

IS EQUITABLE REDD+ POSSIBLE?

The Role of Social Safeguards, Standards, and Impact Assessment in Reducing Risks and Enhancing Outcomes

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Introduction

The main focus in the early years of terrestrial carbon markets has been on assuring the environmental integrity of carbon offsets, while social and biodiversity objectives – the so-called ‘co-benefits’ – have received much less attention. But with the mainstreaming of Reduced Emissions from Deforestation and Forest Degradation (REDD+) as a climate change mitigation strategy, scrutiny of the co-benefits, especially around the risk of negative social impacts, has increased sharply. Many feel that REDD+ poses major threats to the rights and welfare of indigenous peoples and other forest-dependent communities.

This brief assesses our current understanding of social or equity effects of REDD+; describes the main international response to the social risks of REDD+ in the form of safeguards and standards; proposes a key role for participatory social impact assessment (SIA) in effectively implementing these safeguards and standards, especially if applied in support of a free, prior and informed consent (FPIC) process; and concludes by arguing that this is not only an issue of how to reduce the social risks, but that equitable REDD+ is vital for effective REDD+.

What Do We Understand about the Social Impacts of REDD+

Frequently mentioned social or equity concerns in the REDD+ literature, many of them depending on the strategies that countries or projects adopt to implement REDD+, include:

- Erosion or loss of customary tenure and access rights, and corresponding livelihoods, as powerful interests, including governments, move in to capture carbon values;
- Risks of increased food and land prices from conservation-based REDD when land is taken out of agriculture, especially for the non-participating poor;
- The perverse incentives problem of a REDD+ mechanism based on reducing deforestation compared to a ‘without project’ baseline based on recent or predicted deforestation rates. This makes it difficult to compensate communities for sustainable forest management since their baseline deforestation rate will be low, and may reward wealthier ‘deforestation agents’ such as cattle ranchers with high baseline deforestation rates;
- The effect of sudden large injections of cash on local institutions;
- Stakeholder conflicts, including between participants and non-participants;
- A possible lower ‘willingness to accept’ payments level of the poor due to their often lower absolute opportunity costs (although relatively higher in terms of their impact on household welfare) echoing the idea that the ‘poor sell cheap.’ The poor are vulnerable to being locked into long-term contracts with restricted livelihood options.
- Reinforcement of existing gender problems or creation of new ones; and,
- Negative consequences on conservation-oriented value systems known as ‘motivational crowding out’ – this is when economic self-interest rather than ‘ethical obligation’ or communal regulation becomes the dominant decision-making driver.

When it comes to data or evidence, the picture is less clear. In view of the short history of forest carbon or REDD+, it is necessary to draw on the slightly longer history of payments for ecosystem services (PES). The evidence, such as it is, points to generally positive, if modest, welfare gains from PES projects and programs:

- Most PES projects and programs have made positive, if small, contributions to household incomes of ‘poor’ providers of ecosystem services;
- Projects or policies that promote expanding land-use or livelihood options as their main REDD+ strategy are less likely to result in negative social impacts than those that restrict land uses and livelihoods;
- Projects often create temporary jobs and contribute to a local economy multiplier effect;
- There has been a tendency for PES interventions to strengthen tenure rights of local communities, since secure local tenure is usually a pre-condition for success, but there have also been cases in which customary rights have been overridden;
- PES projects often contribute to social, human and physical capital or social infrastructure and strengthen local organizations so that they are more able to attract other services or international project support.

The risk of negative social impacts in any country or context is highly dependent on the policy and governance framework. It is widely argued, for example, that clear land and tree tenure, as well as minimum standards of governance, are pre-conditions for effective REDD+ and that this would also be good for the poor; a more nuanced view is that more formal tenure and strict legal compliance, while being pro-poor in general terms, can have adverse effects on the most vulnerable groups such as the landless who often rely on illegal livelihood options. But will governments be prepared to tackle the political economy drivers of deforestation behind poor governance and insecure property rights of local forest users? Or will they adopt exclusionary approaches to the forest resource, even though this is not socially sustainable?

In sum, the literature often exhibits strong views on the social impacts of REDD+, but closer scrutiny reveals that such views - whether negative or positive - have a weak empirical basis. This is partly due to the short history of forest carbon, but is also due to methodologically weak or absent monitoring. Most evaluations have been qualitative case studies using key informant interviews or rapid field appraisals in which ‘attribution’ (establishing cause and effect) is weak. This naturally results in contested viewpoints about the likely social impacts of REDD+.

The International Response to REDD+ Equity Concerns: Safeguards and Standards

Since REDD+ is voluntary, the main instruments open to the international community to influence social impacts are safeguards and standards through which it hopes to influence the implementing and investing stakeholders, although at the national level this can quickly run into sovereignty issues. A ‘safeguard’ can be defined as a measure to anticipate, minimize, mitigate, or otherwise address adverse impacts associated with a given activity. Safeguards should be accompanied by a safeguard system consisting of a set of institutions and procedures or rules to implement and monitor the safeguards.

The watershed moment for safeguards was the draft REDD+ agreement text set out at the 16th Conference of the Parties (CoP) of the United Nations Framework Convention on Climate Change (UNFCCC) in Cancun. This text -- as set out in the document Ad Hoc Working Group on Long-term Cooperative Action document FCCC/AWGLCA/2010/14 -- included references to land tenure, forest governance, gender, “full and effective participation of indigenous peoples and local communities,” and “respect for the knowledge and rights of indigenous peoples and members of local communities.” It also requested each developing country to develop a “system for providing information on how the safeguards are being addressed and respected throughout the implementation of the activities.” At the 17th CoP at Durban, however, the language around safeguard reporting requirements was weakened, and the reference to gender was dropped. Notwithstanding these mixed messages from the UNFCCC process, several multi-lateral processes have emerged to define and operationalize safeguards and standards for national and project level REDD+, as summarized in Box 1.

Box 1. Summary of the Main Social Safeguards and Standards for REDD+

The 37 countries so far approved (12 more are candidates) by the World Bank Forest Carbon Partnership Facility (FCPF) are required to undertake a Strategic Environmental and Social Assessment (SESA) as part of their REDD+ Preparation Proposal (R-PP). The SESA guidance highlights the need for a participatory stakeholder approach and that a vital role of SESA is to inform strategic REDD+ design. A specific output of the SESA is the Environment and Social Management Framework (ESMF) for avoiding or mitigating potential risks of negative environmental and social impacts, especially those related to the World Bank's Safeguard Policies, of which the most relevant for social issues are those on Indigenous Peoples and Involuntary Resettlement.

The UN-REDD Social and Environmental Principles Framework developed under the UN-REDD Program has two components: a risk assessment and mitigation framework using a set of environmental and social safeguards or "do no harm" principles; and an assessment of impact magnitude intended to guide REDD+ design and implementation in order to minimize social and environmental risks and enhance opportunities for multiple benefits and poverty reduction.

Several countries and some states are adopting the REDD+ Social and Environmental Standards (SES). These consist of a set of international standards, divided into principles, criteria, and indicators, that aim to contribute to positive social and environmental effects and avoid negative ones. Seven generic principles are applied in all situations, while criteria and indicators are modified in multiple stakeholder meetings for each national- or state-level program.

At the project level, the market leader for the 'co-benefits' is the Climate, Community and Biodiversity (CCB) Standards. The CCB Standards require inter alia that: project proponents show that all stakeholder groups receive net social benefits; that these, like carbon, are additional to the without project situation; 'credible' social assessment methodologies; that risks, negative impacts and corresponding mitigation measures are analyzed; and that transparent and participatory procedures are used.

Participatory Social Impact Assessment (SIA) – a Missing Link?

While much work has focused on defining minimum social safeguards and standards that national-, state- and project-level REDD+ should meet, much less work has been done on how to implement and monitor the safeguards and standards. Many of the safeguards are quite broad, for example, the World Bank Indigenous Peoples' Safeguard Policy that "operations should be designed to ensure that indigenous peoples receive social and economic benefits that are culturally appropriate, and gender and inter-generationally inclusive." Knowing whether such generally worded safeguards have been met may prove difficult. But the rationale for credible SIA is not just about checking whether a safeguard or standard has been met. Good practice SIA should:

- Strengthen an intervention's social sustainability, which is strongly linked to biological sustainability or carbon permanence; for market-based REDD+ this is an issue of 'investor risk';
- Inform strategic design;
- Facilitate adaptive management, including the distinguishing between 'theory failure' and 'implementation failure';
- Build stakeholder participation and ownership assuming a participatory methodology is adopted;
- Facilitate market access and a potential price premium via certification against the CCB or other multiple-benefit standards;
- Ensure early detection of problems before they get out of control and may derail a program or project, or become very costly to mitigate;
- Be undertaken for ethical, equity and legal reasons, including to meet the increasing requirements for free prior and informed consent (FPIC).

Participatory SIA for REDD+ Projects

Forest Trends and its NGO partners (CCBA, Fauna & Flora International and Rainforest Alliance) have worked on the SIA of REDD+ projects since 2009 this work has been funded by USAID-TransLinks, PROFOR, Rockefeller, Norad and Morgan Stanley. An early literature review found that the traditional approach to impact assessment, ‘matching methods’ such as the ‘quasi-experimental method’, may be less appropriate for PES or REDD+ projects in view of issues of cost, complexity, (low) participation and transparency, the challenge of identifying indirect social effects, challenges around controls, etc. On the other hand, ‘theory of change’-based impact assessment seemed more appropriate, feasible, and accessible. In simple terms, a theory of change is a hypothesis of how a program or project aims to achieve its intended goals or objectives. Having a theory of change is essential for any impact assessment or evaluation exercise according to most sources, even those advocating ‘matching methods’. It is an approach increasingly used by NGOs, donors and the micro-finance sector.

Following action research and peer reviews of an initial manual, the “Social and Biodiversity Impact Assessment (SBIA) Manual for REDD+ Projects” (Richards & Panfil, 2011) was published in 2011. It sets out a methodology adapted from the ‘Open Standards for Forest Conservation’ (Conservation Measures Partnership, 2007) involving multiple stakeholder workshops in which participants work on theories of change of how to overcome key social constraints to project success. These are set out in the form of flow diagrams developed using Miradi (<https://miradi.org/>), an adaptive management software that was especially designed for Conservation Projects.

The methodology includes an analysis of risks, potential negative social impacts, and corresponding mitigation measures, and provides the basis for identifying indicators and a monitoring plan. A more detailed explanation of participatory SIA using the theory of change approach is presented in the companion TransLinks brief “Participatory Social Impact Assessment for Natural Resource Projects and Programs.”

Local Stakeholder Participation and FPIC

Many argue that local stakeholder participation in the design of a social monitoring system is an essential aspect of equity, and perhaps even of its credibility. The experience of Forest Trends is that, provided there is sufficient pre-workshop training for the effective participation of stakeholders in the SIA workshop, it increases stakeholder ownership in the process, since they can see their views influence project design. Participatory SIA fits well with a rights-based approach to REDD+ and FPIC, which is increasingly seen as obligatory for project and national REDD+. The FPIC process itself can benefit from participatory ex ante SIA. Current guides to FPIC (e.g., Anderson, 2011) recognize the need for some form of SIA, but do not specify a particular method.

SIA of National REDD+

A multi-institutional initiative called the Learning Initiative on the Social Assessment of REDD+ (LISA-REDD) has been established with USAID support to research appropriate methodologies for the SIA of national or sub-national REDD+ programs. At a LISA-REDD ‘expert workshop’ in Nairobi in May 2012 it was agreed that a suite of methods will be needed, which might include inter alia theory of change analysis and tools from the World Bank Poverty and Social Impact Analysis (PSIA) (World Bank 2003). This combination of tools is currently being tested out by Forest Trends with funding from the UK’s Department for International Development (DFID) in the context of national Voluntary Partnership Agreements (VPAs) developed under the EU Forest Law Enforcement Governance and Trade (FLEGT) strategy.

While participatory SIA has so far been conducted at the project level, several workshops have involved district-level REDD – for example, an SIA of REDD+ in Lindi District, Tanzania conducted by Tanzania Forest Conservation Group (TFCG) – the boundary between ‘project’ and ‘sub-national’ REDD+ is not clear cut. The ‘Open Standards’ methodology has also been frequently used for sector level analysis, especially around biodiversity conservation and marine water resources. It can also be observed that national REDD+ strategies should have robust theories of change and that potential risks and negative social impacts of each strategy need to be analyzed. Participatory SIA is therefore a case of applying another layer to a process that should take place anyway. Participatory SIA for national REDD+ would require a very careful selection process of stakeholder group representatives that finds a balance between understanding and representativeness, as well as adequate training of these representatives so that they are empowered to have an effective role in the workshops. Such participation would go some way to meeting the requirement for FPIC.

Conclusion: Is Equitable REDD+ Possible ... or Essential?

The international response to the social risks of REDD+ has resulted in various social safeguards and standards, but more work is needed on how these can be cost-effectively implemented. The bottom-line justification for this is the link between social and carbon sustainability: as pointed out by Olsen and Bishop (2009): “Although the unit costs of carbon abatement via REDD would most likely increase with efforts to integrate equity and poverty concerns, these increased costs need to be met in order to ensure the delivery of project or program outputs – indeed this expenditure is likely to be highly cost-effective.”

In particular, good practice participatory SIA should reduce carbon investment risks; inform strategic design; facilitate a reliable learning process and adaptive management; and increase transparency and stakeholder ownership: as pointed out by Agrawal and Angelsen (2009), governments must “seek local communities as active and willing partners to ensure the success of REDD+ activities.” And as a REDD project manager in Indonesia commented when reviewing a draft of the SBIA Manual: “REDD+ will not work unless community and social aspects of the project are properly addressed.” (Jane Dunlop, personal communication). SIA should not be seen as optional for REDD+, whether at the project or at the national level.

More broadly it can be argued that unless REDD+ is equitable it will not be effective. The success of national REDD+ will depend on governments adopting policies and strategies that counter underlying policy and governance drivers of deforestation or degradation, rather than attempting to rely more on benefit-sharing arrangements from modest net carbon income flows. Many policy and institutional failures, for example, in areas such as forest governance, as well as land and tree tenure are also key to poverty outcomes. There is a strong potential synergy between policies that are good for the forests and policies that are good for the poor, with the important caveat that targeted support is needed for some marginalized groups who can lose out when tenure and governance become more secure or formalized. Mechanisms are also needed to compensate communities for maintaining carbon stocks, for example through support to community or participatory forest management.

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