Forest Carbon Partnership Facility

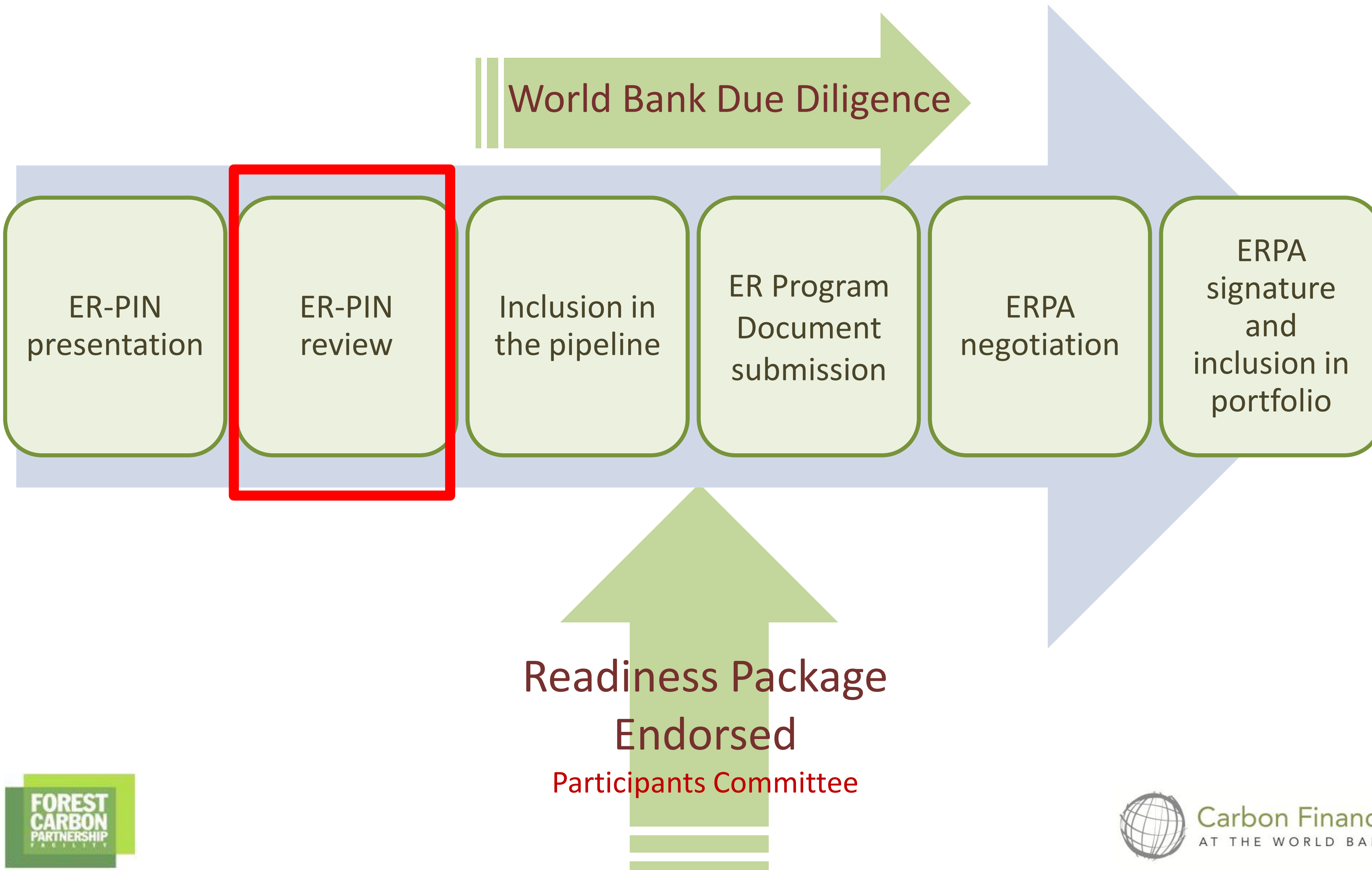
World Bank Due Diligence for ER Programs

FCPF Carbon Fund – Fifth Meeting (CF5)

October 16-17, 2012

Paris, France

Carbon Fund Business Process – Latest Outline



World Bank Safeguards Application and the Carbon Fund

- As per the FCPF Charter, WB safeguard policies apply to both the Readiness and Carbon Finance mechanisms of the FCPF
- REDD+ Readiness Preparation required the development of its own safeguards due diligence approach
  - Implementation of SESA and preparation of an ESMF
  - The Common Approach
- ER Programs supported by the Carbon Fund will use essentially the same approach as that already in place for other carbon finance operations supported by the WB
- Linkages to key outcomes of Readiness: Elements of the R-Package, ESMF

The Current Suite of "10+" Safeguard Policies

"Environmental" Safeguards
- Environmental Assessment OP 4.01
- Natural Habitats OP 4.04
- Forests OP 4.36
- Pest Management OP 4.09
- Safety of Dams OP 4.37
- Physical Cultural Resources OP 4.11

"Social" Safeguards
- Indigenous Peoples OP 4.10
- Involuntary Resettlement OP 4.12

"Legal" Safeguards
- International Waterways OP 7.50
- Disputed Areas OP 7.60

- Piloting the Use of Borrower Systems (March 2005) OP 4.00
- Program for Results (P4R) (January 2012) OP 9.00

Carbon Finance Operations Supported by the World Bank

Access to Information Policy

Procedural Framework for Safeguards Application to Carbon Finance Operations

- Review and clearance process for carbon finance operations is guided by a series of interrelated statements:
  - Three sets of internal guidelines currently in use, on due diligence, operational processing, and access to information for carbon finance operations
  - OP 13.05 on Project Supervision (rev. March 2012)

Regional Review and Clearance Process – ER-PIN/“Preparation” Stage

- Once the proposed ER Program is included in the pipeline, a number of things happen on the side of the regional department handling the Program:
  - Agreement to include the ER Program in the Work Program Agreement between the Carbon Finance Unit (where the FMT is based) and the regional sectoral unit
  - Appointment of a Task Team Leader (TTL) for the Program
  - A project “Concept Review” takes place, including a safeguards review in accordance with relevant regional and Bankwide procedures

ER Program Safeguards Issues Memo

Preparation-Stage Review

REGION:

Decision by Management to include the proposed ER Program in the Work Program Agreement between Carbon Finance Unit and the region

FCPF FMT:

Safeguards Issues Memo highlights issues with regards to safeguards application in the ER Program

REGION:

Concept Review Meeting within the relevant Regional Department

Regional Review and Clearance Process – ER-PD/“Assessment” Stage

- Additional steps that take place within the WB region concerned as the proposed ER Program details are finalized:
  - Once the ER Program Document has been prepared, the equivalent of a project “Appraisal Review” takes place
  - The Review is based on information in the ER-PD and on relevant elements of the endorsed R-Package, including the ESMF
  - After that, the Country Director and the Carbon Finance Unit Manager together decide whether the ER Program may proceed to ERPA negotiation

Building on Readiness Preparation – R-Package and ESMF

- The R-Package needs to be assessed and endorsed by the time the ER-PD is submitted for consideration, whether by the CFPs or as part of the Bank's due diligence process
- R-Package elements, including the outcomes of the SESA process, will provide the **context** for the region's assessment of the ER Program Document at appraisal
- The ESMF will provide basis for the preparation of site-specific, time-bound action plans for dealing with relevant safeguards issues
  - Acceptable drafts of these plans will also be required by appraisal
  - Social and environmental assessment at the project level will likely be needed
- If, by appraisal, exact siting of REDD+ investments/activities has still not taken place, refined safeguards framework(s) may be required

Safeguard-Specific Instruments

- **OP 4.01**
  - Environmental Management Plan (EMP)
  - Environmental Management Framework (EMF)
- **OP 4.10**
  - Indigenous Peoples Plan (IPP)
  - Indigenous Peoples Planning Framework (IPPF)
- **OP 4.36**
  - Forest Management Plan
- **OP 4.11**
  - Physical Cultural Resources Management Plan (usually included in the EMP)
- **OP 4.12**
  - Resettlement Action Plan (RAP)
  - Resettlement Policy Framework (RPF)
  - Process Framework (PF)

Recapping Roles and Responsibilities

- The **sponsoring entity** has primary responsibility for the implementation of the triggered safeguard policies, including the preparation and implementation of the applicable instruments
- The **World Bank** plays a supporting role, provides guidance and supervises ER Program implementation until termination of the ERPA

Applicable Complaint and Accountability Mechanisms

- Role of regular monitoring/supervision in detecting problems and promoting solutions
- REDD+ Readiness is supposed to result in the establishment of feedback and grievance redress mechanisms at the national, sub-national, and local levels
- The World Bank Inspection Panel as a fact-finding accountability mechanism designed to:
  - address the concerns of the people who may be affected by Bank-supported projects; and
  - determine whether the Bank has followed its operational policies and procedures during design, preparation and implementation phases of projects

THANK YOU FOR YOUR ATTENTION!

www.forestcarbonpartnership.org