Discussion on Social and Environmental Safeguard Requirements for Potential Linked Sector-Based Offset Programs

April 28, 2016

Workshop Agenda

- Introduction
- Overview of safeguards, their importance, and existing standards
- Technical Topics
  - Environmental Safeguards
  - Ensuring benefits sharing
  - Stakeholder Participation
  - Land tenure and effective governance
- Next steps
- Opportunity for EJAC Member Comments and Discussion on Topics Presented throughout the Day
- Adjourn

Overview of Safeguards

What are Safeguards?

- Standards, principles, and criteria that are included in the design and implementation of a sector-based crediting program to protect, or safeguard, individual and community rights as well as the environment
- Sometimes called social and environmental standards
- Called for by UNFCCC decisions, notably at COP 16 in Cancun, Mexico

Why Safeguards are Necessary

- To ensure that the rights of forest-dependent communities, including indigenous peoples and local communities, are protected
- To ensure that the benefits of any program flow to these communities
- To avoid potential environmental risks and damages from a sector-based offset program
- To incentivize social and environmental benefits

ARB is committed to ensuring any potential regulatory provisions include robust safeguard provisions

Existing Safeguards Standards

- UNFCCC Cancun Safeguards
- REDD+ Social & Environmental Standards (REDD+ SES)
- UN-REDD Social and Environmental Principles and Criteria (UN-REDD SEPC)
- Climate Community and Biodiversity Standard (CCBS)
- World Bank Standards (FCPF, FIP, GEF)

ARB staff is seeking input on:

- Which standard(s) should be followed in assessing a jurisdiction for potential linkage?
- Are there other standards that ARB staff should also consider?
- Whether there are additional criteria, outside of an existing standard, that should also be assessed

Existing Safeguards Standards (2)

- UNFCCC Cancun Safeguards
  - REDD+ safeguards agreed upon in 2010
  - Under UNFCCC, REDD+ programs should be developed to uphold these standards as minimum performance requirement
  - Social safeguards include:
    - Transparent and effective national forest governance structures
    - Respect for the knowledge and rights of indigenous people and local communities
    - Full and effective participation of relevant stakeholders
- More info: http://cancun.unfccc.int/

Existing Safeguards Standards (3)

- REDD+ Social & Environmental Standards (REDD+ SES)
  - Under development since 2009
  - Process engaging governments NGOs, civil society, Indigenous Peoples organizations, research institutions, private sector
  - Principles include:
    - Recognize and respect rights to lands, territories, and resources
    - Improve long-term livelihood security and well-being of Indigenous Peoples and local communities
    - Benefits shared equitably among all relevant rights holders and stakeholders
    - Biodiversity and ecosystem services are maintained and enhanced
    - Full participation of all right-holders and stakeholders
- More info: http://www.redd-standards.org/

Existing Safeguards Standards (4)

- UN-REDD Social and Environmental Principles and Criteria (UN-REDD SEPC)
  - Intended for activities financed by UN-REDD
  - Principles include:
    - Respect and protect stakeholder rights in accordance with international obligations
    - Promote sustainable livelihoods and poverty reduction
    - Protect natural forest from degradation and/or conversion
    - Maintain and enhance multiple functions of forest including conservation of biodiversity conservation and provision of ecosystem services
    - Avoid or minimize adverse impacts (direct and indirect) on non-forest ecosystem services and biodiversity
  - Latest version released in March 2012
- More info: http://www.un-redd.org/Multiple_Benefits_SEPC/tabid/54130/

Existing Safeguards Standards (5)

- Climate Community and Biodiversity Standard (CCBS)
  - Developed by Climate, Community and Biodiversity Alliance (CCBA)
  - 17 required criteria, including:
    - Stakeholder engagement
    - Property rights, including statutory and customary rights of Indigenous Peoples
    - Biodiversity impacts assessment and monitoring
    - Community benefits assessment and monitoring
  - Projects must be validated to determine the project design conforms to the standards and verified to determine that the project has been successfully implemented
- More info: http://www.climate-standards.org/ccb-standards/

Existing Safeguards Standards (6)

- World Bank Standards (FCPF, FIP, GEF)
  - Adaptation of long-established World Bank project practices in programs to support efforts to reduce emissions from deforestation
    - Forest Carbon Partnership Facility (FCPF)

      https://www.forestcarbonpartnership.org/
    - Forest Investment Program (FIP)

      http://www.climateinvestmentfunds.org/cif/node/5
    - Global Environment Facility (GEF)

      https://www.thegef.org/gef/

Environmental Safeguards

Environmental Safeguards

- Environmental safeguards are rules and procedures, based on a set of overarching principles, put in place to avoid potential environmental risks and damages while ensuring benefits from activities related to a sector-based offset program

- Any program that could be considered for linkage by ARB staff must include safeguards

Environmental Safeguards (2)

- UNFCCC COP 16 ("Cancun Agreement") contains overarching **principles** specifically related to environmental safeguards:
  - Protect natural forests from degradation and conversion
  - Maintain and enhance biodiversity and ecosystem services
- Multiple already-existing standards are based on these principles and contain specific **criteria** defining how each of these principles is achieved
  - Detailed benchmarks and **indicators** provide a means to measure whether criteria are being met

Environmental Safeguards (3)

- The safeguard principles and criteria can either be:

  (1) developed by ARB, or

  (2) adopted from existing standard guidelines

- ROW recommendation is to rely on existing standards

- ARB staff is seeking input on which principles and criteria are most appropriate to include and whether a particular standard (or set of standards) is best suited for this purpose

Environmental Safeguards (4)

- Several standards already exist, but vary widely in level of detail, scale of operation, and rigor of application
- ARB staff would like to focus on the most commonly used standards that are appropriate for a jurisdictional program:
  - UN-REDD Programme Social and Environmental Principles and Criteria (UN-REDD SEPC)
  - REDD+ Social and Environmental Standards (REDD+ SES)
  - Forest Carbon Partnership Facility (FCPF)
- ARB staff is interested in feedback on whether additional principles may be necessary to augment existing standards

Existing Safeguards

- UN-REDD SEPC: Guiding framework that directly addresses these principles with the purpose of supporting jurisdictions in developing a sector-wide approach through analysis tools and design guidance
- REDD+ SES: Process-based system of safeguard standards that directly addresses these principles through an inclusive stakeholder process of developing a safeguard program and a safeguards information system
- FPCP: World Bank Operation Manual stipulates specific conditions that must be met in order for a jurisdiction to be considered for World Bank financing. These policies address the principles discussed previously and were recently updated

Safeguard Principles

Principle: Protect natural forests from degradation and conversion

- A poorly-designed sector-based offset program has the potential to create a perverse incentive to convert natural forest lands into fast-growing monocultures or plantations that sequester more carbon at the expense of diverse forests that simultaneously provide other ecosystem services.
- Safeguard criteria addressing this principle include:
  - Ensuring that offset related activities do not cause conversion of natural forest to planted forest
  - Prioritizing the reduction of conversion to non-forest land and degradation of natural forest land

Examples of Implementation

- Mexico – Yucatan Peninsula
  - Provide funds for a community-based (“ejido”) monitoring system through local agreements and national programs such as the National Forestry Commission (CONAFOR);
  - integrates this safeguard with existing laws that prohibit deforestation and require monitoring of species diversity;
  - encourages forest timber and non-timber product certification (“organic”) to incentivize sustainable management

Examples of Implementation

- Acre, Brazil
  - Rely on central GIS Unit and Remote Sensing (UCE-GEO) survey that monitors forest conversion and deforestation since 1988 using jurisdiction-wide high-resolution images to assess policy impacts on conversion/deforestation;
  - Incorporate local level monitoring efforts
  - Require planting of native species

Safeguard Principles (2)

Principle: Maintain and enhance biodiversity and ecosystem services

- Sector-based offset programs have the potential to provide additional environmental benefits besides GHG emissions reductions, and ARB staff understands the importance of including safeguards to protect and enhance these benefits.
- Safeguard criteria addressing this principle include:
  - Identify and prioritize biodiversity hotspots and ecosystem services that may be affected;
  - Transparently analyze for potential synergies and trade-offs among different functions and benefits of the forest;
  - Enhance biodiversity and ecosystem services while minimizing adverse direct and indirect effects of the program;
  - Sustainable forest management

Examples of Implementation

- Mexico
  - Utilize and streamline existing national assessments of biodiversity (e.g., CONABIO – National Biodiversity Commission) and management plans to identify biodiversity hotspots;
  - incorporate satellite images as well as field-based data;
  - use proxies to evaluate ecosystem services developed through community participation

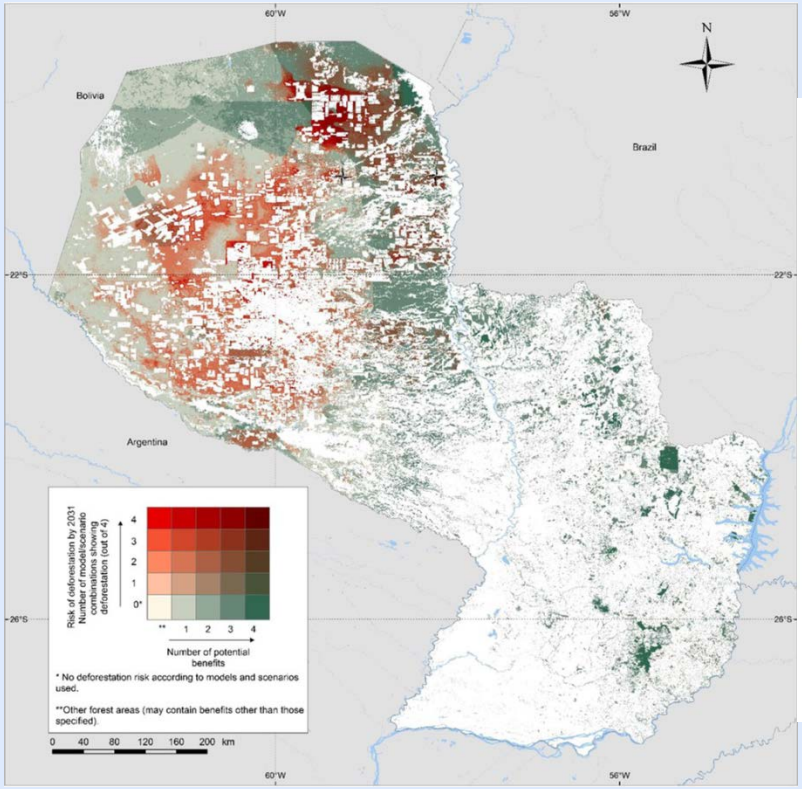
Examples of Implementation (2)

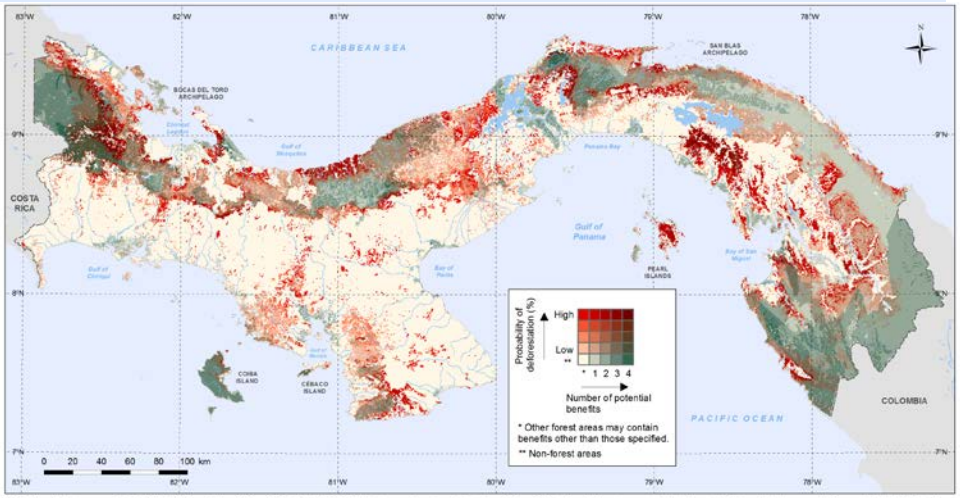
- Acre, Brazil
  - Economic-Ecological Zoning instrument has identified high biodiversity areas, conservation areas, and critical ecosystem services that have been prioritized for improvement and funding
  - Activities in State forests as well as national Legal Reserves are monitored closely for impacts on biodiversity
  - Seeking integration of community monitoring efforts with these government efforts

Examples of Implementation (3)

- Panama and Paraguay have identified and prioritized areas of multiple potential ecological benefits (carbon density, biodiversity, ecotourism, soil stability) that are at high risk of future deforestation (with assistance from the Tropical Agricultural Research and Higher Education Center (CATIE))
- These results may be incorporated into future REDD+ strategies and implementation plans

Examples of Implementation (4)





Methods and data sources: Probability of deforestation (2008 – 2020): CATIE (2013). Análisis de cambio de uso de la tierra (1992 – 2008) y formulación de escenarios de deforestación futura de los bosques de Panamá. Turrialba, Costa Rica: Centro Agronómico Tropical de Investigación y Enseñanza (CATIE). This map features outputs from the DINAMICA-EGO model of future deforestation low impact scenario (SCNB1), which has been divided using a quantile classification scheme and combined with the multiple benefits layer. **Multiple benefits: Biomass carbon:** Asner, G. et al. (2013) High-fidelity national carbon mapping for resource management and REDD+. Carbon Balance and Management 8:7. Ecosystem-specific conversion factors (IPCC 2006) were used to add below-ground carbon to this map. Areas with >68 tC/ha were used to represent areas of highest importance for carbon. **Tourism:** Atlas Ambiental de la República de Panamá (Primera Versión 2010). ANAM 2011. Tourism destinations generated for the Tourism Master Plan 2007-2020. Destinations have been divided into 8 zones with 26 tourist destinations, which in many cases used administrative political divisions and then clipped to forest area. **Biodiversity:** Key Biodiversity Areas (KBAs) of the world including Important Bird Areas (IBAs) and Alliance for Zero Extinction sites (AZEs) compiled by BirdLife International and Conservation International. October 2012. **Soil erosion:** The relative importance of forest has been evaluated as a function of slope, rainfall and the presence of something important downstream that could be adversely affected by soil erosion (dams and lakes).The top three classes of risk from a soil erosion analysis have been used to identify areas of greatest importance here. Elevation: Lehner, B. et al. (2008): New global hydrography derived from spaceborne elevation data. Eos, Transactions, AGU, 89(10): 93-94. Precipitation: Hijmans, R.J. et al. (2005). Very high resolution interpolated climate surfaces for global land areas. International Journal of Climatology 25: 1965-1978. Dams: Lehner, B. et al. High resolution mapping of the world's reservoirs and dams for sustainable river flow management. Frontiers in Ecology and the Environment. Source: GWSP Digital Water Atlas (2008). Map 81: GRanD Database (V1.0). Available online at http://atlas.gwsp.org. This was combined with national data on hydroelectric and other dams from the Autoridad de los Servicios Públicos (ASEP) and Autoridad Nacional del Ambiente de Panamá (ANAM) (2012). **Forest cover:** Land cover 2008 (CATHALAC 2011).

Input Sought

- ARB staff is seeking input on:
  - Whether ARB staff should consider additional principles to the UNFCCC principles established in the Cancun Agreement?
  - Which existing standards (either those mentioned by ARB staff or additional standards), in combination or independently, contain criteria that are sufficient to ensure environmental safeguards?

Questions?

Social Safeguards

Benefits Sharing

Principle: Program benefits must be equitably shared with forest-dependent communities, including indigenous people and rural communities

- There is a risk that developers and government will benefit at the expense of forest-dwelling people
- In many areas, there is a history of natural resource developers limiting access of local people to lands they have traditionally and historically used
- Through safeguards, this can be prevented by:
  - Providing tenure rights to local people
  - Involving local people in decision-making process
  - Implementing mechanism to provide portion of income to local people

Benefits Sharing: Standards

- REDD+ SES:
  - Transparent, participatory mechanisms for equitable sharing of benefits
  - Takes into account rights, costs, benefits, and associated risks
- UN-REDD SEPC:
  - Equitable, non-discriminatory and transparent benefit sharing
  - Special attention to the most vulnerable and marginalized groups

Seeking Input

- ARB staff is seeking input on:
  - Which existing standards (either those mentioned by ARB staff or additional standards), in combination or independently, could be included in any ARB staff proposal to ensure benefits sharing?

Questions?

Requirement for Stakeholder Participation (Public Participation and Participatory Management Mechanism)

Stakeholder Participation

- Stakeholder input and procedures set within a jurisdictional sector-based program are those that are based on a set of overarching principles and criteria developed to support full and equitable participation, continued access to resources, and promote engagement of individuals affected by programmatic impacts
- ARB staff believes that stakeholder participation is a critical layer of safeguards that must be considered when evaluating jurisdictional programs
- Staff is seeking input on the mechanism and key elements required to ensure an inclusive and robust stakeholder participation program as part of any proposed jurisdictional program

Stakeholder Participation (2)

- UNFCCC established overarching **principles** for safeguards:
  - **Full and effective participation** of relevant stakeholders, in particular indigenous peoples and local communities
  - **Safeguards** are principles or conditions to be promoted and supported so that people and the environment are not harmed by but actually benefit from activities
  - **Provide transparent, consistent, updated information** that is accessible by all relevant stakeholders
- Multiple standards exist that are designed to establish specific criteria and indicators defining how each of principle is achieved. Evaluation of stakeholder participation requires a nuanced, qualitative analysis to determine if criteria has been met.

Stakeholder Participation (3)

- UNFCCC calls for:
  - The 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
  - Respect and protection of traditional knowledge, cultural heritage and consent

Stakeholder Participation (4)

- ARB staff has narrowed the suite of standards to consider for adoption; we present two that best represent fulfillment of these principles:
  - UN-REDD Programme Social and Environmental Principles and Criteria (UN-REDD SEPC)
  - REDD+ Social and Environmental Standards (REDD+ SES)

Stakeholder Participation (5)

- ARB could opt for either:
  - (1) developing its own suite of stakeholder participatory requirements,
  - (2) adopt an existing standard with stakeholder procedures that meet ARB's principles for participation, or
  - (3) combine (1) and (2) - adopt an existing suite of standard-based requirements and supplement with additional requirements, if needed

Stakeholder Participation (6)

- Considerations from ROW recommendation (ROW p.48, 52):
  - Demonstration that appropriate safeguards have been met (UNFCCC Cancun Agreement Enhanced Benefits, REDD+SES, best practices)
  - Consider the seriousness of the commitment embarked on by the jurisdiction to enhance social and environmental benefits as a core element of their jurisdictional program

Stakeholder Participation (7)

- Considerations from ROW recommendation (ROW p.48, 52) (cont.):
  - Consider the positions taken by civil society in such jurisdictions with respect to prior informed consent, rights to information, and robust co-benefit mechanisms
  - Recognizes and respects the rights of Indigenous Peoples and local communities, including application of the principle of free, prior, and informed consent based on the culturally-appropriate decision making process of affected communities, per globally approved standards such as REDD+ SES

Stakeholder Participation (8)

- Consideration of specific elements of inclusion (ROW recommendation, ROW Report p.48):
  - A grievance and redress mechanism for stakeholders
  - A system for monitoring and reporting on safeguards implementation
  - Complements and enhances existing national legal and regulatory frameworks
  - For nested programs:
    - an additional layer of project-level safeguards should be incorporated into project design and implementation to protect against harm and ensure benefits for local communities

Stakeholder Participation (9)

Principle: Respect and Recognize Rights of Indigenous Peoples

Safeguard criteria addressing this principle:

- REDD+ SES v2:
  - Recognizes and respects statutory and customary rights to land, territories and resources which indigenous peoples and / or local communities have traditionally owned, occupied, or acquired
  - Recognizes and respects the human rights of indigenous peoples and local communities
- UN-REDD SEPC v3:
  - Respect and promote the recognition and rights of indigenous peoples, local communities, and other marginalized groups to lands, territories and resources.
  - Respect and protect human and customary rights

Stakeholder Participation (10)

Principle: Free Prior Informed Consent of Indigenous Peoples required for any activities affecting their rights to land, territories, and resources

Safeguard criteria addressing this principle (building off previous slide):

- REDD+ SES v2:
  - Requires FPIC for use of traditional knowledge and practices and for any activities affecting their rights to lands, territories, and resources
  - Ensures equitable, nondiscriminatory and transparent benefit sharing among relevant rights holders and stakeholders
- UN-REDD SEPC v3:
  - Seek FPIC of indigenous peoples, respect and uphold decisions taken (whether consent is given or withheld)
  - Equitable benefit sharing
  - No Involuntary resettlement

Stakeholder participation (11)

Principle: Full and Effective Stakeholder Participation

Safeguard criteria addressing this principle:

- Opportunities for stakeholders to participate fully in all stages of jurisdictional programs; have access to information in an accessible form and language
  - Entry points along each stage of design and implementation
  - The form and structure of participatory procedures matter
  - Access to information promotes effective participation

Stakeholder participation (12)

Principle: Full and Effective Stakeholder Participation (cont.)

Addressing Marginalized Communities: Women, Youth, Other Marginalized Peoples

- REDD+ SES v2:
  - Includes new gender language and initiated studies on the issue
- UN-REDD SEPC v3:
  - Developed Guidelines for Gender Mainstreaming in REDD+

ARB seeks input on best practices and updated information

Stakeholder Participation (13)

ARB staff is seeking input on:

- Whether ARB staff should consider additional principle?
- Whether existing standards (either those mentioned by ARB staff or additional standards), in combination or independently, contain criteria that are sufficient to ensure social safeguards?

Questions?

Land Tenure and Good Governance

Land Tenure Principles

Principle: Recognition of rights to land and forest resources, including customary claims

- Research – When forest-dwelling communities do not have secure rights to the land, deforestation and emissions are more likely to occur
- Secure forest rights for local people result in less deforestation and emissions
- Bottom-line: sector-based crediting programs won't work without local land rights

Land Tenure Criteria

- Identify different rights holders and map territories and resources
- Respect Indigenous and traditional rights to forest resources
- Promote secure land tenure through law, including land-use planning
- Free, prior, and informed consent for activities affecting forests

Example in Acre:

- Forest-dwelling communities had insecure land rights, thus inability to enforce local rules on forestlands. Acre's Gov't began to register all smallholder properties so residents have clear tenure rights
- ZEE – Zoning program to clearly establish which areas are for Indigenous people, which for NTFPs, which for agriculture

Good Governance

Principle: Promote good governance within the program

- Difficult to define, but UN Human Rights Office states that good governance includes:
  - transparency
  - responsibility
  - accountability
  - participation
  - responsiveness (to the needs of the people)

Good Governance Criteria

- Ensure the transparency and accountability of finances
- Ensure legitimacy and accountability of all bodies representing relevant stakeholders, including through establishing responsive feedback and grievance mechanisms
- Ensure transparency and accessibility of information related to REDD+, including active dissemination among relevant stakeholders
- Ensure the full and effective participation of relevant stakeholders in design, planning and implementation of REDD+ activities, with particular attention to indigenous peoples, local communities and other vulnerable and marginalized groups
- Promote and support the rule of law, access to justice and effective remedies

Good Governance

Examples in Acre:

- Establishment of SISA Ombudsman to receive grievances related to program, make recommendations to government, and mediate between affected actors
- Establishment of CEVA, State Committee for Validation and Monitoring. Oversees transparency, action plans, hiring of auditors, annual reports. Comprised of 50% government and 50% civil society (ex: Acre Network of Women and Men)
- Establishment of the Indigenous Working Group to be voice for indigenous people in SISA action. Includes government, NGOs, and Indigenous associations

Questions?

Next Steps

- Written comments on this workshop may be submitted until 5pm (Pacific Time) on Friday, May 13, 2016 at: http://www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm
- ARB staff will continue to assess comments submitted from informal public workshops
- Consider developing staff proposal for draft regulatory text as part of overall Cap-and-Trade 2016 amendment process
  - July 2016 Notice of Proposed Rulemaking
  - September 2016 – First Board Hearing to consider staff proposal
  - Spring 2017 – Final Board Vote
  - October 2017 – Regulation amendments effective
  - January 2018 – Sector-based credits, if a linkage is included in Board vote, eligible for use in program

Environmental Justice Advisory Committee Member Comments

- **EJAC Website**

http://www.arb.ca.gov/cc/ejac/ejac.htm

- **EJAC Final Recommendations on AB 32 Scoping Plan (2014)**

http://www.arb.ca.gov/cc/ejac/meetings/041014/final_ejac_recommendations.pdf