - Joint Implementation (JI)

**Overview and Objective:** Joint Implementation is one of three flexible mechanisms created under the Kyoto Protocol. JI allows for developed countries to earn emission reduction units (ERUs) from an emission-reduction or emission removal project in another developed country in order to help meet their emission reduction commitments. There is no limitation on the eligible forest projects under JI. To date, two

88 Fearnside, Philip M. (2001). Environmentalists split over Kyoto and Amazonian Deforestation. *Environmental Conservation*, 28(4): 295–299

89 Mackenzie, Catherine (2012). REDD+ SOCIAL SAFEGUARDS AND STANDARDS REVIEW: 53

90 Decision 5/CMP.1, Appendix B. Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol. Available at: <http://unfccc.int/resource/docs/2005/cmp1/eng/08a01.pdf#page=61>

91 Ibid.

92 Decision 16/CMP.1, Paragraph 1(e). Land use, land-use change and forestry. Available at: <http://unfccc.int/resource/docs/2005/cmp1/eng/08a03.pdf>

93 Decision 3/CMP.1, Annex I. Modalities and procedures for a clean development mechanism, as defined in Article 12 of the Kyoto Protocol. Available at: <https://cdm.unfccc.int/Reference/COPMOP/08a01.pdf>

afforestation projects have been approved and one avoided deforestation project (officially termed “forest management”) was approved in 2013 under JI track 2.<sup>94</sup>

**Applicability:** JI projects are guided by standards decided under the UNFCCC for the implementation of a wide range of forest project activities (including avoided deforestation, sustainable agriculture, and sustainable agriculture). Joint Implementation can be implemented under two different “Tracks.” Track II is akin to the CDM and regulates project approval internationally; under Track I projects are implemented according to the bilateral agreements and standards of the participating countries.

Social Criteria	No explicit social safeguards are mentioned under joint implementation, leaving the agreements on safeguards that go beyond national legislation to the partnering countries
Environmental Criteria	According to Decision 9/CMP.1, project participants must submit an analysis of the projected environmental impacts of the project activity. If anticipated impacts are deemed to be significant, an environmental impact assessment must be undertaken following the guidelines of the host country. Decision 16/CMP.1 further states that all UNFCCC forestry activities should contribute to the “ <i>conservation of biodiversity and sustainable use of natural resources.</i> ” <sup>95</sup>
Procedural Criteria	Validation and verification must be carried out by an Accredited Independent Entity (AIE) which must establish a publicly available mechanism for dealing with complaints and disputes. <sup>96</sup> Complaints against accredited independent entities can be made on the UNFCCC website, which will be handled by the Joint Implementation’s Accreditation Panel. <sup>97</sup> Project documents must be made publicly available and stakeholders consulted.

## A.4.2 National and Regional Law-based

### Australian Carbon Farming Initiative (CFI)

**Overview and Objective:** In August 2011 the Australian Parliament passed enabling legislation for the Carbon Farming Initiative (CFI), with further amendments in May 2012. The initiative is open to all Australian landowners and can generate offsets for multiple markets, although the primary intent is to support Australia’s upcoming emission trading scheme. The Australian government passed legislation for a cap-and-trade program in 2011, which allows 50% of an emitting entity’s liability to be met with international offsets, through 2020.<sup>98</sup> Credits can be sold to companies with liabilities under the carbon pricing mechanism and are recognized under Australia’s KP obligations. There are no explicit safeguards, however Section 3.36 of the Select Legislative Instrument 2011 specifies social and environmental requirements and guidelines for the program, which are subject to revision over time.

94 UNFCCC, Joint Implementation Project overview. Available at: [http://ji.unfccc.int/JI\\_Projects/ProjectInfo.html](http://ji.unfccc.int/JI_Projects/ProjectInfo.html)

95 Decision 16/CMP.1, Paragraph 1(e). Land use, land-use change and forestry. Available at:

<http://unfccc.int/resource/docs/2005/cmp1/eng/08a03.pdf>

96 UNFCCC: Procedure for Accrediting Independent Entities by the Joint Implementation Supervisory Committee (p. 24) 2010. Available at: [http://ji.unfccc.int/Sup\\_Committee/Meetings/021/Reports/Annex1.pdf](http://ji.unfccc.int/Sup_Committee/Meetings/021/Reports/Annex1.pdf)

97 UNFCCC: Procedure for Accrediting Independent Entities by the Joint Implementation Supervisory Committee. (p. 34). 2011.

Available at: [http://ji.unfccc.int/Sup\\_Committee/Meetings/026/Reports/Annex1.pdf](http://ji.unfccc.int/Sup_Committee/Meetings/026/Reports/Annex1.pdf)

98 Government of Australia. Clean Energy Act 2011. Part 1, Section 3 “Objects.”

**Applicability:** The CFI and its associated safeguard requirement are legally binding under domestic legislation. All project developers wishing to create credits through the scheme must adhere to the safeguards and avoid projects which are on a dedicated “negative list.”

Social Criteria	Section 3.36 of Select Legislative Instrument 2011 No. 268 <sup>99</sup> stipulates that actions that will have a negative impact on employment are to be placed on an adopted negative list and should be excluded from eligibility. Stakeholders can campaign to add, remove, or modify the negative list as the initiative evolves. Division 3.9 and Division 4.1 of the Carbon Credits (Carbon Farming Initiative) Regulations 2011 have made provisions permitting Aboriginal and Torres Strait Islander land to be eligible for the CFI. <sup>100</sup> An indigenous Carbon Farming Fund has been established to provide legal advice and assist indigenous groups who wish to participate in the CFI. <sup>101</sup> Further, exception has been made in section 1.3 of Carbon Credits (Carbon Farming Initiative) Regulations 2011 to allow for the harvesting of trees using traditional indigenous practices. <sup>102</sup>
Environmental Criteria	Section 3.36 of Select Legislative Instrument 2011 No. 268 requires that projects which will have a negative impact on biodiversity or water tables or use invasive species, clear native forests, or drain wetlands, be placed on the negative list and be excluded from eligibility. The government plans to support projects delivering biodiversity benefits with an AUD946 million fund. <sup>103</sup>
Procedural Criteria	Section 3.36 of Select Legislative Instrument 2011 No. 268 stipulates projects must adhere to regional natural resource management planning and comply with water, planning and environmental laws.

### California AB32 - Air Resources Board (ARB) US Forest Protocol

**Overview and Objective:** In 2006, the State of California passed the Global Warming Solutions Act (AB 32), enabling the creation of a cap-and-trade system that will apply a cap on some entities beginning in 2013, with other sectors brought under the cap in 2015.<sup>104</sup> The Air Resources Board (ARB) is responsible for implementation and oversight of the cap-and-trade program and has created its own offset protocols for domestic offsets. There are no explicit safeguards included in this protocol, however, all domestic offset projects must meet environmental requirements of the program as well as follow relevant laws pertaining to social and environmental impacts such as the National Environmental Policy Act (NEPA) and Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). There is potential for international offsets (Jurisdictional REDD+) to be included in the coming years, however this is not yet final and no guidance/standards have been issued. Recommendations from the REDD+ Offset Working Group (ROW) on safeguards for Jurisdictional REDD+ program is outlined on p. 36.

99 Carbon Credits (Carbon Farming Initiative) Regulations 2011. Available at: <http://www.comlaw.gov.au/Details/F2011L02583/Explanatory%20Statement/Text>

100 Carbon Credits (Carbon Farming Initiative) Regulations 2011: Provisions Relating to Indigenous Land. Available at: <http://www.climatechange.gov.au/government/initiatives/carbon-farming-initiative/-/media/government/initiatives/cfi/indigenous/CFI-Regulations-RelatingToIndigenousLand.pdf>

101 Indigenous Carbon Farming 2013. Available at: <http://www.environment.gov.au/cleanenergyfuture/icff/index.html>

102 Carbon Credits (Carbon Farming Initiative) Regulations 2011. Available at: <http://www.comlaw.gov.au/Details/F2011L02583>

103 CFI Handbook: Avoiding negative outcomes and supporting co-benefits 2013. Available at:

<http://www.climatechange.gov.au/en/government/initiatives/carbon-farming-initiative/handbook/outcomes.aspx>

104 Government of California. (2006). Assembly Bill 32. Chapter 4, Part 3, 38550.

**Applicability:** The ARB has a protocol for US Forest Projects which all domestic offset projects must abide by in order to achieve verification. Credits created through the protocol are eligible for the California Air Resources Board's Compliance Offset Program. Relevant requirements included in NEPA and CERCLA are legally binding domestic requirements in the United States.

Social Criteria	The Compliance Offset Protocol for US Forest Projects does not contain safeguards explicitly targeted to social issues. NEPA and CERCLA laws apply based on relevance and impact of the project and cover social impact assessment, consultation processes and compensation.
Environmental Criteria	Land owners must maintain a minimum of 40% canopy cover and obtain sustainable forest management certification from a recognized program (American Forests and Paper Association's Sustainable Forestry Initiative, Forest Stewardship Counsel, or Tree Farm System). <sup>105</sup> Forests must contain 95% native species, and in the case of reforestation projects a mixture of species must be used.
Procedural Criteria	During the verification process, evidence must be presented that the project is in compliance with all relevant laws and regulations. <sup>106</sup> Once the project is established, annual offset project data reports must be submitted with full verification every six years for a 100-year time period following the last issuance of ARB offset credits.

### New Zealand Permanent Forest Sink Initiative (PFSI)

**Overview and Objective:** The New Zealand Emission Trading Scheme was launched in January 2008 with the forestry sector becoming the first industry to participate in the scheme through the Permanent Forest Sink Initiative (PFSI). Since its launch, the energy, industry, and transport sectors have also joined the NZ ETS. The New Zealand market accepts both international carbon credits recognized by the Kyoto Protocol as well as the domestic New Zealand Unit (NZU), which is also equivalent to one tonne of carbon dioxide of emission reductions/removals. These NZUs may then be sold on the NZ ETS to help other companies meet their obligations under New Zealand's climate change regulations. The objective of the New Zealand ETS is to reduce greenhouse gas emissions while helping the country achieve its emission reduction targets as stipulated in the Kyoto Protocol. Since going into effect in the beginning of 2008, the PFSI supports establishment of permanent forests on land not previously forested. There are no explicit safeguards within the PFSI, although projects must abide by the national law on environmental impacts and the 2007 Forest Regulations.

**Applicability:** Landowners can voluntarily enter into the PFSI for the establishment of permanent forests established after 1 January 1990. Once a landowner enters the PFSI it has entered a covenant with the crown and safeguards become legally binding, particularly those related to harvesting and reversals.

<sup>105</sup> Compliance Offset Protocol U.S. Forest Projects (p. 18). 2011. Available at: <http://www.arb.ca.gov/regact/2010/capandtrade10/copusforest.pdf>

<sup>106</sup> Ibid. (p. 18).

Social Criteria	According to Section 4 of the Forests (Permanent Forest Sink) Regulations 2007, only landowners (persons with secure land tenure and rights) are eligible to enter into a covenant with the Crown under the PFSI. <sup>107</sup>
Environmental Criteria	According to Section 3 of the Forests (Permanent Forest Sink) Regulations 2007, projects must not involve the clearance of more than 5 ha of native forest and timber removals from harvesting is restricted to 20% of basal area. <sup>108</sup> If reversals occur, land owners must surrender Kyoto compliant AAU. Other environmental issues are not explicitly addressed.
Procedural Criteria	Although the Forests (Permanent Forest Sink) Regulations 2007 is itself a regulation, it does not explicitly address <i>safeguard</i> topics relevant to governance or procedures.

### A.4.3 Multilateral Programmes

#### African Development Bank (AfDB)

**Overview and Objective:** Established in 1964, the AfDB is a regional multi-lateral development bank which focuses on poverty reduction and social and economic development. It is composed of 53 African country members and 25 non-African country members. The bank has dispersed over UA 60 billion since its inception.<sup>109</sup> In 2012, AfDB began revising its safeguard policies with the development of the Integrated Safeguards System (ISS). Similar to the IFC Performance Standards, the proposed ISS is a standalone document outlining AfDB's operational Safeguards. The ISS has five operational safeguards: OS1. Operational Safeguard on Environmental and Social Assessment; OS 2. Operational Safeguard on Involuntary Resettlement: Land Acquisition, Population Displacement; OS 4. Operational Safeguard on Pollution Prevention and Control, Greenhouse Gases, Hazardous Materials and Resource Efficiency; and OS 5. Operational Safeguard on Labor Conditions, Health and Safety.

**Applicability:** All clients and borrowers from the AfDB are required to adhere to the ISS. If the ISS is not followed, the borrower risks the termination of financing.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	OS 1 stipulates that communities which are likely to be affected by a project are subject to free, prior and informed consultation. <sup>110</sup> Consent however, is not mentioned. Although UNDRIP is mentioned in the acronym section, it is not explicitly mentioned anywhere in the document.
Vulnerable Groups (Cancun Safeguard 2c)	OS 2 contains a section specifically targeting vulnerable and indigenous groups, including women, the landless, those in poverty, or ethnic and religious minorities. <sup>111</sup> Safeguards include social and cultural inclusivity of consultations, and evidence that they will not be disadvantaged in the distribution of project benefits.

107 Forests (Permanent Forest Sink) Regulations 2007. Available at: <http://www.legislation.govt.nz/regulation/public/2007/0354/latest/whole.html>

108 Ibid.

109 African Development Bank. About us. Available at: <http://www.afdb.org/en/about-us/>

110 African Development Bank Integrated Safeguard System (p. 27) 2012. Available at: <http://www.forestpeoples.org/sites/fpp/files/publication/2012/11/afdb-iss-english-26-sept-2012.pdf>

111 Ibid. (p. 26).



Land Tenure & Resource Rights	OS 2 requires secure tenure to be provided to those which are voluntarily dislocated. <sup>112</sup>
Enhanced Livelihoods & Labor Rights	OS 5 requires the rights of workers to be recognized under national law and International Labour Organisation conventions. <sup>113</sup> OS 2 states that involuntary resettled communities must share in the benefits of project implementation, with a particular focus on disadvantaged groups. <sup>114</sup> The safeguard goes on to outline the components of 'Broad community Support', which includes a demonstration by clients that efforts have been made to maximize benefits to communities. <sup>115</sup> The commercialization of indigenous knowledge and resource must result in equitable benefit sharing according to OS 3. <sup>116</sup>
Avoided Resettlement	OS 2 stipulates that involuntary resettlement be minimized and based on <i>"the need to provide compensation at full replacement cost, the importance of achieving resettlement that improves standards of living, income-earning capacity, and overall means of livelihood, and the need to ensure that potential aspects of social considerations – such as gender and age – do not disadvantage particular Project Affected People."</i> <sup>117</sup>
<b>Environmental Criteria</b>	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	OS 3 specifies that the conversion of natural habitats is prohibited except in cases where there is no technical or financially viable alternative, biodiversity mitigation measures have been developed, and concerns of local peoples have been addressed through consultation. <sup>118</sup> Projects in critical habitats face similar safeguards, and also must demonstrate the critical habitat will face no harm or result in negative effects on critical or endangered species. <sup>119</sup> Genetically modified organisms and invasive species are discouraged under most circumstances. <sup>120</sup>
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	OS 3 states the AfDB's safeguards <i>"align"</i> with several conventions including the Convention on Biological Diversity, the Ramsar Convention on Wetlands, the Convention on the Conservation of Migratory Species of Wild Animals, the Convention on International Trade in Endangered Species of Wild Flora and Fauna, the World Heritage Convention, the UN Convention to Combat Desertification and the Millennium Ecosystem Assessment. <sup>121</sup> Biodiversity offsets are allowed, and must result in a net positive biodiversity for projects in critical habitats. Further, if ecosystem services are deemed to be at risk, an assessment should be carried out to identify priority services, and mitigate adverse effects as possible. <sup>122</sup>
Mitigate negative environmental impacts (Cancun Safeguard 2e)	The ISS does not contain safeguards specifically targeted to reversals or displacement of emissions.

112 Ibid. (p. 41).

113 Ibid. (p. 11).

114 Ibid. (pp. 31, 42, 43).

115 Ibid. (p. 35).

116 Ibid. (p. 45).

117 Ibid. (p. 10).

118 Ibid. (p. 48).

119 Ibid. (p. 48).

120 Ibid. (p. 50).

121 Ibid. (p. 45).

122 Ibid. (p. 53).

Procedural Criteria	
Policies, Laws and Regulations (Cancun Safeguard 2a)	OS 2 requires that national laws be adhered to in cases of involuntary resettlement. <sup>123</sup> OS 5 states that employers must follow national labor laws. <sup>124</sup>
Transparency (Cancun Safeguard 2b)	Meaningful consultation must be conducted with reference to the Bank's Integrated Environmental and Social Assessment Guidance Notes on Consultation Participation and Broad Community Support. The degree and level of participation depends on the anticipated impact of the project. <sup>125</sup>
Stakeholder Participation (Cancun Safeguard 2d)	The ISS states that it is committed to transparent consultation, with specific references to transparent processes in OS 5 on labor rights and OS 2 on involuntary resettlement. OS 2 states the Bank's policy is based on principles of "...maximum disclosure, enhanced access to information, and limited exceptions." <sup>126</sup> Strategic Environmental and Social Assessments and Environmental and Social Impact Assessments must both be publicly accessible when formally requested according to OS1. <sup>127</sup>
Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	OS 2 <sup>128</sup> , OS 3 <sup>129</sup> and OS 5 <sup>130</sup> contain specific language on monitoring, though all safeguards are required to be addressed in quarterly reports to the Bank by clients.
Grievance Mechanism	OS 5 requires the development of a grievance mechanism that allows employees to express concern over working conditions. <sup>131</sup> Further, OS 2 requires a grievance and redress mechanism to be created in order to address concerns over a project environmental or social performance. <sup>132</sup> Further, AfDB has developed an Independent Review Mechanism allowing those adversely affected by projects to bring complaints if they are not appropriately addressed through other grievance mechanisms. <sup>133</sup>
Compliance Assessment Process	In addition to quarterly reports from borrowers and clients, AfDB will perform compliance audits at its own discretion for high risk projects. <sup>134</sup>

## Asian Development Bank (ADB)

**Overview and Objective:** Founded in 1966, the ADB is involved in both public and private financing initiatives primarily through loans and grants. The Bank consists of 48 regional members and 19 non-regional members with a budget of more than USD 21.7 billion in 2011.<sup>135</sup> The Bank's safeguard standards are outlined in a number of documents, though they were incorporated into a single Safeguard Policy Statement in 2009. The Safeguard Policy Statement summarizes the Bank's *Involuntary Resettlement Policy* (1995), the *Policy on Indigenous Peoples* (1998), and the *Environment Policy* (2002). Additionally the Bank has developed a separate policy on forestry which is applicable to forest related initiatives.

123 Ibid. (p. 40).

124 Ibid. (p. 58).

125 Ibid. (p. 27).

126 Ibid. (p. 28).

127 Ibid. (p.28).

128 Ibid. (p. 44).

129 Ibid. (p. 49).

130 Ibid. (p. 61).

131 Ibid. (p. 59).

132 Ibid. (p. 29).

133 Ibid. (p. 17).

134 Ibid. (p. 17).

135 Asian Development Bank Website. Key Facts Available at: <http://www.adb.org/about/key-facts>

**Applicability:** All ADB-funded projects (clients and borrowers) are required to adhere to the safeguard standards and policies outlined by the ADB. Failing to adhere to the safeguards could result in a termination of funding.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	The ADB Safeguard Policy Statement references UNDRIP, and requires consent in cases where indigenous land, resources, or knowledge is being used or where indigenous peoples are displaced. <sup>136</sup> The Policy Statement defines consent as “a collective expression by the affected Indigenous Peoples communities, through individuals and/or their recognized representatives, of broad community support for the project activities.”
Vulnerable Groups (Cancun Safeguard 2c)	The ADBs safeguard policies on the environment, Indigenous Peoples, and involuntary resettlement all require for the implementation of consultation which take into account gender and indigenous peoples. <sup>137</sup> In its Policy on Forestry, the bank affirms that women should play an integral role in processes related to forest policy and project development. <sup>138</sup> The ADB Safeguard Policy Statement also refers to UNDRIP.
Land Tenure & Resource Rights	The ADBs safeguard requirement on Indigenous Peoples states that for projects which require full legal recognition of land rights for indigenous peoples, the borrower or client must present an action plan for obtaining such recognition on land with customary rights. <sup>139</sup> Further, in cases where people are resettled, secure land title must be presented to the affected persons. <sup>140</sup> ADB’s Policy on Forestry also notes that tenure plays a central role in the sector and states that ADB will encourage the establishment of “proper land use policies and rationalize user rights to publicly owned forest areas.” <sup>141</sup>
Enhanced Livelihoods & Labor Rights	ADB safeguards on the environment state that it will assist member countries in improving livelihoods through the improvement of natural resource management. <sup>142</sup> The ADB safeguard policies on involuntary resettlement states that where possible, livelihood schemes should be restored through benefit sharing mechanisms. The ADBs safeguard policies on Indigenous Peoples specifies that project benefits should be provided in a culturally appropriate manner, and shared equitably. <sup>143</sup>
Avoided Resettlement	The ADB has an entire safeguard policy framework dedicated to involuntary resettlement which requires borrowers/clients to avoid resettlement where possible and minimize involuntary resettlement. <sup>144</sup> In instances where resettlement does occur, those affected must have their livelihoods restored or enhanced and their standard of living improved. <sup>145</sup>

136 Asian Development Bank Safeguard Policy Statement (p. 10) 2009. Available at: <http://www.adb.org/sites/default/files/pub/2009/Safeguard-Policy-Statement-June2009.pdf>

137 Ibid. (pp. 16-18) .

138 Ibid. (p.14).

139 Ibid. (p. 59).

140 Ibid. (p. 46).

141 The Banks Policy on Forestry (p. 13). 1995. Available at: <http://www.adb.org/sites/default/files/bank-policy-on-forestry.pdf>

142 Environment Policy of the Asian Development Bank (p. 8). 2002 Available at:

[http://www.adb.org/sites/default/files/environment\\_policy.pdf](http://www.adb.org/sites/default/files/environment_policy.pdf)

143 Ibid. (p. 18). 2009.

144 Ibid. (p. 17).

145 Ibid. (p. 17).

Environmental Criteria	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	Projects must perform an environmental cost-benefit analysis of project alternatives. ADB's safeguards on the environment also contains requirements for natural habitats, modified habitats, protected areas, invasive species, pollution abatement, and management of renewable resources. <sup>146</sup> Natural habitats cannot be converted or degraded unless there are no alternatives and overall environmental benefits outweigh the costs. In critical habitats no activity is allowed unless it can be demonstrated that there are no alternatives and the impact will not impair the ability for the habitat to function. ADB's Policy on Forestry states that it will not finance infrastructure projects which lead to significant deforestation or forest degradation, and it will not construct roads in old-growth forests. <sup>147</sup>
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	ADB's environmental safeguard requirements on the environment stipulate that natural resources should be managed in a sustainable manner in order to support the ecosystem services related to air, water and soil. <sup>148</sup> It also states a need for an assessment of project impacts on biodiversity. The overall impact on biodiversity must be neutral or net-positive, allowing for the use of biodiversity offsets in instances where on-site biodiversity impacts will be negative. <sup>149</sup> ADB's Policy on Forestry stipulates that biodiversity must be a key criterion when establishing timber concessions. <sup>150</sup>
Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	There are no safeguards specifically addressing reversals or displacement of emissions.
Procedural Criteria	
Policies, Laws and Regulations (Cancun Safeguard 2a)	Any activities which are illegal under host country laws and regulations or under international conventions and agreements are prohibited from ADB financing. <sup>151</sup>
Transparency (Cancun Safeguard 2b)	ADB's involuntary resettlement safeguards require that procedures for resettlement are developed through a transparent process. <sup>152</sup> The Safeguard policy statement also requires a transparent process to be created for resolve grievances. <sup>153</sup>
Stakeholder Participation (Cancun Safeguard 2d)	Requires " <i>meaningful consultation and participation.</i> " ADB's Policy on Forestry contains a section on promoting public consultation in forestry development, noting that a wider cross-section of stakeholders should be involved in project development in the forestry sector. <sup>154</sup>
Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	For most safeguards, monitoring and reporting should be " <i>commensurate with the projects risks and impacts</i> " with varying requirements depending on project type and scope. <sup>155</sup> The ADB is also assisting countries in the development of Country

146 Ibid. (pp. 34-37).

147 Asian Development Bank's Policy on Forestry (p. 13). 1995.

148 Ibid. (p. 36). 2009.

149 Ibid. (p. 34). 2009.

150 Ibid. (p. 17). 1995.

151 Ibid. (p. 76).

152 Ibid. (p. 17). 2009.

153 Ibid. (p. 49).

154 Ibid. (p. 134). 1995.

155 Ibid. (p. 21).

	Safeguard Systems (CSS), which if deemed equivalent can be used to manage and monitor risks presented by projects. <sup>156</sup>
Grievance Mechanism	The ADB's environmental, involuntary resettlement and Indigenous Peoples safeguards all contain stipulations to establish local grievance or redress mechanisms. <sup>157</sup> The Bank has a separate Accountability Mechanism which can also be used to address grievances.
Compliance Assessment Process	According to the Safeguard Policy Statement, the Bank will "maintain an internal review and compliance monitoring system to assess bank-wide and project-level performance with regard to ADB's safeguard policy statement." The Environmental Policy requires ADB to perform annual reviews of Category A and Category B environmental management plans to ensure environmental safeguards are being met. Projects with significant voluntary resettlement must hire external consultants or NGOs to assure safeguards are being met. <sup>158</sup>

### Inter-American Development Bank (IDB)

**Overview and Objective:** Founded in 1959, the IDB aims to reduce poverty and inequity while promoting climate friendly sustainable development in Latin America and the Caribbean.<sup>159</sup> It consists of 26 Latin American and Caribbean member countries, along with 22 member countries from outside of the region. In 2012 IDB approved grants and loans totaling USD 11.4 Billion. The primary safeguards and related operational policies developed by IDB are OP-703 Environment and Safeguards Compliance; OP-704 Natural Disaster Risk Management; OP-710 Involuntary Resettlement; OP-761 Gender Equality in Development; OP-765 Indigenous Peoples; and OP-102 Access to Information. IDB will also consider the application of existing in-country safeguards systems if they are determined to be equivalent or superior to bank policies.<sup>160</sup>

**Applicability:** All clients and borrowers are required to adhere to the safeguard standards and policies outlined by the IDB. If Operational Policies are not followed, the borrower risks the termination of financing.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	Though not an operational policy, the Bank's Strategy for Indigenous Development (GN -2387-5) states that consultation and participation mechanisms must <i>take into account</i> the principles of FPIC. OP-765: Indigenous Peoples states that consultations should be carried out "...with a view to reaching agreement or obtaining consent". <sup>161</sup>
Vulnerable Groups (Cancun Safeguard 2c)	OP-765: Indigenous Peoples promotes "...the recognition, articulation, and implementation of indigenous rights in accordance with the applicable legal norms." <sup>162</sup> It further requires project developers to identify adverse impact on indigenous people's rights and mitigate or prevent negative impacts. <sup>163</sup> Further, the

156 Ibid. (p. 24).

157 Ibid. (pp. 16-18).

158 Ibid. (p. 50).

159 Inter-American Development Bank, About Us. Available at: <http://www.iadb.org/en/about-us/about-the-inter-american-development-bank,5995.html>

160 Inter-American Development Bank Environment and Safeguards Compliance Policy (p. 14) 2006: <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=665902>

161 Ibid. (p. 6) 2006.

162 Inter-American Development Bank's Policy on Indigenous peoples (p. 7) 2006.

163 Ibid. (P. 8).

	Bank states it acknowledges indigenous rights as defined by international norms in host countries and will not finance projects which exclude indigenous peoples based on their ethnicity. The Policy also promotes leadership and protection of women, children, elderly, youth and children. <sup>164</sup> OP-761: Gender Equality in Development states the bank will prioritize investments which empower women and promote gender equality and apply gender mainstreaming in all bank operations. <sup>165</sup> Further, projects must identify and prevent or mitigate adverse impacts arising from gender-based exclusion. <sup>166</sup>
Land Tenure & Resource Rights	OP-710: Involuntary Resettlement stipulates that involuntary resettled peoples must be compensated with customary tenure rights and be provided with full tenure. <sup>167</sup> OP-765: Indigenous Peoples states that projects must respect the applicable legal norms for indigenous peoples where land management or possession is affected. <sup>168</sup>
Enhanced Livelihoods & Labor Rights	OP-765: Indigenous Peoples makes reference to several ILO conventions and promotes the access of indigenous people to labor and financial markets. <sup>169</sup> It further states that the provision of benefits should occur “whenever possible.” <sup>170</sup> OP-710: Involuntary Resettlement states communities which must be involuntarily resettled are entitled to share benefits from the project. <sup>171</sup> OP-761 Gender Equality in Development promotes equal access to project benefits and in a manner that narrows existing gaps of benefit distribution between genders. <sup>172</sup> Where indigenous cultural and knowledge resources are commercially developed, provision should be made for indigenous peoples to receive equitable benefits. <sup>173</sup>
Avoided Resettlement	OP-710: Involuntary Resettlement provides an extensive set of guidelines for projects involving resettlement. Principles include avoiding or minimizing displacement where possible, providing compensation at replacement cost for both assets and income, and providing economic opportunities for displaced peoples. <sup>174</sup> Communities facing resettlement should benefit from the project.
<b>Environmental Criteria</b>	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	OP-703: Environment and Safeguards Compliance Policy requires projects with significant potential for negative environmental impacts to implement an environmental assessment, environmental impact assessment, and/or a strategic environmental assessment. <sup>175</sup> Projects which do not have significant potential for negative impacts face less stringent regulations. Further, IDB will not support programs which convert or significantly degrade critical natural habitats unless there

164 Ibid. (p. 7).

165 Inter-American Development Bank Operational Policy on Gender Equality in Development (p. 3) 2010.

166 Ibid. (p. 7).

167 Involuntary Resettlement in IDB Projects Principles and Guidelines (p. 2) 1999. Available at: <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=362003>.

168 Inter-American Development Bank's Policy on Indigenous peoples (p. 8) 2006.

169 Ibid. (p. 5,7).

170 Ibid. (p. 8).

171 Ibid. (p. 22)

172 Inter-American Development Bank Operational Policy on Gender Equality in Development (p. 2,4) 2010.

173 Ibid. (p. 9).

174 Ibid. (pp. 1-6)

175 Inter-American Development Bank Environment and Safeguards Compliance Policy (p. 8) 2006

	is no feasible alternative, the overall benefits of the project outweigh environmental costs, and acceptable mitigation measures have been taken. <sup>176</sup> Invasive species cannot be introduced under the policy.
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	Although supporting environmental services is mentioned several times in OP 703: Environment and Safeguards Compliance Policy, there are no operational safeguards specifically related to ecosystems services such as soil fertility or water regulation. The safeguards for critical natural habitats mentioned above are meant to prevent damage to areas with high conservation values.
Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	There are no safeguards specifically addressing reversals or displacement of emissions.
<b>Procedural Criteria</b>	
Policies, Laws and Regulations (Cancun Safeguard 2a)	OP-703: Environment and Safeguards Compliance Policy requires evidence of adherence to all national environmental laws, including multilateral environmental agreements recognized by the host country. <sup>177</sup>
Transparency (Cancun Safeguard 2b)	Principle 1 of OP-102: Access To Information is to maximize disclosure of information. <sup>178</sup> EIAs and other related analyses must be made publicly available according to OP 703: Environment and Safeguards Compliance Policy. <sup>179</sup>
Stakeholder Participation (Cancun Safeguard 2d)	Consultations are required where projects may have negative environmental or social impacts according to OP-703: Environment and Safeguards Compliance Policy. Higher risk projects must implement at least two consultations. <sup>180</sup> OP-765: Indigenous Peoples promotes consultations for all natural resource management projects, and requires consultations where adverse impacts may take place. <sup>181</sup>
Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	According to OP 703: Environmental and Safeguards Compliance Policy, measures to comply with safeguards should be outlined in project monitoring reports. <sup>182</sup> Additionally, where Strategic Environmental Assessments or Environmental and Social Management Plans are required, a monitoring plan must be developed. <sup>183</sup>
Grievance Mechanism	The IDB has created an independent consultation and investigation mechanism to address conflict and grievances from communities. <sup>184</sup>
Compliance Assessment Process	OP-703: Environmental and Safeguards Compliance Policy states high risk environmental projects will be reviewed by the IDB at least annually to assess safeguard compliance and reviewed in mid-term reviews and project completion reports. Other performance assessments will occur “periodically.” <sup>185</sup> OP-765: Indigenous Peoples similarly requires periodic evaluations, with the first evaluation occurring within the first five years. <sup>186</sup> OP-761 Gender Equality in Development requires reports every three years. <sup>187</sup>

176 Ibid. (p. 11).

177 Ibid. (p.8)

178 Access to Information Policy (p. 3) 2010. Available at:<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35167427>

179 Ibid. (p. 10).

180 Ibid. Inter-American Development Bank Environment and Safeguards Compliance Policy (p. 10)

181 Inter-American Development Bank’s Policy on Indigenous peoples (p. 7-8) 2006.

182 Ibid. Access to Information Policy (p. 10).

183 Ibid. (p. 9).

184 Inter-American Development Bank, About the Mechanism: What is the ICIM 2010 Available at: <http://www.iadb.org/en/mici/independent-consultation-and-investigation-mechanism-icim,1752.html>

185 Inter-American Development Bank Environment and Safeguards Compliance Policy (p. 15) 2006.

186 Asian Development Bank’s Policy on Indigenous peoples (p. 11). 2006.

187 Inter-American Development Bank Operational Policy on Gender Equality in Development (p. 8) 2010.



## International Finance Corporation (IFC) Performance Standards

**Overview and Objective:** Created in 1944, the IFC is one of five organizations that comprise the World Bank Group. Counting on 184 member countries, the IFC is the largest development institution concentrating entirely on the private sector. With a portfolio totaling nearly USD 50 billion, the IFC finances investment and mobilizes capital in international financial markets to fund projects in a variety of sectors. To address safeguard issues the IFC created a set of Performance Standards in 2012. A single stand-alone document, the safeguards address 8 areas: Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts; Performance Standard 2: Labor and Working Conditions; Performance Standard 3: Resource Efficiency and Pollution Prevention; Performance Standard 4: Community Health, Safety, and Security; Performance Standard 5: Land Acquisition and Involuntary Resettlement; Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; Performance Standard 7: Indigenous Peoples; Performance Standard 8: Cultural Heritage.

**Applicability:** All clients are required by the IFC to follow the performance standards. The term client refers either to the recipient of financing, implementer of project, or operator of project depending on the terms and type of financing being provided. Failing to adhere to Performance Standards could result in the termination of financing.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	Performance Standard 7 requires FPIC for Indigenous Peoples if it impacts natural resources on customary land, involves resettlement, or where it may have a significant impact on cultural heritage. <sup>188</sup>
Vulnerable Groups (Cancun Safeguard 2c)	Where national laws do not allow for women to hold land tenure, approaches should be considered to provide equal protection with men. <sup>189</sup> Safeguards for Indigenous Peoples is outlined in Performance Standard 7 which includes the right to participation and, under some circumstances, prior consent. <sup>190</sup>
Land Tenure & Resource Rights	Land tenure safeguards primarily apply in situations where involuntary resettlement occurs. In these cases, communities must be provided with secure tenure according to the IFC Performance Standard 5. <sup>191</sup>
Enhanced Livelihoods & Labor Rights	Performance Standard 7 requires the development of alternative livelihoods for Indigenous Peoples in cases where the project results in the loss of access to natural resources. <sup>192</sup> Performance Standard 2 outlines the IFC's policy on labor and working conditions, which specifies the right to collective bargaining, non-discrimination, and a mechanism for filing grievances. <sup>193</sup> Performance Standard 2 contains safeguards for employees' rights to compensation, though there are no safeguards specifically related to benefit sharing.

188 IFC Performance Standard on Environmental and Social Sustainability (pp. 49-51). 2012. Available at: [http://www1.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/publications/publications\\_handbook\\_pps](http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_handbook_pps)

189 Ibid. (p. 34).

190 Ibid. (pp. 47-52).

191 Ibid. (p. 32).

192 Ibid. (p. 51).

193 Ibid. (pp. 16-21).

Avoided Resettlement	Performance Standard 5 states that involuntary resettlement should be avoided wherever possible and minimized where unavoidable. In instances where involuntary resettlement does occur, those affected must receive adequate compensation and have their livelihoods restored or improved after they are displaced. <sup>194</sup>
<b>Environmental Criteria</b>	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	The mitigation of negative environmental impacts under Performance Standard 6 depends on the type of habitat that will be affected. For natural habitats, deforestation and degradation is prohibited unless there is no viable alternative and consultations with stakeholders have occurred. <sup>195</sup> In critical habitats, deforestation and degradation must be avoided unless there is no alternative, the project won't adversely impact ecological processes, and populations of endangered species will not be reduced. Projects should not involve the introduction of invasive species under most circumstances. <sup>196</sup>
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	Performance standard 6 states that where ecosystem services are likely to face adverse impacts, priority services must be identified and adverse impacts should be avoided or mitigated. <sup>197</sup> The mitigation of negative biodiversity impacts under Performance Standard 6 depends on the type of habitat that will be affected. In natural habitats no net biodiversity loss should occur "where viable." In critical habitats projects must not lead to measurable negative impacts on biodiversity and a biodiversity monitoring plan must be developed. <sup>198</sup> Biodiversity offsets are accepted as part of a biodiversity mitigation strategy.
Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	There are no safeguard requirements specifically addressing reversal or displacement of emissions.
<b>Procedural Criteria</b>	
Policies, Laws and Regulations (Cancun Safeguard 2a)	Performance Standard 1 states that projects must comply with all applicable laws and regulations within the jurisdiction of the project, including international laws recognized by the host country. <sup>199</sup> Performance Standard 2 requires compliance with national labor and employment laws. <sup>200</sup>
Transparency (Cancun Safeguard 2b)	During consultations, information must be disclosed in a transparent manner according to Performance Standard 1. <sup>201</sup> Performance Standard 2 requires grievance mechanisms to be transparent, <sup>202</sup> while Performance Standard 5 requires compensation to involuntary displaced persons to be made transparently. <sup>203</sup>
Stakeholder Participation (Cancun Safeguard 2d)	Performance Standard 1 requires clients to develop a stakeholder engagement plan with affected communities. The overall scope of the stakeholder engagement plan, including the frequency and nature of consultation, depends on the scope of the

194 Ibid. (pp. 31-39).

195 Ibid. (p. 43).

196 Ibid. (p. 45).

197 Ibid. (p. 45).

198 Ibid. (p. 43).

199 Ibid. (p. 7).

200 Ibid. (p. 16).

201 Ibid. (p. 15).

202 Ibid. (p. 19).

203 Ibid. (p. 33).

	project. Where communities may face significant negative impacts the client must conduct an informed consultation and participation process. <sup>204</sup>
Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	Performance Standard 1 (assessment and management of environmental and social impacts and risks), Performance Standard 2 (Labor and working conditions), Performance Standard 5 (land acquisition and involuntary resettlement), Performance Standard 6 (Biodiversity Conservation and sustainable management of living resources), and Performance Standard 7 (indigenous peoples) all contain requirements for safeguard monitoring systems under certain circumstances, varying by the scope and activity of the project being implemented.
Grievance Mechanism	Performance Standard 1 (assessment and management of environmental and social impacts and risks), Performance Standard 2 (Labor and working conditions), and Performance Standard 5 (land acquisition and involuntary resettlement), all stipulate that grievance mechanisms should be established under certain circumstances, primarily where communities are affected by a project’s impacts. The mechanism must be appropriate to handle the potential risks presented by the project and should resolve grievances in a timely and culturally appropriate manner.
Compliance Assessment Process	Safeguards assessment requirements are largely the responsibility of the client. Environmental and Social Assessment and Management Systems (ESMS) will be subject to periodic reviews by senior management from client organizations. Clients are also recommended to implement internal inspections and audits. <sup>205</sup> For involuntary resettlement, a client may be required to commission a completion an audit for its Resettlement Action Plan or Livelihood Restoration Plan. <sup>206</sup>

## World Bank

**Overview and Objective:** Founded in 1944, the World Bank focuses its work in six strategic areas: the world’s poorest countries, post-conflict and fragile states, middle-income countries, global public goods, and knowledge and learning. As a financial institution the Bank provides low interest loans, grants, and interest free credits to finance projects through two instruments: investment loans and development policy loans. Projects financed by the bank include education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management.<sup>207</sup> The World Bank also serves as trustee and implementing agent of an increasing number of trust funds. Over the last decades, funds have emerged as a significant pillar of the global aid architecture, used to address limitations in bilateral aid and fill perceived gaps in the operations of multilateral institutions. They currently account for about 11 percent of official development assistance (ODA), and they finance a substantial part of the World Bank’s business.

The World Bank has 10 major social and Environmental safeguards that are applicable to loan and grant recipients. These are Operational Policy 4.01 Environmental Assessment (1999), 4.04 Natural Habitats (2001), 4.36 Forests (2002), 4.09 Pest Management (1998), 4.11 Physical Cultural Resources (2006),

204 Ibid. (p. 12).

205 Ibid. (p. 12).

206 Ibid. (p. 35).

207 The World Bank. About Us. Available at:

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:20103838~menuPK:1696997~pagePK:51123644~piPK:329829~theSitePK:29708,00.html>

4.37 Safety of Dams (2001), 4.12 Involuntary Resettlement (2001), 4.10 Indigenous Peoples (2005), 7.50 International Waterways (2001), and 7.60 Disputed Areas (2001). The World Bank is currently reviewing its safeguard policies with the updated version expected in 2014.

**Applicability:** World Bank safeguards are applicable to all Bank operations. Depending on the sector and scope of projects, however, some safeguards may not be applicable. For particular programs and trust fund operations, additional safeguards may be formulated. The FCPF and the FIP are both World Bank trust funds. For safeguards related directly to the Bank's Forest Carbon Partnership facility, please refer to the FCPF section of the Annex.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	OP 4.10 refers to the right of indigenous communities to free, prior, and informed consultation, though it does not refer to consent.
Vulnerable Groups (Cancun Safeguard 2c)	OP 4.10 on Indigenous Peoples outlines free, prior, and informed consultation, benefits, and the avoidance and/or mitigation of potential negative effects of project implementation. It further requires consultations and benefit allocation to be performed in a gender inclusive manner. OP 4.20 states that the World Bank will occasionally assess the gender dimensions of development in member countries.
Land Tenure & Resource Rights	OP 4.10 requires that legal recognition be obtained for projects being implemented on lands belonging to Indigenous Peoples. Op 4.12 requires involuntarily resettled persons to be provided with "adequate" land tenure.
Enhanced Livelihoods & Labor Rights	OP 4.10 states where projects involve the development of natural or cultural resources, the effect on local livelihoods must be assessed and Indigenous Peoples must receive adequate compensation. OP4.10 on Indigenous Peoples states that strategies and projects should be designed so that they (IPs) "receive culturally compatible social and economic benefits." There is no explicit mention of benefit sharing otherwise. OP 4.12 requires displaced persons to have their livelihoods restored or improved. OP 1.00 affirms the World bank's mission to reduce poverty and states that poverty assessments will occasionally be carried out in member countries.
Avoided Resettlement	OP 4.12 requires that involuntary settlement is avoided or minimized, and where unfeasible, assistance is given to displaced persons to improve or restore their livelihoods.
Environmental Criteria	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	OP 4.01 on Environmental Assessment is used to identify, avoid, and mitigate potential negative environmental impacts. This policy is considered the umbrella policy on environmental safeguards. OP 4.04 on Natural Habitats and OP 4.36 on Forests also outline mitigation of negative impacts including forest displacement, conversion, and degradation. It states the World Bank will not support projects that result in the significant degradation or conversion of critical natural habitats.
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	OP 4.01 on Environmental Assessment (paras 2-3 and Annex A, paras 7 and 9), OP 4.04 on Natural Habitats (paras 1, 4, 5, and 9 and Annex A, para 1) and OP 4.36 on Forests (paras 1, 5 and 7) address the preservation of areas with high biodiversity value and promote the protection of environmental services.

Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	The Operating Procedures do not explicitly outline reversals and displacement; however these could be covered in the OP 4.01 and 4.36 of avoiding and mitigating potential negative environmental impacts.
Procedural Criteria	
Policies, Laws and Regulations (Cancun Safeguard 2a)	OP 4.36 requires projects to abide by international environmental agreements and forest certification systems to adhere to all relevant laws.
Transparency (Cancun Safeguard 2b)	The Bank's Operational Policy on forests (OP 4.36) requires forest certification systems which implement transparent decision-making procedures. The Bank also has a Policy on Access to Information, detailing the type of information that is and is not available to the public. The policy stipulates all requests for information will receive a response within 20 working days, and available information can be found on the Banks website or at over 100 Public Information Centers around the world. <sup>208</sup>
Stakeholder Participation (Cancun Safeguard 2d)	Where indigenous Peoples are affected, free, prior, and informed consultation must be carried out according to OP 4.10. The policy states consultations must be performed in indigenous language at a culturally appropriate venue with adequate time for stakeholders to build consensus. A detailed description of consultation process will be forthcoming in the Indigenous Peoples Guidebook. OP 4.12 requires consultation for those facing involuntary resettlement, while OP 4.01 may necessitate public consultations depending on the severity of environmental impact of a project. The Ban's Operational Policy on Forests (OP 4.36) requires the meaningful participation of affected communities.
Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	OP 4.12, OP 1.00, OP 4.20, OP 4.10, OP 4.04, OP 4.01, and OP 4.36 all contain references to the development of monitoring and/or reporting systems depending on the context and scope of the project being implemented.
Grievance Mechanism	The World Bank has also developed an Inspection Panel which handles individual complaints from those that have been or may be negatively affected by a world bank project. <sup>209</sup> Additional conflict resolution procedures may be in place (e.g. OP 4.12 requires a mechanism to be created for resolving potential conflicts arising from displaced persons).
Compliance Assessment Process	Assessment of safeguard adherence largely falls upon the borrower/client, although under certain circumstances the Bank requires third party audits. OP 13.60 also states that the Bank uses a combination of monitoring, self-evaluation and independent evaluations to assess operational policy implementation and adherence. The Bank policy on Development Policy Loans (OP8.60) requires due diligence with respect to environment, forests and natural resources.

208 The World Bank Policy on Access to Information (pp. 11-12) 2010. Available at: [http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2010/06/03/000112742\\_20100603084843/Rendered/PDF/548730Access011y0Statement01Final1.pdf](http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2010/06/03/000112742_20100603084843/Rendered/PDF/548730Access011y0Statement01Final1.pdf)

209 World Bank Website. The Inspection Panel: About us : <http://web.worldbank.org/WBSITE/EXTERNAL/EXTINSPECTIONPANEL/0,,menuPK:64129249~pagePK:64132081~piPK:64132052~theSitePK:380794,00.html>

## A.4.4 Voluntary Markets, NGO and Private Sector

### American Carbon Registry (ACR)

**Overview and Objective:** ACR was founded in 1996 as a greenhouse gas registry and currently functions as a nonprofit enterprise of Winrock International.<sup>210</sup> It has been established as a “voluntary, online greenhouse gas (GHG) registration and emissions tracking system used by members to transparently register verified, project-based emissions reductions and removals as serialized offsets; record the purchase, sale, banking and retirement of verified offsets, branded as Emission Reduction Tons (ERTs); and optionally report, in a separate account, verified GHG inventories.” The ACR has produced two forestry standards: the Forest Carbon Project Standard (Version 2.1, 2010) and the ACR Nested REDD+ Standard (Version 1.0, 2012), both of which are global in scope and detail the quantification, monitoring and reporting of forest carbon-based emissions reductions and removals, offset verification, verification and issuance. Similar to the VCS’ JNR, the ACR Nested REDD+ Standard provides a framework for integrating projects into jurisdictional accounting and crediting frameworks.

With regards to safeguards, the ACR Nested REDD+ Standard often defers to several recognized safeguard standards including: IFC Sustainability Framework and Performance Standards, World Bank Safeguards, CCBA Project Design Standards, UN-REDD Program Social and Environmental Principles and Criteria (SEPC), World Bank Forest Carbon Partnership Facility (FCPF), and REDD+ Social and Environmental Standards (REDD+ SES) Standards.

**Applicability:** The ACR Forest Carbon Project Standard and Nested REDD+ Standard are voluntary standards intended for global voluntary and U.S. pre-compliance carbon markets. The safeguards are not legally binding, but must be adhered to in order to achieve validation and verification.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	Section 5.3.1 of the ACR Nested REDD+ Standard requires free, prior, and informed consent for indigenous peoples, and references the FCPF <i>Guidelines on Stakeholder Engagement in REDD+</i> and the UN-REDD Social and Environmental Principles and Criteria. <sup>211</sup> The ACR Forest Carbon Project Standard v2.1 does not explicitly mention FPIC.
Vulnerable Groups (Cancun Safeguard 2c)	Section 5.4 of the ACR Nested REDD+ Standard requires projects to demonstrate gender equity. The ACR Forest Carbon Project Standard v2.1 does not explicitly mention gender or other vulnerable groups.
Land Tenure & Resource Rights	The Environmental and Social Safeguards Section (Section 5) of the ACR Nested REDD+ Standard suggest tenure safeguards should follow stipulations in their recognized standards (see <i>Overview</i> ). The ACR Forest Carbon Project Standard v2.1 requires project proponents to demonstrate clear and uncontested land title exists although it does not have to be in the name of the proponent. <sup>212</sup>
Enhanced Livelihoods & Labor Rights	According to section 5.4 of the ACR Nested REDD+ Standard, projects must enhance social and economic well-being of affected communities. <sup>213</sup> The ACR Forest Carbon Project Standard v2.1 does not explicitly mention livelihood safeguards.

<sup>210</sup> American Carbon Registry Website. About Us. <http://americancarbonregistry.org/>

Benefit Sharing	According to section 5.4 of the ACR Nested REDD+ Standard, benefit sharing must be “full and transparent” though there is no further guidance on how this should be carried out. The ACR Forest Carbon Project Standard v2.1 does not explicitly mention benefit sharing safeguards.
Avoided Resettlement	Section 5.4 of the ACR Nested REDD+ Standard specifies that projects involving either voluntary or involuntary relocation are not eligible. The ACR Forest Carbon Project Standard v2.1 does not explicitly mention avoided resettlement.
Environmental Criteria	The Environmental and Social Safeguards Section (Section 5) of the ACR Nested REDD+ Standard suggests environmental safeguards should follow stipulations in their recognized standards (see <i>Overview</i> ). Additionally section 5.4 states projects must demonstrate an enhancement of biodiversity and other ecosystem services. <sup>214</sup> The ACR Forest Carbon Project Standard v2.1 requires net overall environmental impacts to be positive. <sup>215</sup>
Procedural Criteria	Section 5 of the ACR Nested REDD+ Standard suggests governance safeguards follow stipulations in their recognized standards (see <i>Overview</i> ). <sup>216</sup> Governance safeguards are generally not mentioned in the ACR Forest Carbon Project Standard v2.1. Both standards require projects to adhere to <i>ACR Validation and Verification Guidelines</i> which state validation and verification must be carried out by an accredited, independent verifier.

## Carbon Fix/Gold Standard

**Overview and Objective:** CarbonFix as an organization was created in 1999 to promote A/R projects through the CDM. The CarbonFix Standard dates to 2007 and focuses on afforestation, reforestation, natural regeneration, and agro-forestry projects. CarbonFix does not accept avoided deforestation projects. In 2012 Carbon Fix was bought by the Gold Standard; the Carbon Fix approach is expected to be integrated into the Gold Standard 3.0 which will be released in 2013. CarbonFix has a single methodology comprised of various templates that must be completed on all aspects of the methodology, for example, additionality, baseline, leakage, etc.

**Applicability:** Carbon Fix is a voluntary standard intended for A/R projects. The safeguards are not legally binding, but must be adhered to in order to achieve validation and verification.

211 Ibid. American Carbon Registry Nested REDD+ Standard Version 1.0 (p. 34)

212 American Carbon Registry Forest Carbon Project Standard v2.1 (p. 19). 2011. Available at: <http://americancarbonregistry.org/carbon-accounting/forest-carbon-project-standard-v2.0/ACR%20Forest%20Carbon%20Project%20Standard%20v2.1.pdf>

213 American Carbon Registry Nested REDD+ Standard Version 1.0 (p. 38). 2012. Available at: <http://americancarbonregistry.org/carbonaccounting/acr-nested-redd-standard-v1.0>

214 Ibid. (p. 38).

215 American Carbon Registry Forest Carbon Project Standard v2.1 (p. 21). 2011. Available at: <http://americancarbonregistry.org/carbon-accounting/forest-carbon-project-standard-v2.0/ACR%20Forest%20Carbon%20Project%20Standard%20v2.1.pdf>

216 Ibid. (p. 38).



Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	According to CarbonFix Standard v3.2, FPIC is required throughout the lifetime of the project for all stakeholders which are affected by activities. <sup>217</sup>
Vulnerable Groups (Cancun Safeguard 2c)	Employment figures and payments must be disaggregated by gender. CarbonFix Standard v3.2 also requires evidence to demonstrate that child labor is not being used. <sup>218</sup>
Land Tenure & Resource Rights	The project developer must have uncontested land title for the duration of the project, <sup>219</sup> and is owner of the land, timber, and carbon rights. In cases where the project developer does not own all rights, evidence must be presented that the respective owner of the rights consents to the project for the projects lifetime. <sup>220</sup>
Enhanced Livelihoods & Labor Rights	Preference must be given to local community members for employment opportunities.. There are additional reporting requirements on working hours, salaries, and health insurance and evidence that workers can organize to negotiate with employers. <sup>221</sup>
Avoided Resettlement	CarbonFix Standard v3.2 states that potentially negative social impacts must be mitigated. To this end a description of the displacement of people must be provided. <sup>222</sup>
Environmental Criteria	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	Requires negative environmental impacts to be mitigated and net ecological impacts to be positive. Clearance of forests or draining wetlands for plantations would make project activities ineligible. <sup>223</sup>
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	Carbon Fix Standard 3.2 states negative impacts on soil erosion, nutrient availability and water quality and quantity must be mitigated. Additionally, a 15 meter buffer must be established surrounding all water courses using native species. <sup>224</sup> The Standard also requires identification of all IUCN red list species present in the project area and evidence that they will be protected. <sup>225</sup> Positive biodiversity impacts to be enhanced and negative aspects to be mitigated. At least 10% of the project area must be managed as a high conservation value area or a protected area. <sup>226</sup>
Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	Section 09 of the CarbonFix Standard v3.3 accounts for leakage causing activities (drivers) including: fuelwood use, agricultural farming, charcoal burning, resettlement, timber harvesting, and livestock grazing. Depending on the activity chosen different formulas for calculation are implemented. <sup>227</sup> Procedures 006: Assurances of Permanence describes how permanence issues are addressed including a 30% buffer pool and compensation activities such as replanting forests or purchasing CFS credits from other projects. <sup>228</sup>

217 Carbon Fix Standard v3.2 (p. 15) 2008. Available at: <http://www.carbonfix.info/CarbonFix-Standard.html>

218 Ibid. (p. 15).

219 Ibid. (p. 4).

220 Ibid. (p. 28).

221 Ibid. (p. 15).

222 Ibid. (p. 15).

223 Ibid. (p. 11).

224 Ibid. (p. 14).

225 Ibid. (p. 14).

226 Ibid. (p. 13).

227 Ibid. (p. 24).

228 Ibid. (p. 37).

Procedural Criteria	
Policies, Laws and Regulations (Cancun Safeguard 2a)	All necessary permits for implementation activities must be secured according to the Standard. <sup>229</sup>
Transparency (Cancun Safeguard 2b)	No transparency safeguard is explicitly mentioned.
Stakeholder Participation (Cancun Safeguard 2d)	In addition to the right to FPIC, CarbonFix Standard v3.2 states that a mechanism for continuous dialogue should be agreed to by stakeholders at the beginning of a project. The agreement should include information on who will represent different stakeholder groups and how frequently meetings will occur. <sup>230</sup>
Grievance Mechanism	Carbon Fix Standard v3.2 states a mechanism for solving grievances should be agreed to by all stakeholders at project inception. <sup>231</sup>
Compliance Assessment Process	Independent certification bodies validate and verify the project against socioeconomic, environmental and governance safeguards. <sup>232</sup>
Complementarity with other REDD+ standards and mechanisms	CarbonFix can be used as a standalone standard for creating credits, or can be combined with certification schemes such as the CCBS or FSC. <sup>233</sup>

## Climate Action Reserve (CAR)

**Overview and Objective:** The CAR began as a project of the State of California Climate Action Registry in 2001 and has since developed into an independent entity. CAR focuses primarily on the U.S. market, although it is in the process of developing a Forest Project Protocol for Mexico. CAR establishes standards for carbon offset projects, oversees independent third-party verification bodies, issues carbon credits generated from such projects and tracks the transaction of credits in a publicly-accessible system.<sup>234</sup> The Forest Project Protocol (Version 3.3)<sup>235</sup> provides specific guidance for the development of forest carbon projects and addresses eligibility and accounting requirements. There are no explicit safeguards, however all domestic offset projects must meet the environmental requirements of the program as well as follow relevant laws pertaining to social and environmental impacts such as the National Environmental Policy Act (NEPA) and if applicable, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). In addition, The Program Manual explicitly notes that CAR is designed to be used with additional safeguard standards.

**Applicability:** The Forest Protocol is a voluntary standard and is primarily intended for the development of reforestation, improved forest management, and avoided conversion forest carbon projects in the United States. The safeguards are not legally binding, but must be adhered to in order to achieve validation and verification. CAR forestry protocols are approved for California's Compliance offset program, allowing them to be used as Early Action Offset Credits.

229 Ibid. (p. 28).

230 Ibid. (p. 44).

231 Ibid. (p. 6) 2008.

232 Ibid. (p. 33).

233 Ibid. (p. 35).

234 Climate Action Reserve website. Accessed 3/2013. Available at: [www.climateactionreserve.org/about-us](http://www.climateactionreserve.org/about-us)

235 Forest Project Protocol, Version 3.3. 2012. Available at: [www.climateactionreserve.org/how/protocols/forest/dev/version-3-3/](http://www.climateactionreserve.org/how/protocols/forest/dev/version-3-3/)

Social Criteria	Not explicitly mentioned.
Environmental Criteria	The CAR Program Manual requires demonstration that projects do not “undermine progress on other environmental issues... [including] environmental justice.” Forests must employ either sustainable long-term harvesting or natural forest management practices. For natural forest management at least 95% of species must be native. Reforestation projects may not use broadcast fertilization. Other biodiversity or ecosystem service safeguards are not required.
Procedural Criteria	Project must be in compliance with all relevant laws. In a case of non-compliance, verifier must be notified and credits could be withheld. Forest owners must also have legal control of forest carbon in the project area and share carbon data in a transparent manner. An independent, accredited verification entity is required to verify projects.

### Climate, Communities & Biodiversity (CCB) Standard

**Overview and Objective:** The Climate, Communities & Biodiversity Alliance’s (CCBA) goal is to create rigorous standards to evaluate land-based climate change mitigation projects that create climate, biodiversity, and sustainable development benefits.<sup>236</sup> It is a partnership and initiative of non-governmental organizations, corporations, and research institutions. The Climate, Community & Biodiversity (CCB) Standards are typically used in addition to a greenhouse gas reporting/ forest carbon standard and is the dominant co-benefit standard in the voluntary market for all land-based project types, not just REDD+. The CCB Standards are used in the early phase of a project to exclusively evaluate the social and environmental performance of a project’s design (i.e. local community and biodiversity benefits).<sup>237</sup> The standards include fourteen mandatory performance criteria and three optional “Gold Level” measures. Only projects using best practices and providing significant climate, community and biodiversity benefits earn CCB approval.

**Applicability:** The CCB Standards are a set of voluntary safeguard guidelines which can be applied to carbon offset projects to demonstrate additional benefits beyond carbon mitigation. As guidelines, the CCB Standards are not legally binding. The Standards can be applied to all forestry, agriculture, and other land-use projects.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	The General Section on Legal Status and Property Rights (G5) requires free, prior and informed consent to be obtained in instances where land rights will be affected or where resettlement will occur. <sup>238</sup>
Vulnerable Groups (Cancun Safeguard 2c)	One of the principles of effective consultation outlined in the General Section on Project Designs and Goals (G3) is that they must give a “gender and inter-generationally inclusive” design. <sup>239</sup> The Gold Level has a section on Exceptional Community Benefits (GL2) and requires projects to be “explicitly pro-poor.”

236 Communities, Climate & Biodiversity Alliance. CCB Standards, Mission and Goals.

237 Carbon Offset Research & Education (CORE), “The Climate, Community & Biodiversity Standards.” Website. Available at: <http://www.co2offsetresearch.org/policy/CCBS.html>

238 Climate, Community, and Biodiversity Project Design Standards Second edition (p. 20). 2008. Available at:

[https://s3.amazonaws.com/CCBA/Upload/ccb\\_standards\\_second\\_edition\\_december\\_2008+\(1\).pdf](https://s3.amazonaws.com/CCBA/Upload/ccb_standards_second_edition_december_2008+(1).pdf)

239 Ibid. (p. 17).

Land Tenure & Resource Rights	The General Section on Legal Status and Property Rights (G5) states that a mechanism must be developed to address unresolved issues related to land tenure. <sup>240</sup> In cases where disputes exist, project developers must find a resolution before the start date of the project.
Enhanced Livelihoods & Labor Rights	Community Section 1 (CM1) stipulates that the net impact on community's socio-economic well-being must be positive. <sup>241</sup> Community Section 2 (CM2) states that impacts on off-site stakeholders should, at the very least, be neutral. <sup>242</sup> The Gold Level (GL2) requires exceptional benefits to be provided to communities.
Benefit Sharing	Community Section 1 (CM1) requires the costs and benefits of implementation to be equitably shared between communities and stakeholders. <sup>243</sup>
Avoided Resettlement	The General Section on Legal Status and Property Rights (G5) specifies projects must not involve the involuntary resettlement of people or their livelihood activities. Where resettlement does occur with free, prior, and informed consent, adequate compensation must be provided. <sup>244</sup>
<b>Environmental Criteria</b>	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	The Biodiversity section (B1) states that invasive species populations must not increase and the use of GMO's is prohibited. <sup>245</sup>
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	The Community Section on Net Positive Community Impacts (CM1) requires that the projected impacts on ecosystem services, including water and soil resources, must be documented against the project baseline. <sup>246</sup> The net benefit must be found to be positive. The Biodiversity section (B1) specifies that net biodiversity impacts must be positive and High Conservation Values within the project should be enhanced or maintained.
Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	Issues related to permanence are deferred to the VCS Standard. Leakage requirements are stipulated in Offsite Climate Impacts (CL2) which requires leakage types to be identified and mitigated to the greatest extent possible. Unmitigated leakage should be subtracted from net carbon benefits. <sup>247</sup>
<b>Procedural Criteria</b>	
Policies, Laws and Regulations (Cancun Safeguard 2a)	The General Section on Legal Status and Property Rights (G5) requires projects to document all relevant local and national laws and international treaties and agreements and provide assurances on how these regulations will be adhered to. <sup>248</sup>
Transparency (Cancun Safeguard 2b)	Monitoring of biodiversity, community, and climate safeguards must be publicly available and published on the internet.
Stakeholder Participation (Cancun Safeguard 2d)	The General Section on Project Designs and Goals (G3) requires evidence that community members have been effectively consulted in the project design, allowing stakeholders to communicate their concerns and desired outcomes. Further, a

240 Ibid. (p.20).

241 Ibid. (p. 25).

242 Ibid. (p. 27).

243 Ibid. (p. 20).

244 Ibid. (p. 20).

245 Ibid. (p. 28).

246 Ibid. (p. 25).

247 Ibid. (p. 23).

248 Ibid. (p. 20).

	mechanism must be devised to continue consultations throughout the lifetime of the project. <sup>249</sup>
Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	The Climate (CL3), Community (CM3), and Biodiversity (B3) sections all require monitoring systems to be developed within 12 months of validation. <sup>250</sup> A mechanism to disseminate information must also be created and monitoring results must be posted online.
Grievance Mechanism	The General Section on Project Designs and Goals (G3) requires a formalized process for responding to grievances within 30 days, facilitated by an independent mediator. <sup>251</sup>
Compliance Assessment Process	CCBA requires an independent validation and verification from accredited auditors to ensure safeguards are being met. Verifications must be carried out at least every five years. <sup>252</sup>
Complementarity with other REDD+ standards and mechanisms	The CCB Standard can be combined with any variety of REDD+ and other forest carbon standards to demonstrate community and biodiversity benefits. The CCBA and VCS have recently partnered to streamline dual registration with both the VCS and CCB Standard. Project proponents can now use the same templates for project descriptions, monitoring and implementation reports, validation reports and verification reports. <sup>253</sup>

## Panda Standard

**Overview:** The Panda Standard is the first voluntary standard designed explicitly for domestic projects in China. The Panda Standard arises out of the concern for the livelihoods and exposure to climate change impacts of China’s rural poor. It was founded in 2009 by a mix of public and private organizations including the China Beijing Environment Exchange, BlueNext S.A., Winrock International, and the China Forestry Exchange.

**Applicability:** The Panda Standard is aimed at project developers in several sectors, including forestry, wishing to develop carbon offset projects in China.

Social Criteria	The Panda Standard v1.0 states projects must produce net-positive socio-economic impacts. Project impacts on communities, both directly and indirectly effect, must be assessed, mitigated, and monitored and verified by third party auditors. <sup>254</sup>
Environmental Criteria	The Panda Standard specifies that projects must produce net-positive environmental impacts. Environmental impacts must be assessed, mitigated, and monitored and verified by third party auditors. <sup>255</sup>
Procedural Criteria	Project impacts must be in compliance with Chinese law <sup>256</sup> and a number of third party Designated Operational Entities have been certified for validation and verification under the standard. <sup>257</sup> Other governance safeguard issues are not specifically addressed.

249 Ibid. (p. 20).

250 Ibid. (pp. 24, 27, 31).

251 Ibid. (p. 17).

252 Ibid. (p. 18).

253 VCS: VCS + Climate, Community & Biodiversity (CCB) Standards. Available at: <http://v-c-s.org/VCS-and-CCB>

254 Panda Standard V 1.0 (p. 13) 2009: Available at: [http://www.pandastandard.org/downloads/PandaStandard\\_v1ENGLISH.pdf](http://www.pandastandard.org/downloads/PandaStandard_v1ENGLISH.pdf)

255 Ibid. (p. 13).

## Plan Vivo

**Overview and Objective:** Plan Vivo Standard is a voluntary standard designed to be accessible for smallholder and community based projects, and arises out of a pilot project originally supported by the UK Department for International Development (DFID). The standard is underpinned by four principles: (i) livelihoods, (ii) transfer [of capacity] and continuous improvement [of projects], (iii) restoring and conserving native ecosystems, and (iv) equitable distribution of benefits.<sup>258</sup> Originally released in 2008, the standard is currently undergoing revision and awaiting approval from the Plan Vivo board of trustees. To date about 1.5 million carbon credits have been issued using the standard.

**Applicability:** Plan Vivo is a voluntary standard intended for community-led projects involving afforestation, reforestation, agro-forestry, forest conservation, forest restoration, and avoided deforestation. The safeguards are not legally binding, but must be adhered to in order to achieve validation and verification.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	No FPIC safeguard is explicitly mentioned.
Vulnerable Groups (Cancun Safeguard 2c)	No safeguards for vulnerable groups or gender are explicitly mentioned.
Land Tenure & Resource Rights	Section 1.5.3 of the Plan Vivo Standard (2008) states a producer is a small-scale land user with secure and recognized land tenure or user rights. <sup>259</sup>
Enhanced Livelihoods & Labor Rights	The Requirements for Technical Specifications <sup>260</sup> of the Plan Vivo Standard (2008) requires evidence that livelihood benefits will go beyond payments from carbon credits.
Benefit Sharing	The Plan Vivo Standard (2008) requires an “equitable system” to determine payments to producers. <sup>261</sup>
Avoided Resettlement	No avoided resettlement safeguard is explicitly mentioned.
Environmental Criteria	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	According to the Plan Vivo Standard (2008), planting activities must be restricted to native or naturalized species and not within immediate proximity of conservation areas. <sup>262</sup>
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	Requires evidence that project will not adversely affect water quality or water table levels. <sup>263</sup> The Project Idea note also must prove the project will produce additional ecosystem benefits. <sup>264</sup> The Requirements for Technical Specifications <sup>265</sup> also

256 Ibid. (p. 13).

257 Panda Standard: Third party Audit Program. Available at: <http://www.pandastandard.org/standard/audit.html>

258 Plan Vivo Website. Plan Vivo Principles. Available at: <http://www.planvivo.org/what-is-plan-vivo/>

259 The Plan Vivo Standards (p.43). 2008. Available at: <http://www.planvivo.org/documents/standards.pdf>

260 Ibid. (p. 32).

261 Ibid. (p. 44).

262 Ibid. (p. 43).

263 Ibid. (p. 33).

264 Ibid. (p. 29).

265 Ibid. (p. 33).

	requires biodiversity to be taken into account by project developers, and impacts should be anticipated to be positive.
Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	Section 3.2 requires measures to mitigate reversals from risks from fire, drought or hurricanes, pests and diseases, security of tenure, political or social instability must all be identified and mitigated where possible. <sup>266</sup> A risk buffer is recommended (minimum of 10%). Similarly Section 3.2 states leakage should be mitigated where possible, and a leakage assessment tool is available in the Plan Vivo Guidance Manual. <sup>267</sup>
<b>Procedural Criteria</b>	
Policies, Laws and Regulations (Cancun Safeguard 2a)	According to the Plan Vivo Standard (2008), projects must obtain “all necessary legal permissions” needed to implement activities. <sup>268</sup>
Transparency (Cancun Safeguard 2b)	Transparent governance is listed as a guiding principle of the Plan Vivo Standard (2008). <sup>269</sup> This is reflected throughout the standard with requirements for transparent governance structures, <sup>270</sup> transparent assumptions for carbon accounting, <sup>271</sup> transparent audited financial accounts, <sup>272</sup> transparent system of payments, <sup>273</sup> and annually published reports on the internet. <sup>274</sup>
Stakeholder Participation (Cancun Safeguard 2d)	The Plan Vivo Standard (2008) requires a community led planning process and meetings with local stakeholders, which can be verified by meeting minutes or lists of attendees. <sup>275</sup>
Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	Monitoring reports must be provided to Plan Vivo on an annual basis. <sup>276</sup>
Grievance Mechanism	No conflict resolution safeguard is explicitly mentioned.
Compliance Assessment Process	At validation, projects are assessed by an expert reviewer selected by the Plan Vivo Foundation, who will assess compliance with all relevant safeguards. The verification process is carried out by an approved third-party verifier within five years of project registration. <sup>277</sup>
Complementarity with other REDD+ standards and mechanisms	The Plan Vivo Standard does not explicitly mention complementarity with other standards.

266 Ibid. (p. 32).

267 Ibid. (p. 30).

268 Ibid. (p. 39).

269 Ibid. (p. 18).

270 Ibid. (p. 23).

271 Ibid. (p. 32).

272 Ibid. (p. 38).

273 Ibid. (p. 44).

274 Ibid. (p. 18).

275 Ibid. (p. 44).

276 Ibid. (p. 35).

277 Ibid. (p. 37).



## SocialCarbon

**Overview and Objective:** SocialCarbon is a standard that focuses specifically on the sustainable development benefits generated by voluntary emission reduction projects by assessing economic, environmental and social impacts on communities. SocialCarbon measures a project’s sustainability using carbon, biodiversity, social, financial, human and natural criteria and is based on the concept of “*continuous improvement*.” This means that there are no minimum thresholds for compliance, but rather that projects need to constantly improve upon criteria referred to in the standard. SocialCarbon does not cover carbon baselines/reference levels and monitoring methodologies, therefore is used in conjunction with a carbon accounting standard. The standard can be applied to a variety of project types including renewable energy, landfill, forestry, and fuel witch projects.

**Applicability:** SocialCarbon is a set of voluntary safeguard guidelines which can be applied to carbon offset projects to demonstrate additional benefits beyond carbon mitigation. The safeguards are not legally binding.

Social Criteria	Section 3 of version 2.1 of Indicators for Forest Projects under the SocialCarbon Standard includes a variety of indicators addressing Land Tenure/Resource Rights, enhanced livelihoods, benefit sharing, and avoided resettlement. <sup>278</sup> However, as the standard is based on continuous improvement there is no minimum requirement for achieving each indicator. The Indicators for Forest Projects does not specifically address gender or vulnerable groups or the need to implement Free, Prior, and Informed Consent.
Environmental Criteria	Version 2.1 of Indicators for Forest Projects under the Social Carbon Standard includes at least 14 indicators related to water quality, protected areas, ecosystem services, and soil quality. <sup>279</sup>
Procedural Criteria	Version 2.1 includes indicators related to stakeholder participation, consultation, legal compliance, and conflict resolution. There are not, however, specific indicators related to safeguard monitoring or transparency. A number of third-party certifying entities have been approved by SocialCarbon to audit projects.

## Verified Carbon Standard (VCS)

**Overview and Objective:** The VCS was founded to “provide a robust quality assurance standard for GHG emission reduction projects with the purpose of issuing credits for voluntary markets.”<sup>280</sup> The VCS is the major voluntary carbon standard comprising 58% of 2011 overall voluntary market share, having produced 2.5 million tonnes of carbon dioxide equivalent emission reductions in verified carbon units (VCUs) from 12 projects across different development stages.<sup>281, 282</sup> At the time of writing over 119 million carbon credits (VCUs) for all project types have been issued.<sup>283</sup> Of the 989 projects registered to date under VCS, 70 are classified as Agriculture, Forestry, and other Land Use (AFOLU) projects.

278 SocialCarbon Standard: Indicators for Forest Projects (p. 3-10). Available at: [http://www.socialcarbon.org/wp-content/themes/socialcarbon/docs/SOIALCARBON\\_indicators\\_for\\_forest\\_projects\\_v\\_2.1\\_6\\_3.pdf](http://www.socialcarbon.org/wp-content/themes/socialcarbon/docs/SOIALCARBON_indicators_for_forest_projects_v_2.1_6_3.pdf)

279 Ibid (pp. 10-14).

280 Verified Carbon Standard Website. Our Mission. Available at: <http://v-c-s.org/who-we-are/mission-history>.

281 Peters-Stanley, K. Hamilton. (2012). Developing Dimension: Peters-Stanley, K. Hamilton. (2012). Developing Dimension: State of the Voluntary Carbon Market 2012. Ecosystem Marketplace publication. Carbon Market. 2012. Ecosystem Marketplace publication.

282 REDD projects under the VCS reduced 2.5 MtCO<sub>2</sub>e from 12 projects across different development stages.

283 Verified Carbon Standard Website. Available at: <http://www.vcsprojectdatabase.org/> (Keyword search “REDD”). Last checked 2 April 2013.

The VCS Standard (current version, 3.3) is comprised of criteria and procedures, and approved methodologies. REDD+ projects are subject to the additional AFOLU Requirements (current version, 3.3), and specific methodologies are approved which define a set of criteria and procedures for a given project type (for example avoided unplanned deforestation). The AFOLU Requirements v3.3 are applicable at the project level for REDD+.

Complementing the project-level approach, the VCS has also created the Jurisdictional and Nested REDD+ (JNR) Requirements V 3.0 which were released in October 2012. The JNR provides a standard for integrating projects, jurisdictional and/or national REDD+ systems under a voluntary crediting framework. In relation to safeguards, the VCS JNR Requirements 3.0 must also follow the socio-economic impact requirements in AFOLU Requirements v3.3. The VCS has also recently created a partnership with the CCBA to promote dual registration/certification with both the VCS and CCB and provide a more robust system for accounting for social and environmental safeguards.

**Applicability:** VCS is a voluntary standard intended for a wide variety of project types including REDD+. The safeguards are not legally binding, but must be adhered to in order to achieve validation and verification. In the table below requirements for both AFOLU and JNR are listed; safeguard requirements for AFOLU are also applicable to JNR.

Social Criteria	
Free, Prior and Informed Consent (FPIC) (Cancun Safeguard 2c and 2d)	FPIC is not explicitly required in either the AFOLU Requirements v 3.3 or JNR Requirements v 3.0. However, JNR Requirements 3.0 require monitoring reports for how Cancun's Safeguards are being addressed, which do include a reference to UN DRIP.
Vulnerable Groups (Cancun Safeguard 2c)	Safeguards related to vulnerable groups or gender are not explicitly mentioned in AFOLU Requirement v3.3, JNR Requirements 3.0, or the VCS Standard 3.3. JNR Requirements 3.0 do however require monitoring reports from jurisdiction indicating how they are adhering to the Cancun safeguards, which states REDD+ should <i>"...respect for the knowledge and rights of indigenous peoples and members of local communities."</i>
Land Tenure & Resource Rights	The VCS Standard v3.3 and AFOLU Requirements 3.3 requires project proponents to provide evidence of land use rights. Land tenure or resource rights are not explicitly mentioned in JNR Requirements 3.0.
Enhanced Livelihoods & Labor Rights	The AFOLU Requirements v3.3 states projects proponents must identify and mitigate negative socio-economic impacts, a requirement also mentioned in the JNR Requirements 3.0 <sup>284, 285</sup> Both Requirements also mention the use of the CCB Standard to show additional benefits beyond carbon mitigation.
Benefit Sharing	Safeguards related to benefit sharing are not explicitly mentioned in AFOLU Requirement v3.3, JNR Requirements 3.0, or the VCS Standard 3.3.
Avoided Resettlement	Safeguards related to avoided resettlement are not explicitly mentioned in AFOLU Requirement v3.3, JNR Requirements 3.0, or the VCS Standard 3.3.

284 Agriculture, Forestry and Other Land Use (AFOLU) Requirements VCS Version 3 Requirements Document (p. 6) 2012. Available at: [http://v-c-s.org/sites/v-c-s.org/files/AFOLU%20Requirements%20v3.3\\_0.pdf](http://v-c-s.org/sites/v-c-s.org/files/AFOLU%20Requirements%20v3.3_0.pdf)

285 Jurisdictional and Nested REDD+ (JNR) Requirements VCS Version 3 Requirements Document (p. 18) 2012. Available at: <http://v-c-s.org/sites/v-c-s.org/files/Jurisdictional%20and%20Nested%20REDD%2B%20Requirements%2C%20v3.0.pdf>

Environmental Criteria	
Mitigate negative environmental impacts (Cancun Safeguard 2e)	AFOLU Requirements v3.3 states project proponents must identify and mitigate negative environmental impacts, and the application of FSC or CCB standards is recommended. JNR Requirements 3.0 require monitoring reports from jurisdictions outlining how negative environmental impacts are being avoided or mitigated.
Biodiversity and other ecosystem services (Cancun Safeguard 2e)	No ecosystem services safeguard is explicitly mentioned in AFOLU Requirement v3.3, JNR Requirements 3.0, or the VCS Standard 3.3. Further, Safeguards related to biodiversity are not explicitly mentioned in AFOLU Requirement v3.3 or JNR Requirements 3.0, though they both mention applying the CCB Standard to demonstrate such safeguards are being implemented.
Address risk of reversals and displacement of emissions (Cancun Safeguard 2f and 2g)	In AFOLU Requirement v3.3, project proponents must use the AFOLU Non-Permanence Risk Tool, <sup>286</sup> which will determine the proportion of credits that must be deposited into a pooled buffer account. The AFOLU Requirement also dictates the monitoring of market leakage, activity shifting leakage, and ecological leakage where applicable. The VCS also accepts the <i>A/R methodological Tool for testing significance of GHG Emissions in A/R CDM Project Activities</i> . <sup>287</sup> The AFOLU tool provides significant guidance for monitoring leakage, which for REDD+ project involves the establishment of a leakage belt for avoided unplanned deforestation projects, and for planned deforestation leakage may require national-level monitoring. <sup>288</sup> As of the writing of this paper, leakage and non-permanence assessments are under development for the JNR Requirements. The JNR Requirements v3.0 require monitoring reports from jurisdictional proponents on how Cancun Safeguards are being addressed, which include reversals and displacement of emissions.
Procedural Criteria	
Policies, Laws and Regulations (Cancun Safeguard 2a)	VCS Standard v3.3 requires all VCS projects to abide by all laws, statutes, and regulatory frameworks relevant to the project's implementation. <sup>289</sup> Further, the AFOLU Requirements v3.3 states that projects must demonstrate that they are in compliance with applicable laws, even if they are not enforced. <sup>290</sup>
Transparency (Cancun Safeguard 2b)	The JNR Requirements v3.0 states that project development must be transparent and refers to REDD+ SES, FCPF <i>Guidelines on Stakeholder Engagement in REDD+ Readiness</i> , or UN-REDD guidelines as a basis for transparency requirements. <sup>291</sup> The AFOLU v3.3 and VCS Standard v3.3 do not explicitly mention transparency beyond GHG accounting.
Stakeholder Participation (Cancun Safeguard 2d)	JNR Requirements v3.0 states that all stakeholders must be consulted, and refers to the REDD+ SES, FCPF <i>Guidelines on Stakeholder Engagement in REDD+ Readiness</i> , or UN-REDD procedures as a basis to guide in the consultation process. <sup>292</sup> The AFOLU v3.3 and VCS Standard v3.3 do not explicitly mention stakeholder participation.

286 AFOLU Non-Permanence Risk Tool, v3.2 2012. Available at: <http://v-c-s.org/program-documents/afolu-non-permanence-risk-tool-v32>

287 Agriculture, Forestry and Other Land Use (AFOLU) Requirements VCS Version 3 Requirements Document (p. 51) 2012.

288 Ibid. (p. 55).

289 VCS Standard Version 3 (p. 23).

290 Ibid. (p. 6).

291 Jurisdictional and Nested REDD+ (JNR) Requirements VCS Version 3 Requirements Document. 2012.

292 Ibid. (p. 18).

Safeguards Information System (SIS) – Monitoring and Reporting (UNFCCC Decision 12/CP.17)	The JNR requirements v3.0 states that monitoring reports must be provided which contain information on how the Cancun Safeguards are being addressed. <sup>293</sup> Jurisdictions are also responsible for creating procedures for monitoring and provide monitoring information on how other relevant national and sub-national safeguards are being addressed. By comparison the AFOLU Requirements v3.3 refers more explicitly to monitoring of GHG information, though it states that “any additional information relevant to monitoring” should also be included. <sup>294</sup>
Grievance Mechanism	The JNR Requirements v3.0 stipulate the development of a grievance resolution mechanism, and points to Principle 6.6 of REDD+ SES for additional guidance. <sup>295</sup> The AFOLU Requirements v3.3 and the VCS Standard v3.3 do not explicitly mention grievance mechanisms.
Compliance Assessment Process	The AFOLU Requirements v3.3 states that an independent validation and verification proving the VCS rules and methodologies have been followed. JNR Requirements v3.0 reiterate the requirements of the AFOLU methodology and state that a verification must occur every five years which includes information on how social and environmental safeguards are being addressed. <sup>296</sup>
Complementarity with other REDD+ standards and mechanisms	VCS can be used as a standalone carbon methodology or combined with other certifications such as CCB or SocialCarbon. The VCS has created a partnership with the CCBA to streamline dual registration with both the VCS and CCB Standard. Project proponents can now use the same templates for project descriptions, monitoring and implementation reports, validation reports and verification reports. <sup>297</sup>

## A.5 Complementary Social and Environmental Mechanisms

### A.5.1 International Law-based

#### Convention on Biological Diversity (CBD)

**Overview and Objective:** The CBD was adopted in 1992 along with the UNFCCC and UNCCD at the Rio Earth Summit. It is relevant to forest carbon initiatives, especially REDD+ because there are a variety of overlapping issues including legal compliance, governance, monitoring and reporting, and safeguards. Acknowledging these synergies, the CBD has adopted decisions at the 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> Conference of the Parties (2008, 2010 and 2012 respectively) that address the linkages between climate change and biodiversity, specifically focusing on risk avoidance and safeguards. These decisions on safeguard issues are more detailed than the UNFCCC (COP16 and 17) decisions and provide countries guidance on maximizing biodiversity and ecosystem service co-benefits. Also relevant, the CBD established The Akwé: Kon Voluntary Guidelines for

<sup>293</sup> Ibid.

<sup>294</sup> Agriculture, Forestry and Other Land Use (AFOLU) Requirements VCS Version 3 Requirements Document (p. 22) 2012.

<sup>295</sup> Ibid. (p. 22).

<sup>296</sup> Ibid. (p. 41).

<sup>297</sup> VCS + Climate, Community & Biodiversity (CCB) Standards: Available at: <http://v-c-s.org/VCS-and-CCB>

the Conduct of Cultural, Environmental and Social Impact Assessments in 2004, designed to complement existing national impact assessment procedures.

**Applicability:** Decisions adopted by the CBD COP apply to participating countries and are politically binding. They are not strictly legally binding.

Social Criteria	<p>Decision XI/19, Annex I (COP11)<sup>298</sup> stresses enhancing multiple benefits for indigenous and local communities through REDD+ activities. The decision also encourages parties and governments to address social safeguards including: clarifying tenure, land zoning and land-use planning, the equitable distribution of benefits for relevant stakeholders, shared responsibility of domestic forest governance, traditional knowledge, and promoting full and effective participation.</p> <p>In addition to the COP11 decisions, the CBD also addresses social issues by supporting rights to FPIC, UNDRIP as well as fair and equitable sharing of benefits from genetic resources or traditional knowledge in the Nagoya Protocol (2010).</p>
Environmental Criteria	<p>Decision XI/19 (COP11) and Decision XI/21 (COP11)<sup>299</sup> both specify guidance on how to incorporate biodiversity and ecosystem considerations in climate change activities including REDD+. It emphasizes aiming for multiple benefits and states that the risk of adverse impacts on biodiversity could be addressed by:</p> <ol style="list-style-type: none"> <li>1. <i>Applying the ecosystem approach and its operating guidelines (decisions V/6andVII/11) and identifying sites of high biodiversity value to prioritize their conservation (decision X/31)</i></li> <li>2. <i>Gathering information on the progress towards achieving relevant Aichi Biodiversity Targets and promoting regional and sub-regional collaboration on this activity</i><sup>300</sup></li> </ol> <p>Decision X/33 (COP10)<sup>301</sup> also provides detailed guidance on: reducing biodiversity impacts of climate change mitigation and adaptation measures, ecosystem-based approaches for mitigation, valuation and incentive measures, and ways to achieve bio-diversity co-benefits.</p>
Procedural Criteria	<p>Article 26 of the Convention established national reporting with the objective of providing information on the measures taken and their effectiveness. The national reports are requested every four years with the next one due in March of 2014. This report will look at progress towards the implementation of the Strategic Plan for Biodiversity 2011-2020 and the Aichi Biodiversity. This reporting process is relevant to the UNFCCC and REDD+ as there are synergies in information as well as in existing governance and institutional structures and procedures. Relevant CBD COP decisions addressing these issues include:</p> <p>Decision X/33 (7) <i>Suggests that Parties consider developing mechanisms to streamline reporting and data collection related to the biodiversity and climate change interface at the national and subnational level, in accordance with national circumstances.</i></p> <p>Decision XI/21 (6) Encourages parties to:</p>

298 UNEP/CBD/COP/DEC/XI/19. Biodiversity and climate change related issues: advice on the application of relevant safeguards for biodiversity with regard to policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forest and enhancement of forest carbon stocks in developing countries. 2012.

Available at: [www.cbd.int/doc/decisions/COP-11/cop-11-dec-19-en.pdf](http://www.cbd.int/doc/decisions/COP-11/cop-11-dec-19-en.pdf)

299 UNEP/CBD/COP/DEC/XI/21. Biodiversity and climate change: integrating biodiversity considerations into climate-change related activities. 2012. Available at: <http://www.cbd.int/doc/decisions/cop-11/cop-11-dec-21-en.pdf>

300 UNEP/CBD/COP/DEC/XI/19.

301 UNEP/CBD/COP/DEC/X/33. Biodiversity and climate change. 2010. Available at: [www.cbd.int/doc/decisions/cop-10/cop-10-dec-33-en.pdf](http://www.cbd.int/doc/decisions/cop-10/cop-10-dec-33-en.pdf)

- *Strengthen knowledge and information, including comparable data sets, and related research and monitoring activities on the linkages between biodiversity, climate change and human well-being*
- *Promote synergies between biodiversity and climate-change policies and measures;*
- *Support the strengthening of inventorying and monitoring of biodiversity and ecosystem services at appropriate scales in order to evaluate the threats and likely impacts of climate change and both positive and negative impacts of climate-change mitigation and adaptation on biodiversity and ecosystem services;*
- *Consider reviewing land-use planning with a view to enhancing ecosystem-based adaptation to climate change, such as the role of mangroves in adapting to changes in sea level;*

Decision XI/19 (6) *Urges Parties, other Governments, and relevant organizations to fully implement the relevant provisions and decisions of the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change in a coherent and mutually supportive way;*

## United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)

**Overview and Objective:** The UNDRIP was adopted by the UN General Assembly during its 61<sup>st</sup> session in September 2007. The Declaration lays out the individual and collective rights of indigenous peoples (IPs) and *“emphasizes the rights of indigenous peoples to maintain and strengthen their own institutions, cultures and traditions, and to pursue their development in keeping with their own needs and aspirations.”*<sup>302</sup> UNDRIP is relevant to REDD+ and forest carbon projects and is mentioned in the Cancun Safeguards, UN-REDD Safeguards and REDD SES.

**Applicability:** UNDRIP is not a legally binding document, however it forms part of the fabric of international human rights law and has obtained near universal support from parties.

### Social Criteria

The Declaration confirms a wide range of basic human rights and fundamental freedoms of indigenous peoples and outlaws discrimination against them. Among these are the right to unrestricted self-determination and inalienable rights to the ownership, use and control of lands, territories and other natural resources.

The Declaration highlights the requirement for FPIC, specifying that *“indigenous peoples have the right to participate in decision-making in matters which would affect their rights...”*<sup>303</sup> and that parties *“must consult and cooperate in good faith with indigenous peoples concerned in order to obtain their free, prior and informed consent”*<sup>304</sup> before adopting and implementing any measures and projects that may affect them.

The Declaration requires States to *“provide effective mechanisms for prevention of, and redress for, any action which has the aim or effect of dispossessing aboriginals of their lands, territories or resources,”*<sup>305</sup> signifying that IPs are entitled to fair redress when their lands or livelihoods are compromised.

The Declaration also provides for *“fair and mutually acceptable procedures”* to resolve

302 Frequently Asked Questions: Declaration on the Rights of Indigenous Peoples United Nations Permanent Forum on Indigenous Issues. Available at: [http://www.un.org/esa/socdev/unpfii/documents/FAQsindigenoUSD\\_eclaration.pdf](http://www.un.org/esa/socdev/unpfii/documents/FAQsindigenoUSD_eclaration.pdf)

303 United Nations Declaration on the Rights of Indigenous Peoples, A/61/L.67/Annex, Art.18.

304 Ibid. A/61/L.67/Annex, Art 19.

305 Ibid. A/61/L.67/Annex, Art 8(2).

	<p>conflicts between IPs and States, including negotiations, mediation, arbitration, national courts and international and regional mechanisms for denouncing and examining human rights violations.</p> <p>Seventeen articles of the Declaration deal with indigenous culture and recognize rights in terms of maintaining and developing IPs own political, religious, cultural and educational institutions along with the protection of their cultural and intellectual property.</p>
Environmental Criteria	The environment is not addressed.
Procedural Criteria	As previously mentioned in <i>Applicability</i> , UNDRIP is not legally binding, therefore there is no governance or assessment of its application.

## A.5.2 NGO, Voluntary Markets, Private Sector

### Certifications and Labeling

**Overview and Objective:** Certification and labeling schemes create performance requirements related to internal business processes, certification of products and services and access to markets. Most certification schemes set voluntary standards and provide an independent certification system, aiming to improve the sustainability of private companies and organizations by reducing environmental and/or social impacts. Here we review four certification schemes closely related to forests, forest carbon and REDD+. Implementation of these standards could significantly impact greenhouse gas emission reductions goals and complement social and environmental safeguard standards within forest carbon and REDD+ programs.

*Forest Stewardship Council (FSC):* Founded in 1993 by WWF, other environmental NGOs, timber traders, indigenous peoples groups and forest worker organizations, the FSC seeks to promote sustainable forestry management. It is represented in more than 80 countries and currently certifies 131 million hectares of forests (mostly in boreal and temperate forests in the northern hemisphere).<sup>306</sup>

*Programme for the Endorsement of Forest Certification (PEFC):* Established in 1999, the PEFC is a non-profit dedicated to promoting sustainable forestry management through independent third-party certification and facilitates the development of national or regional forest certification systems. PEFC claims it is the certification system of choice for small forest owners including family and community owned forests. Represented in 36 countries, PEFC is the world's largest forest certification system certifying 247 million hectares from over 750,000 forest owners.<sup>307</sup>

*Fairtrade:* Created in 1997, Fairtrade international was divided into two organizations in 2004 with Fairtrade International (FLO) setting standards and providing business support and FLO-CERT which inspects and certifies. Fairtrade standards are applied to small producers' organizations, traders and hired labor and are designed to tackle poverty, poor labor conditions and empower local communities. Members include three producer networks, 19 national Fairtrade organizations (covering 27 countries), three marketing organizations, and two associate members.<sup>308</sup>

306 Merger, E., Dutschke, M., Verchot, V. Options for REDD+ Voluntary Certification to Ensure Net GHG Benefits, Poverty Alleviation, Sustainable Management of Forests and Biodiversity Conservation. Forests 2011.

307 PEFC Website. Accessed 3/2013. Available at: [www.pefc.org](http://www.pefc.org).

308 Fairtrade Website. Accessed 3/2013. Available at: [www.fairtrade.net](http://www.fairtrade.net).



*ISO 14000*: ISO (International Organization for Standardization) is the world's largest developer of voluntary international standards. ISO 14000 was established in 2006 and is a family of standards related to environmental management that exists to help organizations (a) minimize how their operations negatively affect the environment (i.e. cause adverse changes to air, water, or land); (b) comply with applicable laws, regulations, and other environmentally oriented requirements, and (c) continually improve in the above.<sup>309</sup>

**Applicability:** Companies, individuals and organizations who seek certification are required to fulfill the certification standards and verification process.

Social Criteria	<p>FSC and PEFC have provisions to respect the rights and livelihoods of local stakeholders (including customary rights), require land tenure and resource rights to be clarified, establish grievance mechanisms, and ensure that stakeholders are fully and fairly consulted. Furthermore, both standards require the full application of FPIC and stipulate capacity building and employment generation.<sup>310</sup></p> <p>Fairtrade emphasizes sustainable livelihoods, socio-economic development of small producers and local communities and the application of international social conventions and declarations including the Universal Declaration of Human Rights, UNDRIP and ILO 193 to address discrimination and labor standards.<sup>311</sup></p> <p>ISO 14000 does not apply to social issues.</p>
Environmental Criteria	<p>FSC and PEFC specify criteria and procedures on sustainable forestry management and biodiversity conservation including design of management plans, maintenance of ecosystem services, avoidance of natural forest conversion, conservation of rare and endangered species, and consideration of social and cultural values of biodiversity.<sup>312</sup></p> <p>Fairtrade requires that producers' agricultural and environmental practices are sustainable, minimizes risk and protects and enhances biodiversity. Criteria include environmental management procedures, pest management, soil and water protection, waste management, biodiversity, genetically modified organisms (GMO) and energy and greenhouse gases.<sup>313</sup></p> <p>The most relevant of ISO 14000 standards to forest carbon and REDD+ is the ISO 14064 which specifies requirements for the quantification and reporting of greenhouse gas emissions and removals at a project and organization level. It includes requirements for the design, development, management, reporting and verification of an organization's or project's greenhouse gas inventory.<sup>314</sup></p>
Procedural Criteria	<p>All standards contain minimum requirements which entities seeking certification must fulfill to receive certification, as well as progress requirements that demonstrate improvements over time.</p>

309 Merger, E., Dutschke, M., Verchot, V. Options for REDD+ Voluntary Certification to Ensure Net GHG Benefits, Poverty Alleviation, Sustainable Management of Forests and Biodiversity Conservation. Forests 2011.

310 Ibid.

311 Fairtrade Website. Accessed 3/2013. Available at: www.fairtrade.net

312 Merger, E., Dutschke, M., Verchot, V. 2011

313 Fairtrade Standard for Small Producer Organizations 01.05.2011\_v1.1.

314 ISO 14064-1:2006.

## Commodity Roundtables

**Overview and Objective:** Agricultural commodity initiatives or “Roundtables” have established international social and environmental performance criteria for farmers and businesses with the goal of improving the sustainability of a commodity’s production. Roundtables set voluntary production standards and provide an independent certification system, certifying members who comply with the standards and prove commitment to sustainable practices. As agriculture and farming are the main drivers of deforestation and degradation in tropical forest countries,<sup>315</sup> roundtables are highly relevant for REDD+ and for other sustainable land use programs and practices. Additionally, many of the roundtables stipulate rules which restrict forest conversion and land use change which could have a significant impact in meeting REDD+ national and subnational targets.<sup>316</sup> Here we look at the four main roundtables relevant to the forestry carbon: Roundtable for Sustainable Biofuels (RSB), Roundtable on Sustainable Palm oil (RSPO), Roundtable on Responsible Soy Production (RTRS), and Bonsucro (formerly the Better Sugar Cane Initiative (BSI)).

*Roundtable for Sustainable Biofuels (RSB):* Established in 2007 and providing certification since 2011, RSB is supported by over 125 member organizations from 40 countries. Estimates from 2012 show that less than 2% of global biofuel production is certified (either RSB, RSPO, RTRS or Bonsucro).<sup>317</sup>

*Roundtable on Sustainable Palm oil (RSPO):* Formed in 2004 and providing certification since 2008, RSPO membership now exceeds 1000 from over 50 countries. In 2012, RSPO annual production reached 14% of global crude palm oil, covering an area 22 times the size of Singapore.<sup>318</sup>

*Roundtable on Responsible Soy Production (RTRS):* Launched in 2006 and providing certification since 2011, RTRS currently has more than 150 members from 22 countries. In 2010, 250,000 hectares of RTRS soy was produced. As of 2012, less than 1% of global soy production is RTRS certified.<sup>319</sup>

*Bonsucro (formerly the Better Sugar Cane Initiative (BSI)):* Founded in 2007 and providing certification since 2011, Bonsucro has 64 members from over 20 countries. As of 2012, over 1.5% of global sugar cane production (sugar and ethanol) and 16 mills are Bonsucro certified.<sup>320</sup>

**Applicability:** Adherence to the Roundtable certification standards is required from the producers to receive certification. Producers are generally individuals and/or firms within a single commodity’s supply chain.<sup>321</sup>

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315 Kissinger, G., M. Herold, V. De Sy. Drivers of Deforestation and Forest Degradation: A Synthesis Report for REDD+ Policymakers. Lexeme Consulting, Vancouver Canada, August 2012.

316 Stickler C., Berazza, T., Nepstad, D. Global Rules for Sustainable Farming: A comparison of social and environmental safeguards for REDD+ and Principles & Criteria for Commodity Roundtables. 2012

317 WWF Website. Multi-Stakeholders Engagement. Accessed 3/2013:

[wwf.panda.org/what\\_we\\_do/how\\_we\\_work/businesses/transforming\\_markets/solutions/methodology/multi\\_stakeholders/](http://wwf.panda.org/what_we_do/how_we_work/businesses/transforming_markets/solutions/methodology/multi_stakeholders/)

318 RSPO Website. Accessed 3/2013: Available at: [www.rspo.org/en/who\\_is\\_rspo](http://www.rspo.org/en/who_is_rspo)

319 WWF Website. Multi-Stakeholders Engagement. Accessed 3/2013:

[wwf.panda.org/what\\_we\\_do/how\\_we\\_work/businesses/transforming\\_markets/solutions/methodology/multi\\_stakeholders/](http://wwf.panda.org/what_we_do/how_we_work/businesses/transforming_markets/solutions/methodology/multi_stakeholders/)

320 Ibid. Stickler C., Berazza, T., Nepstad, D. 2012

321 Ibid.

<p>Social Criteria</p>	<p>All of the standards stipulate respect for customary land and land use rights and require some degree of the absence of legitimate land disputes and identification of demonstrable rights to land as a condition for certification.<sup>322</sup></p> <p>All standards stipulate consultation with indigenous and local communities, with reference to free and informed prior consent (FPIC) made in the RSB and RSPO standard and the guidance and appendix of RTRS and Bonsucro. However, the explicit requirement of full FPIC is only delineated in RSB and RSPO.<sup>323</sup></p> <p>Mechanisms for conflict resolution are required across all standards with varying grievance mediation and redress systems. RSPO has a Complaints Panel, the RTRS has a Grievance Committee, Bonsucro has a complaints process and RSB does not refer to a specific process, however has strict requirements on the absence of disputes and conflict to receive certification.<sup>324</sup></p>
<p>Environmental Criteria</p>	<p>All four standards contain requirements relating to the protection and enhancement of High Conservation Value Areas<sup>325</sup> (RSPO and RTRS), conservation values (RSB) and biodiversity and ecosystem services (Bonsucro).</p> <p>Importantly, each standard prohibits or significantly restricts production on cleared land from native forests and a deforestation cutoff date has been set (2009 for soy, 2005 for palm oil, 2008 for sugar cane). RTRS's principles and criteria are the most stringent, restricting clearing of all native forest, even if degraded or regenerating.<sup>326</sup></p> <p>Greenhouse gas (GHG) accounting has also been introduced in the standards and looks at production and land use activities. RSB has the most comprehensive GHG approach to date and requires that biofuel blends achieve 50% lower lifecycle GHG emissions compared to a fossil fuel baseline.<sup>327</sup></p>
<p>Procedural Criteria</p>	<p>All of the standards require legal compliance, transparency in all phases of implementation and governance, compliance of all standards and independent verification in order to receive certification.</p>

322 Chao, S., Colchester, M., Jiwan, N. Securing rights through commodity roundtables? A comparative review. Forest Peoples Programme & Rights and Resources Initiative. 2012

323 Ibid. Stickler C., Berazza, T., Nepstad, D. 2012.

324 Ibid. Chao, S., Colchester, M., Jiwan, N. 2012.

325 Conservation Value Areas (HCVAs) are ecosystems and habitats identified as having outstanding significance or critical importance due to their high environmental, socioeconomic, biodiversity or landscape values.

326 Stickler C., Berazza, T., Nepstad, D. Global Rules for Sustainable Farming: A comparison of social and environmental safeguards for REDD+ and Principles & Criteria for Commodity Roundtables. 2012.

327 RSB Principles & Criteria for Sustainable Biofuel Production Version 2.0.



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