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Background Paper One

Monitoring Governance for Implementation of REDD+

by

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Executive Summary

A global incentive mechanism to reduce emissions from deforestation and forest degradation is an extraordinarily bold and ambitious concept – with great potential to reduce global greenhouse gas emissions, but also massive risk of failure, given the context in which it is being implemented.

Developing a credible mechanism that provides incentives for emissions reductions that are genuinely performance-based as well as implementation of safeguards will require that lessons are learned and applied from previous successful and, more commonly, unsuccessful, attempts to protect forests.

Past experience, particularly relating to efforts to conserve forests, improve management and tackle illegal logging, demonstrate that the lack of state capacity to create coherent, enabling policy environments, be accountable to local stakeholders or enforce of rule of law – all key elements of good governance - is a major problem in many REDD+ candidate countries, and plays a significant role in current levels of deforestation and degradation globally.

In light of the high-risk context in which REDD+ activities will take place, there was increasing recognition in the run up to Copenhagen of the importance of social and environmental safeguards to any REDD+ agreement, and, further, to the centrality of effective, accountable governance in REDD+ states, to achieving emissions reductions and avoiding adverse impacts. This culminated in agreement among negotiators on seven safeguards to be promoted and supported when undertaking REDD+ activities.

Building on the momentum surrounding the safeguards, there is now widespread recognition that monitoring governance for implementation of REDD+ should be part of any mechanism as it is developed, in order to: a) ensure that payments are performance-based, particularly in early phases where performance is not measurable in carbon terms; but also b) ensure that measurement, reporting and verification of emissions and removals (carbon MRV) is credible, and all safeguards are implemented, and c) activities address the fundamental challenges (also recognized in the safeguards text) of tackling permanence and leakage. However, what is currently lacking is any practical elucidation of the scope, function and best practices of this governance monitoring.

Given the pace at which REDD+ is moving, working definitions are inevitably being developed in parallel in a number of different fora, without a consistent vocabulary, and although there is clearly progress towards a conceptual consensus, its practical application is some way off. Meanwhile, ideas on non-carbon monitoring, including of governance, are already being advanced through national REDD+ strategies, but inconsistently and in the absence of any guidance. The point has clearly been reached where a synthesis of relevant governance parameters and practical guidance for monitoring priority governance issues is needed. The acceleration of the already fast moving process following the pledge of US\$3.5 billion in fast start finance in Copenhagen, and the impending establishment of an interim REDD+ partnership, demands an equally rapid move towards the development of consistent standards and systems for monitoring governance in REDD+.

This paper and workshop aim to meet the need for agreement and guidance in this area, drawing on:

1. The ongoing conceptual debate about what constitutes ‘good governance’ in specific national and sectoral contexts, as applied to the draft UNFCCC REDD+ text and emerging *de facto* multilateral standards for phases 1 and 2 (further explored in background paper two).

2. Best practice in monitoring, reporting and verification derived from the substantial body of legal norms and practical experience in measuring, monitoring, reporting and verifying at the national and international level. This experience should not only be brought to bear on MRV of carbon, but also on monitoring, reporting and verification of appropriate elements of governance.
3. Existing initiatives in forest governance and natural resource monitoring, as well as country case studies, from which extensive lessons are drawn.

The analysis also attempts to define and build from the different core functions of governance monitoring, relating to differing information needs in domestic and international institutions, at different phases of REDD+ activity.

The paper assumes that domestic needs are focused primarily on achieving transformative change in the forest or land use sectors while ensuring implementation of appropriate safeguards, particularly:

- Identifying appropriate policies to tackle the complex political and economic incentives which have resulted in a lack of forest law enforcement, high levels of deforestation, forest degradation and unsustainable management practices in many forest-rich countries
- Identifying pragmatic and nationally-appropriate criteria for performance-based payments in 'pre-carbon' REDD+ phases (phases 1 and 2)
- Identifying country-specific potential for additional progressive social and political outcomes from REDD+ investment, activities and income streams
- Ensuring meaningful accountability to domestic stakeholders.

International needs relate more to maintaining the credibility of a REDD+ mechanism within the context of a broader set of abatement and mitigation activities, particularly:

- Developing a national monitoring and reporting framework which can effectively demonstrate progress towards reducing emissions and underpin a genuinely performance-based payment system for REDD+
- Demonstrating implementation of all relevant safeguards
- Ensuring meaningful accountability to international stakeholders.

In order to facilitate simplicity and consistency while meeting these differing needs, the paper proposes three core parameters of governance for REDD+, and outlines key considerations for each. It suggests that domestic priorities should be added to this framework to ensure that it reflects unique national circumstances, but that conceptual complementarity between domestic and international needs will support transparency and cost-effectiveness. The proposed parameters are:

1. Clear, coherent policy and legal and regulatory frameworks
2. Effective implementation and enforcement of those policies, laws and regulations
3. Transparent and accountable decision-making, enforcement and REDD+ accounting institutions.

Finally, the paper recommends key principles and tools for achieving credible governance monitoring which can be applied at both the domestic and international levels. These include four cross-cutting principles, as well as principles to be considered in the development of indicators for appropriate information gathering and effective tools and institutional arrangements. These range, *inter alia*, from effective participation to independent field-based monitoring and reporting to financial arrangements that foster ownership, independence and accountability.

1 Introduction

Last December in Copenhagen, six countries pledged US\$3.5 billion to fast track an ambitious global plan over the next two years for Reducing Emissions from Deforestation and forest Degradation (REDD+, the ‘plus’ referring to activities additional to ‘DD’). Rules shaping the global mechanism are evolving rapidly under several multilateral fora, the UN Framework Convention on Climate Change (UNFCCC), the Forest Carbon Partnership Facility (FCPF) administered by the World Bank, the UN REDD Programme (UN-REDD) and the World Bank’s Forest Investment Programme (FIP). At the 15th Conference of the Parties (COP15) to the UNFCCC in December 2009, agreement was reached among negotiators that REDD+ will be implemented in phases: a readiness, or ‘pre-carbon’ phase, comprising planning, preparation and capacity building (phase 1) and policy implementation (phase 2), evolving eventually into results-based actions to reduce emissions (phase 3).³ It is widely accepted that, to maintain the credibility of the mechanism and to ensure REDD+ ultimately delivers results, the rules should include a system for monitoring not only emissions reductions and removals (‘carbon monitoring’) but also ‘non-carbon’ issues important to successful REDD+ implementation. There is, however, a need to refine ideas on the scope and practical operations of this system, particularly those relating to the role that non-carbon monitoring should play in demonstrating that REDD+ activities are indeed resulting in reduced emissions and do not have adverse social or environmental consequences.

Many stakeholders engaged in developing the rules for REDD+ believe that monitoring governance of the forest sector and of the REDD+ mechanism itself is as important as the system that is ultimately designed to monitor carbon and as such should be given equal emphasis. This reflects: 1) the high-risk context in which many REDD+ activities will take place; and 2) the fact that, while much deforestation and logging is driven by a legal response to financial incentives which ascribe more value to, for example, palm oil plantations than natural forest and which can (in theory) be readjusted by REDD+ payments, there is also a significant proportion in many REDD+ candidate countries which is illegal. Estimates vary but most acknowledge that illegality in the forest sector is driven by complex ‘failed market’ conditions which will not all change simply as a result of an additional income stream, and that at worst the problem could be exacerbated. For example, the World Bank estimates that the failure to regulate the forest sector effectively or appropriately costs globally around US\$15 billion per year in lost government revenue and foregone sector growth.⁴ To put this figure into perspective, it is approximately eight times the annual total official development assistance dedicated to the conservation and sustainable management of forests.⁵ This suggests that simple

³ Draft UNFCCC REDD text, FCCC/CP/2010/2, Annex V, para 8, 11 Feb 2010, <http://unfccc.int/resource/docs/2010/cop16/eng/02.pdf>.

⁴ Globally, the volume of illegal logging is about US\$10 billion per annum. On top of this, approximately US\$5 billion per annum is lost to governments because of evasion of royalty and tax payments. World Bank, *Strengthening forest law enforcement and governance: Addressing a systemic constraint to sustainable development*, Environment and Agriculture and Rural Development Departments, Sustainable Development Network, Report No. 36638-GLB, Washington DC, 2006.

⁵ Jade Saunders and Ruth Nussbaum, *Forest Governance and Reduced Emissions from Deforestation*. Chatham House, Dec 2007,

financial incentives aimed at governments are not enough on their own to change behaviour in the forest sector. Clearly, if REDD+ is to achieve its aims and maintain global credibility, the sources of these failed market conditions will need to both be tackled, and be seen to be tackled.

In light of these issues, governance is seen as a key pillar of the monitoring system for REDD+. In Copenhagen, a broad consensus was reached among negotiators that seven safeguards should be promoted and supported by parties when undertaking REDD+ activities to contribute to mitigation actions in the forest sector.⁶ Thus implementation of REDD+ activities and safeguards must go hand in hand. One of these safeguards explicitly refers to “transparent and effective national forest governance structures”, while the others are either directly or indirectly delivered by effective governance. Governance is not a clearly defined concept but at its core are issues such as regulatory capacity, law enforcement and sectoral legitimacy which will be critical to achieving a successful mitigation outcome, as well as to ensuring a positive social and environmental outcome and safeguarding against negative impacts. It is increasingly recognised, and this paper will argue, that promoting and supporting all the safeguards will require effective sector governance.

Governance is particularly critical to any attempt to ensure that emissions reductions are permanent and not displaced elsewhere through leakage (see section 2.3 for the complete list of safeguards and further discussion).

Although mitigation actions are the ultimate deliverable of REDD+, measured in carbon emissions and removals, monitoring performance in relation to governance, particularly in the earlier phases, serves needs at both the domestic and international levels. In Copenhagen, negotiators were debating and moving towards agreement on provisions to implement, monitor and report on REDD+ safeguards when negotiations were interrupted by events which led to the Copenhagen Accord. As a result, these provisions remain bracketed in the most recently published draft text.⁷ However, provisions on monitoring in relation to governance, as well as forms of reporting and verification, are being developed through the three multilateral mechanisms supporting REDD+ readiness (the FCPF, UN-REDD and FIP). The process is evolving rapidly, and has reached the point where guidance is needed to inform its development and to support countries as they design their systems.

Several initiatives exist, or are being developed, for monitoring (including measuring) and verifying governance for forests. More established initiatives, such as independent forest monitoring (IFM) and the Chatham House illegal logging indicators of progress have been developed in the context of the need to strengthen governance and enforcement to tackle illegal logging. Several more recent initiatives are being developed and piloted in the context of REDD+. They define different governance scopes, utilise different methodologies and have been developed for different purposes. However, they provide many lessons that can inform the development of governance monitoring for REDD+.

In Copenhagen in December 2009, Global Witness and the World Resources Institute (WRI) co-hosted a meeting of organizations engaged in initiatives related to governance monitoring, both in the

⁶ See Draft UNFCCC REDD text, FCCC/CP/2010/2, Annex V, para 3, 11 Feb 2010.

⁷ Ibid, para 5 (c): “requests that a developing country Party aiming to undertake activities referred to in paragraph 3 above, [provided that support is made available,] in accordance with national circumstances and respective capabilities, develop: (c) [A robust and transparent national forest monitoring system for the monitoring and reporting of the activities referred to in paragraph 3 above [, and the safeguards referred to in paragraph 2 above]...]”

context of REDD+ and other programmes to improve forest governance.⁸ Overlaps in methodologies and pilot countries were identified and initial ideas proposed for achieving better cooperation and coordination, as well as next steps. The expert workshop for which this paper is prepared follows-up on discussions in Copenhagen, and aims to provide draft guidance on monitoring governance for implementation of REDD+ which can be used to inform the global process and performance based standards, to support countries in the readiness phase, and to inform country-led, multi-stakeholder governance assessments proposed by UN-REDD as well as the Forest Resources Assessment (FRA) coordinated by FAO (the UN Food and Agriculture Organisation).

The evolving requirements in REDD+ for monitoring, reporting and verifying governance will necessitate methodological guidance as well as convergence towards a shared conceptual framework, aiming *inter alia* at:

- Meeting both domestic and international needs for achieving a functioning REDD+ mechanism
- Avoiding complexity and fragmentation by defining a common base consisting of a small number of key governance parameters
- Defining how trends and performance in governance can be monitored and reported for these parameters
- Enhancing national ownership through a participatory approach to assessing governance which places a premium on the involvement of indigenous peoples, local communities and civil society
- Integrating governance monitoring and reporting in national systems for forest monitoring
- Promoting methodological approaches that facilitate multi-stakeholder participation, transparency and robustness, and incorporate independent monitoring, evaluation and review (i.e. verification) involving civil society and forest-dependent communities
- Mainstreaming, i.e. making REDD+ governance monitoring useful beyond REDD+ and the forest sector
- Taking account of existing initiatives designed to improve and monitor standards of forest governance, such as the EU's Forest Law Enforcement, Governance and Trade (FLEGT) initiative as well as any emerging initiatives.

This background paper elucidates a framework for monitoring governance for implementation of REDD+ on the basis of a detailed analysis of existing relevant frameworks, experience and developments to date. It addresses concepts and definitions of governance for REDD+, identifying which are most useful for achieving REDD+ at the domestic level and which are most useful for demonstrating that achievement internationally. It outlines and assesses existing and evolving provisions on monitoring, reporting and verification, as well as MRV (measurement, reporting and verification), under the UNFCCC and other multilateral REDD+ institutions and describes relevant best practice in international environmental law. It analyses existing initiatives on monitoring

⁸ The meeting was attended by representatives from Chatham House, Global Witness, WRI, CARE, CCBA, Transparency International, CIFOR and VERTIC, as well as representatives from UN-REDD and the FCPF.

governance for forests with a focus on methodology, and draws practical lessons from initiatives inside and outside the forest sector.

On the basis of lessons learned and evolving methodologies, the paper proposes a set of priority governance parameters for REDD+ (the ‘what’) accompanied by guidance in the form of practical principles for their effective monitoring, reporting and verification), including institutional arrangements (the ‘how’ and the ‘who’). Finally it attempts to distinguish the ways that this ‘what, how and who’ might best be differentiated to serve differing domestic and international needs.

2 Governance for REDD+: approaches, scope and definitions

2.1 Defining and measuring national governance for development

The concept of governance, and associated attempts to define, assess, measure and improve it, was mainstreamed in the aid sector in the mid 1990s as a response to the increasing recognition that without a concerted attempt to improve the functionality of government institutions, targets for sustainable development and aid effectiveness would remain unrealistic in countries with endemic corruption, ‘elite capture’ and institutional inefficiency.

There are, broadly speaking, two conceptual approaches to defining ‘national governance’ in the sense that it is used in the development sector:

- A human rights or ‘political economy’-based approach, which focuses on the nationally-specific relationships between state and non-state actors, the incentive structures that drive each of them, and the informal negotiation of public authority and accountability between them

A rules-based approach, which emphasises Weberian state models of service delivery, normative values and formal national institutions such as legal frameworks and associated regulations.

Each approach has its variations, champions and critics, but for the purposes of this paper it may be helpful to note that the first model is likely to be of most use in developing national strategies for achieving transformative change in the forest or land use sectors, particularly in:

- Identifying appropriate policies to tackle the complex political and economic incentives which have resulted in a lack of forest law enforcement, high levels of deforestation and forest degradation and unsustainable management practices in many forest-rich countries
- Identifying pragmatic and nationally-appropriate criteria for performance-based payments in ‘pre-carbon’ REDD+ phases
- Identifying country-specific potential for additional progressive social and political outcomes from REDD+ investment, activities and income streams
- Ensuring meaningful accountability to domestic stakeholders.

A wealth of resources are available for designing and undertaking governance assessments of this sort, aimed at enhancing development, democracy and aid effectiveness through locally-owned

processes. The OECD Development Assistance Committee (OECD DAC) has recently embarked on a meta analysis of the tools available, developing guiding principles for governance assessment in line with the 2005 Paris Declaration on Aid Effectiveness.

In contrast, a rules-based approach is likely to be more useful when thinking about:

- Developing a national monitoring and reporting framework which can effectively demonstrate progress towards reducing emissions and implementing specific safeguards over time, facilitate an appropriate degree of comparison between countries and underpin a credible, performance-based payment system for REDD+ internationally
- Ensuring meaningful accountability to international stakeholders.

Similar to the first approach, there is a substantial body of experience in using a rules-based approach to monitor forest governance nationally and demonstrate compliance with a range of international commitments (see Annexes and Section 3), which is drawn on extensively in the rest of this paper.

Human rights-based approaches

At the national level, the UN Development Programme (UNDP) defines ‘governance for human development’ as comprising the mechanisms, processes and institutions that determine how power is exercised, how decisions are made on issues of public concern, and how citizens articulate their interests, exercise their legal rights and, meet their obligations and mediate their differences.⁹ This definition explicitly focuses on the abstract value of democracy, noting from the human development perspective, good governance is DG (democratic governance).¹⁰

This approach has been informed particularly by southern perspectives, relating to the specificity of national and cultural circumstances and development priorities. In addition, as a result of analysing incentive structures which drive domestic actors, recent work in the area has recommended the inclusion of key elements of the global context in any domestic analysis¹¹ – particularly in private sector interactions and globalised natural resource demand. In the REDD+ context this could include, for example, international demand for forest products, agricultural products and, indeed, sequestered carbon or other emissions.

Building on the concept of assessment driven by, often informal, local circumstances, the OECD DAC has established five principles¹² which should underpin the process of understanding governance pre-conditions to achieving effective developmental outcomes. These principles could also form useful guidance for national REDD+ strategies if appropriately translated from a broad national development context to the forest and land-use sector.

⁹ Joachim Nahem, UNDP Global Programme Democratic Governance Assessments, Oslo Governance Centre. Personal communication May 2010

¹⁰ Ibid.

¹¹ *An Upside Down View of Governance*, Institute of Development Studies, April 2010

¹² The five principles are: building on and strengthening nationally-driven governance assessments; identifying a clear purpose to drive the choice of assessment tool; assessing and addressing governance from different entry points and perspectives; harmonising assessments at country level; and, making results public. *Donor Approaches to Governance Assessment*, OECD DAC GOVNET, March 2009.

Rules-based approaches

The rules-based approach to defining governance for development has also focused on aid effectiveness, but has been driven by a model of economic development based on the history and current functions of ‘OECD-type’ states.

At the national level ‘governance’ is currently defined by the World Bank as:

*Consist(ing) of the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them.*¹³

In an ongoing attempt to define the concept in practical terms and monitor trends in governance, the World Bank has developed a set of Worldwide Governance Indicators, drawn from earlier OECD work on governance for development,¹⁴ in a project which identifies the following six key parameters for defining and measuring the quality of governance in any given country:

- **Voice and Accountability:** the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, association, and the press
- **Political Stability and Absence of Violence:** the likelihood that the government will be destabilized by unconstitutional or violent means, including terrorism
- **Government Effectiveness:** the quality of public services, the capacity of the civil service and its independence from political pressures; the quality of policy formulation
- **Regulatory Quality:** the ability of the government to provide sound policies and regulations that enable and promote private sector development
- **Rule of Law:** the extent to which agents have confidence in and abide by the rules of society, including the quality of property rights, the police, and the courts, as well as the risk of crime
- **Control of Corruption:** the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as elite ‘capture’ of the state.¹⁵

The project identifies a broad, detailed indicator set for each area, and has refined its methodology and collected data in 212 countries since 1996. The project is often explicitly linked with the development of strategies for measuring and tackling corruption risks; a core priority for aid institutions in order to ensure that their work is credible and effective.

The World Bank framework is internationally-recognised and applied; it is only one of many attempts to define or measure national governance of this type for different purposes, with a range of subtle and not so subtle distinctions between their scope and application. However, there is in fact a reasonably high degree of convergence in attempts at the abstract level. Most definitions of this sort,

¹³ <http://info.worldbank.org/governance/wgi/index.asp>

¹⁴ *Citizens as Partners - Information, Consultation and Public Participation in Policy-Making*, OECD, 2001.

¹⁵ *Governance Matters 2009*, World Bank. Permanent URL: <http://go.worldbank.org/Z1GB0U4590>

no matter how broadly they differ in practice, emphasize the fundamental parameters of a capable state that is accountable to citizens and operating under the rule of law.¹⁶

Despite the broad definitional consensus, it is important to note that such principles cannot be simply observed or measured, meaning that practical interpretation – both what to measure and how to do it – is as critical to the effectiveness of any attempt as the definition which frames it.

In practice, many critics of this ‘top down’ approach simultaneously recognise that it provides a degree of standardisation that is well-suited to certain functions of governance assessments, for example in informing international priority-setting,¹⁷ and that, while it may not be most usefully applied to designing short-term strategies for iterative improvement in more ‘fragile’ states, ultimately, effective, accountable and formal rules-based state institutions are likely to be the best protector of individual human rights.¹⁸

2.2 Defining and measuring forest governance

Poor forest governance and inadequate law enforcement were internationally recognised as major hurdles to achieving positive social, environmental or economic outcomes for the sector at a series of regional Forest Law Enforcement and Governance (FLEG) Ministerial conferences facilitated by the World Bank. In the Bali Ministerial FLEG Declaration¹⁹ which came out of the East Asia conference of 2001, the negotiating parties recognised:

...that illegal logging and associated illegal trade directly threaten ecosystems and biodiversity in forests throughout Asia and the rest of our world; (and that) the result (was) serious economic and social damage, particularly on local communities, the poor and the disadvantaged;

and stated further that the parties were:

Convinced of the urgent need for, and importance of good governance to, a lasting solution to the problem of forest crime.

Similar Ministerial Declarations were made in Africa in 2003²⁰ and Europe and North Asia in 2005.²¹

Following these political processes, a wide range of projects and policies were developed and implemented in both producer and consumer countries aimed at improving forest governance, reducing illegal logging and restricting the trade in illegally produced timber and forest products.

¹⁶ *Governance Indicators: Where are we? Where should we be going?* Daniel Kaufman, Aart Kray. The World Bank Research Observer, vol. 23, no. 1 (Spring 2008) Available at: <http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/KKGovernanceIndicatorsSurveyWBROSpring2008.pdf>

¹⁷ Ibid

¹⁸ *An Upside Down View of Governance*, Institute of Development Studies, April 2010

¹⁹ *Bali FLEG Ministerial Declaration*, 2001. Available at: http://www.illegal-logging.info/uploads/Bali_ministerial_declaration.pdf

²⁰ *Yaounde FLEG Ministerial Declaration*, 2003. Available at: http://www.illegal-logging.info/uploads/AFLEG_Declaration.pdf

²¹ *St Petersburg FLEG Ministerial Declaration*, 2005. Available at http://www.illegal-logging.info/uploads/MDILA_final_25_Nov_05_eng.pdf

In an attempt to understand if any of these initiatives were having the desired impact, or if other policy interventions could be more effective, a number of initiatives have attempted to define and measure 'forest governance'. All have worked within the fundamental parameters of governance for development outlined above, as well as including key elements of governance for environmental protection. They have tended to focus more on rules-based assessments, attempting to assess the level of effective, accountable state institutions and rule of law operating in the forest sector, attempting to understand the policy frameworks and enforcement challenges that relate to their desired social and environmental outcomes. Needless to say, different groups have different desired outcomes for the sector, leading to broader or narrower definitions of appropriate forest governance. Some focus more heavily on detailed forest management requirements and economic functions relating to extraction of timber while others include issues of land ownership, gender equity/inclusiveness, biodiversity protection, carbon sequestration or equitable benefit sharing from the sector.

Initiatives can be roughly categorised as those that seek to elucidate a complete framework covering all aspects of forest governance (see Annex 1), and those that focus on specific elements of forest governance, often for a particular purpose (see Annex 2).

In the former category, the World Bank has recently applied its governance concepts to the functions of the forest sector, drawing on work done by a range of research institutes, including WRI (see Annex 1.1) and Chatham House (see Annex 2.3) as well as earlier work carried out in the context of sustainable forest management by ITTO, CIFOR and IIED.²² The work has set out a range of parameters for defining and measuring sector governance.

The Building Blocks of Forest Governance and Their Principal Components	
<p>Transparency, Accountability, and Public Participation Transparency in the forest sector Decentralization, devolution, and public participation in forest management Accountability of forest officials to stakeholders Accountability within the forest agencies</p> <p>Stability of Forest Institutions and Conflict Management General stability of forest institutions Management of conflict over forest resources</p> <p>Quality of Forest Administration Willingness to address forest sector issues Capacity and effectiveness of forest agencies Corruption control within the forest sector Forest monitoring and evaluation (M&E)</p>	<p>Coherence of Forest Legislation and Rule of Law Quality of domestic forest legislation Quality of forest law enforcement Quality of forest adjudication Property rights recognized/honored/enforced</p> <p>Economic Efficiency, Equity, and Incentives Maintenance of ecosystem integrity: sustainable forest use Incentives for sustainable use and penalties for violations Forest products pricing Commercial timber trade and forest businesses Equitable allocation of forest benefits Market institutions Forest revenues and expenditures</p>

Box 1: World Bank Analytical Framework for Governance Reforms in the Forest Sector²³

Building on this definition of scope, and in light of the increasing political attention on forests, the World Bank and FAO have recently started a process of attempting to negotiate a political consensus behind a set of indicators which can be used to measure the quality of forest governance in the context of sustainable forest management. The work aims to identify specific indicators that allow countries to

²² The International Tropical Timber Organisation, the Centre for International Forestry Research, and the International Institute for Environment and Development.

²³ *Roots for Good Forest Outcomes: an analytical framework for Governance Reform*. World Bank 2009. Available at: <http://www.illegal-logging.info/uploads/ForestGovernanceCombinedWebversion.pdf>

diagnose governance problems in the sector, prioritize critical reforms and monitor progress; providing a ‘menu’, from which countries can select those most appropriate to their national circumstances.

2.3 Defining and measuring governance for REDD+

Initiatives which attempt to define a scope and appropriate methodology for measuring and/or monitoring governance for REDD+ (i.e. data collection and analysis, including measurement) are more recent and as a result less conclusive, although they draw on the various national and forest governance frameworks described above and generally also focus on formal rules and their application. Conclusions on key methodological questions are slowed by the ‘moving target’ of negotiations on the detailed scope of REDD+ activities and safeguards. Although consensus was reached in the REDD negotiating group in Copenhagen on the scope of five activities²⁴ and seven safeguards, these will be subject to further refinement and interpretation.

However, a number of initiatives have recently started the process of defining governance monitoring frameworks which can be used by early start REDD+ institutional actors operating at the domestic level. In addition, some more developed forest governance initiatives have an explicit focus on applicability to REDD+ activities, but a strict forest scope could to some extent limit their relevance to the broader land use and safeguards issues incorporated in REDD+. For example, attempts to reduce drivers for the conversion of forest land by improving agricultural efficiency or infrastructural planning reform would not necessarily be incorporated in these frameworks but are likely to form part of an effective national REDD+ strategy which aims to tackle all significant drivers of deforestation.

In light of the land use perspective necessary to address significant drivers of deforestation, the WRI Governance of Forests Initiative (GFI) maintains a forest focus but does include indicators to help groups using the toolkit to identify pressure on forest land which comes from other sectors. This includes, for example, identifying whether institutional arrangements are in place to enable coordination between relevant Ministries, as well as indicators which help to measure levels of accountability and coherence across national land use policy frameworks. This broad approach has made the GFI flexible and relevant to groups concerned with more traditional forestry issues as well as to government agencies or civil society groups wishing to undertake assessments of national governance for REDD+.

To date, the most developed framework explicitly aimed at REDD+ has been established by CCBA and CARE (see Annex 3.2). Although it is framed as a standard for measuring positive social and environmental impacts of REDD+ activities beyond the scope of the safeguards, in fact most of the criteria and indicators focus on measuring elements of effective and accountable governance, rightly identifying them as essential institutional pre-conditions for achieving the positive outcomes the institutions wish to see. The core principles of the framework are outlined in Box 2 below.

²⁴ The five activities are: (a) Reducing emissions from deforestation; (b) Reducing emissions from forest degradation; (c) Conservation of forest carbon stocks; (d) Sustainable management of forest; and (e) Enhancement of forest carbon stocks. Collectively the last three represent the ‘Plus’ in REDD+.

Participants at a workshop on the standards in Copenhagen in May 2009 identified the following principles:

1. Rights to land, territories and resources are recognized and respected.
2. The benefits of the REDD+ program are shared equitably among all stakeholders and rights holders.
3. The REDD+ program contributes to sustainable livelihoods and poverty alleviation for forest-dependent peoples.
4. The REDD+ program contributes to broader sustainable development and good governance objectives.
5. Biodiversity and ecosystem services are maintained and enhanced.
6. All relevant stakeholders and rights holders are able to participate fully and effectively in the REDD+ program.
7. All stakeholders and rights holders have timely access to appropriate and accurate information to enable good governance of the REDD+ program.
8. The REDD+ program complies with applicable local and national laws and international treaties and agreements

Box 2: REDD+ Social and Environmental Standards (CCBA/CARE International).²⁵

In addition to frameworks for monitoring and assessment of REDD+ governance and impacts developed by research institutes and NGOs, the scope of governance for REDD+ is also being defined through the formal UNFCCC negotiation process and, *de facto*, through the parallel development of REDD+ monitoring and reporting standards and guidance within the multilateral institutions which are financing REDD+ activities in phases 1 and 2.

In Copenhagen, consensus was reached among negotiators on five REDD+ activities.²⁶ Thus REDD+ will involve positive incentives for developing countries for reducing emissions from deforestation and forest degradation, as well as actions to conserve, sustainably manage and enhance forest carbon stocks.²⁷

It can therefore be assumed that any governance scope for either achieving REDD+ at the domestic level *or* demonstrating credibility internationally should include capable, accountable government institutions responsible for designing, implementing and monitoring effectiveness in those five activity areas operating under a clear, enforced legal framework.

In addition, consensus was reached among negotiators that seven safeguards would be promoted and supported when undertaking these activities:

- a) Actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements
- b) Transparent and effective national forest governance structures, taking into account national legislation and sovereignty
- 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, and noting that the General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples

²⁵ *Social and environmental standards for REDD and other forest carbon programs*, CCBA (Climate, Community and Biodiversity Alliance) / CARE International, Nov 2009.

²⁶ That is, (a) Reducing emissions from deforestation; (b) Reducing emissions from forest degradation; (c) Conservation of forest carbon stocks; (d) Sustainable management of forest; and (e) Enhancement of forest carbon stocks.

²⁷ Draft UNFCCC REDD text, FCCC/CP/2010/2, Annex V, para 3, 11 Feb 2010

- d) Full and effective participation of relevant stakeholders, including, in particular, indigenous peoples and local communities in actions referred to in paragraphs 3 and 5 below
- e) Actions that are consistent with the conservation of natural forests and biological diversity, ensuring that actions referred to in paragraph 3 below 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
- f) Actions to address the risks of reversals
- g) Actions to reduce displacement of emissions.²⁸

Although only (b) explicitly identifies governance by name, a set of governance parameters derived from this text should include the institutional preconditions for achieving them as well as delivering reassurances against social and environmental harm. This suggests that parameters for REDD+ governance derived from the current safeguards text should include within their scope both the institutional capacity elements of governance necessary to ensure that safeguards are actively respected in national activities *and* the institutional arrangements to monitor and report credible, verified information on them to the international level.

Beyond the list of core issues on which a UNFCCC consensus is emerging, multilateral financing institutions all approach the question of governance slightly differently, reflecting their differing aims, working practices and the national priorities of their participants. It should be noted that, while there is some standardisation and an emphasis on, for example, law enforcement, these approaches are aimed primarily at establishing strategies to meet domestic governance needs in progressing towards REDD+, rather than at elucidating or serving the national reporting framework necessary to give REDD+ payments international credibility. Despite this, consistent elements which will be relevant to both functions have emerged. While assessing these systematically and in detail is the role of background paper two,²⁹ it is useful briefly to characterise the different scopes and approaches here.

The FCPF approaches governance through the template of its Readiness Preparation Proposal (R-PP),³⁰ from the perspective of the components considered necessary to develop a coherent REDD+ national strategy. The template highlights ways in which countries can ensure and demonstrate that the process is transparent, accountable and inclusive/participatory. In addition, guidance focuses on countries developing effective mechanisms for coordination and implementation across and within government departments responsible for key REDD+ and readiness activities.

However, it is important to note that the template guidance focusing explicitly or implicitly on governance has not resulted in consistent application or thorough analysis of the issues. This is elucidated further in background paper 2. As an example, in a review of recent national readiness plans submitted to the FCPF, on the key issue of tenure clarity, WRI notes that:

²⁸ Ibid, para 3.

²⁹ Crystal Davis, *Governance in the Readiness Phase: taking stock of governance issues raised in readiness proposals submitted to the FCPF and the UN-REDD Programme*, Background Paper Two for *Monitoring Governance Safeguards in REDD+* expert workshop, 24-25 May 2010, Chatham House, London (hereinafter 'Davis, 2010').

³⁰ The current R-PP template is available at:

http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/TXT/R-PP_Template_English_v4%2001-28-10.doc

...all countries identify unclear tenure as a driver of deforestation and key challenge facing the design of a REDD+ revenue distribution system. Most R-PPs do not, however, describe existing or proposed processes to clarify tenure, or clearly articulate how lessons learned from past efforts to implement and enforce tenure rules will be used to inform REDD+ strategy development. Most countries would benefit from a more rigorous and systematic review of this issue, although only a few countries propose to do this within their R-PP budgets.³¹

This suggests that a practical consensus among current FCPF member countries on the applicability of governance principles to REDD+ readiness activities is still some way off, even if a core set of parameters/issues has been agreed. It is not entirely clear whether this is a result of the speed with which REDD+ strategies are being developed or a fundamental difference of approach.

The FIP is still in the process of finalising a guidance document³² to inform its selection of pilot investment projects, but has recognised, both in its Design Document and in its investment criteria, the importance of addressing governance issues. Investments in measures to improve governance and enhance law enforcement are recognised as crucial elements for successful implementation of investment programmes, and progress will be measured using governance criteria and indicators. The current draft document states:

FIP investment strategies, programs and projects should capitalize on the lessons learned concerning inclusive and effective improvements in governance and enhancement of law enforcement in other environmental sectors. FIP investments should support such improvements as an integral part of necessary measures and policies to ensure forest related climate change outcomes. Forest governance criteria and indicators should be integrated into project and program design as well as into performance assessments to ensure measurable outcomes.

The approach of UN-REDD differs from the FCPF in that it has not developed guidance suggesting particular governance issues or social or environmental impacts for consideration by member countries when developing readiness strategies in their National Programme documents (NPDs). Countries are, however, expected to provide a ‘governance situation analysis’ and mapping of stakeholders. The Programme proposes to offer support to governments to implement country-led, multi-stakeholder governance assessments which will build on the situation analysis and mapping, followed by support to governance reforms for REDD+ (see Annex 3.1).³³ The assessment is intended to be driven through a partnership of national stakeholders and will span different phases of readiness. The aim is to identify governance weaknesses and priorities, i.e. to establish a ‘governance baseline’, that will inform policy reforms. Assessments may be subsequently repeated to measure the effectiveness of reforms and enable national stakeholders to monitor performance. Assessment of the uptake of these reforms would be undertaken while countries transition from grant to performance-based funding, with the aim of ensuring that sound governance systems are in place for a fully-fledged REDD+ mechanism. The assessments are intended to be a component of an overall, broad-based MRV and monitoring system capable of providing accurate, complete, comparable and transparent information that reflects the governance reality on the ground.

³¹ WRI Working Paper. *Getting Ready, A Review of the World Bank Forest Carbon Partnership Facility Readiness Preparation Proposals*. Crystal Davis, Smita Nakhooda and Florence Daviet. March 2010. Available at: http://pdf.wri.org/working_papers/getting_ready_2010-03-23.pdf

³² *FIP: Investment Criteria and Financing Modalities*. Unpublished 21 April 2010 version.

³³ *Country-Led Multi-stakeholder Governance Assessments, 2010-2015*. UN-REDD Programme Working Draft, March 2010.

It is proposed by UN-REDD to develop universally acceptable ‘governance for REDD+’ indicators through a transparent, participatory, and inclusive process, taking into account governance ‘thresholds’ in a phased approach to readiness. The development processes will be informed by emerging normative guidance provided by existing initiatives on monitoring governance for forests and REDD+. Emphasis will be on the process of developing indicators, based on what stakeholders value, rather than on the indicators themselves, and the process of establishing an information management system that reinforces domestic accountability over time.

The FCPF and UN-REDD are in the process of harmonising their readiness requirements.³⁴ Meanwhile, Norway and France are leading a process to form an interim country partnership which aims, *inter alia*, to improve coordination of REDD+ funding and institutional arrangements.³⁵ This may increase the likelihood of convergence around a core set of governance parameters by countries involved in the different mechanisms.

3 Monitoring, reporting, verification and MRV

Terminology concerning ‘measurement’, ‘monitoring’, ‘reporting’, ‘verification’ and ‘MRV’ in documents and literature on REDD+ has been used inconsistently, leading to potential misunderstandings, particularly with regard to the ‘M’. Moreover, in the absence of an authoritative set of definitions, the concepts are not always used consistently in the broader context of international law. Clarifying them is therefore not straight forward, though a standard usage is emerging, as indicated in UNEP’s Guidelines on Compliance with and Enforcement of Multilateral Environmental Agreements (MEAs).³⁶ This section attempts to clarify the concepts *as far as possible*, in light of their use in international law and in national contexts, as well as in the on-going negotiations on climate and emerging rules and practice under the various multilateral REDD+ institutions. It then draws conclusions on the picture emerging in relation to governance for REDD+, particularly as it relates to monitoring governance for domestic and international needs.

3.1 Concepts and definitions in international law

MRV

MRV is a critical cross-cutting issue in the climate negotiations and, given the questions it raises concerning sovereignty, is the subject of intense debate.³⁷ The origins of its constituent concepts can be traced back to the 1992 framework convention (UNFCCC) and, more specifically, the 1998 Kyoto Protocol (KP). However, the three concepts, ‘measurable, reportable and verifiable’ (MRV), were first linked together in a single term in the Bali Action Plan (BAP), a roadmap for the current negotiations adopted at the 13th Conference of the Parties to the UNFCCC (COP13) in 2007. The BAP calls for enhanced national and international action on mitigation, including: 1) measurable, reportable and verifiable_nationally appropriate mitigation commitments or actions by developed country parties, and

³⁴ However, DRC, which is a member of the FCPF and UN-REDD, is the only country which has used the same format for both processes, submitting to UN-REDD a National Programme Document with an Annex attached which follows the R-PP template.

³⁵ Draft *REDD+ Partnership* agreement, due to be finalised at a meeting in Oslo on 27 June 2010.

³⁶ UNEP Governing Council Decision SS.VII/4, ‘Compliance with and enforcement of multilateral environmental agreements’, UNEP(DEPI)/MEAs/WG.1/3, annex II (Feb 2002).

³⁷ Harald Winkler, *Measurable, Reportable and Verifiable: the keys to mitigation in the Copenhagen deal*, Climate Policy 8, 2008, pp 534-547.

2) nationally appropriate mitigation actions (NAMAs) by developing country parties, supported and enabled by 3) technology, financing and capacity-building, in a ‘measurable, reportable and verifiable manner’.³⁸

Measurement

There is no agreed definition of ‘measurement’ or ‘measurable’ in international law. However, in a comprehensive overview and analysis of MRV, Breidenich and Bodansky define it in terms of function:

- *The function of measurement is to describe a phenomenon in reasonably precise, objective terms – that is, in terms of an established standard or ‘unit of measurement’.*³⁹

They draw on international environmental law to show that ‘measurement’ is not only connected with quantifiable attributes (e.g. volume or area), but that, in principle, almost any phenomenon can be measured, although the more precise and certain the description, the better the measurement. As an example, under CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora), the Secretariat measures parties’ compliance by placing their national implementing legislation in three categories (1, 2 or 3) according to the extent to which it complies with CITES requirements.⁴⁰

Reporting

Almost all MEAs require parties to self-report on their national performance, the majority providing guidelines or templates for this purpose. This type of reporting by states is often referred to as national reporting and is generally part of a broader system designed to ensure compliance with international obligations. It can be distinguished from reporting within states for domestic use in developing policies and measures (referred to in this paper as domestic reporting). In the context of MEAs, the UNEP Guidelines define reporting as the provision by parties of:

- *Regular, timely reports on compliance, using an appropriate common format.*⁴¹

This definition may be somewhat restrictive in relation to REDD+, however, where reporting on performance-based mitigation actions to international institutions is anticipated, i.e. not only concerning compliance with agreed benchmarks but on the extent to which payments deliver results.

In the context of the UNFCCC, Breidenich and Bodansky consider that the association of R with M and V suggests that the purpose of reporting by parties is to permit others to assess what a country is doing. Under FLEGT, the bilateral Voluntary Partnership Agreements (VPAs) agreed or under negotiation will require two levels of reporting: reports at the domestic level into national enforcement and regulatory institutions relating to details of individual legal infractions and implementation failures, and reports by an independent monitor to an international (in this case bilateral) Joint Implementation Committee (JIC) on the overarching integrity of the national control system (see Annex 2.1).

³⁸ UNFCCC Decision 1/CP.13, para. 1(b),

³⁹ Clare Breidenich and Daniel Bodansky *Measurement, Reporting and Verification in a Post-2012 Climate Agreement*, Pew Centre on Global Climate Change, 2009 www.pewclimate.org (hereinafter ‘Breidenich and Bodansky, 2009’).

⁴⁰ Rosalind Reeve, *Policing International Trade in Endangered Species: the CITES Treaty and Compliance*, The Royal Institute of International Affairs (Chatham House) and Earthscan, London, UK, 2002 (hereinafter ‘Reeve, 2002’).

⁴¹ UNEP Governing Council Decision SS.VII/4, ‘Compliance with and enforcement of multilateral environmental agreements’, UNEP(DEPI)/MEAs/WG.1/3, annex II (Feb 2002).

Successful reporting depends on: 1) the precision and reliability of information, and 2) the degree to which the information is presented in a standardised way to allow comparison between reports and verification by others. In relation to international agreements, as one commentator succinctly put it, “If garbage is what state parties feed into the reporting system, then garbage is what will come out.”⁴² Under the UNFCCC and KP, reporting is the sole responsibility of States (see below), but under other conventions non-State actors may report information directly or submit observations on government reports (e.g. CITES and the International Labour Organisation (ILO)⁴³), or be involved in the national process to prepare reports. The Convention on Biological Diversity (CBD) for example, recommends that parties establish a consultative process involving relevant stakeholders in preparing their national reports.⁴⁴

The timeliness and quality of reporting varies considerably among MEAs. The Montreal Protocol on Substances that Deplete the Ozone Layer has been particularly successful in improving reporting by developing country parties through a combination of institutional strengthening, enabled by the Multilateral Fund, and the threat of losing access to funding through failure to report.⁴⁵ CITES, in contrast, has improved reporting through a combination of recommended trade suspensions and developing a detailed format for reporting on implementation.⁴⁶ In comparison, the UNFCCC has a more moderate reporting record, especially on policies and measures (detailed further below),⁴⁷

Verification

Verification generally refers to the process of independently checking the accuracy and reliability of reported information or the procedures used to generate information.⁴⁸ In the context of MEAs it has been defined as:

- *A process undertaken to test the accuracy of data or information provided by a Party to the MEA Secretariat.*⁴⁹

According to the UNEP Guidelines, it “may involve verification of data and technical information in order to assist in ascertaining whether a party is in compliance”.⁵⁰

The process is undertaken by a third party, such as the Secretariat or an NGO, or by them in combination with other parties to the treaty.⁵¹ The independence of the function is critical for the credibility of the system as a whole. Verification can be conducted at international and national level and plays a key role in building confidence among parties. In arms control and nuclear proliferation treaties, verification is seen as essential.⁵² Verification of parties’ actions depends on: 1) the degree to

⁴² Thilo Marauhn, *Towards a Procedural Law of Compliance Control in International Environmental Relations*, Heidelberg Journal of International Law, 56 (1996), pp. 696– 731: 707.

⁴³ Reeve, 2002.

⁴⁴ Breidenich and Bodansky, 2009.

⁴⁵ Duncan Brack, personal communication in Reeve, 2002.

⁴⁶ Rosalind Reeve, *The CITES Treaty and Compliance: Progress or Jeopardy*, BP 04/01, Chatham House, Sep 2004 (hereinafter ‘Reeve, 2004’); CITES Notification to the parties 2005/035, *Biennial report format*, Jul 2005; CITES CoP14 Doc. 29 *National Reports*, June 2007.

⁴⁷ Reeve, 2002; Breidenich and Bodansky, 2009

⁴⁸ Ibid.

⁴⁹ *Compliance Mechanisms under Selected Multilateral Environmental Agreements*, UNEP, Nairobi, 2007.

⁵⁰ UNEP Governing Council Decision SS.VII/4, *Compliance with and enforcement of multilateral environmental agreements*, UNEP(DEPI)/MEAs/WG.1/3, annex II (Feb 2002).

⁵¹ *Compliance Mechanisms under Selected Multilateral Environmental Agreements*, UNEP, Nairobi, 2007.

⁵² See www.vertic.org for publications on verification in agreements on arms control and nuclear non-proliferation.

which reported data is capable of being verified; 2) the actors conducting the verification; and 3) the manner in which verification is performed.⁵³

Review is not the same as verification, although sometimes the two overlap. Generally speaking, verification is technical and non-judgmental, while review may involve an evaluation of performance or an assessment of the adequacy of commitments more generally. The expert review under the UNFCCC and KP (see below) is unique in international environmental law.

Verification is carried out by a wide variety of actors. At international level this includes states (e.g. bilateral arms control treaties and the World Trade Organisation's Trade Policy Review Mechanism), international organizations and secretariats (e.g. the International Atomic Energy Agency and CITES Secretariat), independent experts (e.g. the UNFCCC and KP), accredited private third parties (e.g. the KP's Clean Development Mechanism (CDM) and 'classification societies' under MARPOL⁵⁴), and NGOs (e.g. by TRAFFIC under CITES).

At national level, verification can be conducted by government agencies, NGOs, independent experts, private entities or auditors. In the fisheries sector, some international agreements require national verification. The 1995 Agreement of the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks requires parties to establish national verification procedures for vessels flying their flag, while provisions on 'monitoring, control and surveillance' (MCS) under the 2001 International Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing require countries to establish national systems to check the accuracy of reported data.⁵⁵

The Extractive Industries Transparency Initiative (EITI) and FLEGT have systems for both national and international verification. Under the EITI, reports from independent validators go to the national multi-stakeholder oversight group, the government and the EITI Board, with cases of dispute being resolved first locally, and with the EITI Board as arbitrator in serious cases (see Annex 4.1). Under FLEGT, VPAs will require two levels and types of verification: 1) legality verification within the national control system (i.e. demonstration by enforcement agencies that an export license complies with national law); and 2) verification of the integrity of the national control system through field assessment and reporting to the international JIC by the independent monitor. Thus FLEGT goes further than pure verification (i.e. checking the accuracy of data).

Monitoring

Monitoring is a more difficult concept to define precisely. In the Oxford English Dictionary it is described as the maintenance of 'regular surveillance' over a situation.⁵⁶ In international environmental law, monitoring can refer to scientific and technical monitoring of environmental conditions, undertaken by bodies that are often independent of but work in cooperation with parties and the secretariat, or to the monitoring of national performance in implementing MEA obligations.⁵⁷ A recent UNEP review of MEA compliance mechanisms concluded that monitoring can include both scientific and technical monitoring, undertaken by independent bodies in cooperation with MEA parties and organs, and the monitoring of national performance in implementing obligations under an MEA. This latter aspect of monitoring, which is broader than and distinct from verification, addresses

⁵³ Breidenich and Bodansky, 2009.

⁵⁴ The International Convention for the Prevention of Pollution from Ships.

⁵⁵ Breidenich and Bodansky, 2009.

⁵⁶ *The Concise Oxford English Dictionary*, 9th edition, 1995.

⁵⁷ *Compliance Mechanisms under Selected Multilateral Environmental Agreements*, UNEP, Nairobi, 2007.

a party's establishment of systems to implement an MEA rather than accuracy of particular data.⁵⁸ Consistent with this broader understanding of monitoring, UNEP's Guidelines link monitoring, reporting and verification as a means to help promote compliance, but define them separately. According to the guidelines:

- *Monitoring involves the collection of data and in accordance with the provisions of a multilateral environmental agreement can be used to assess compliance with an agreement, identify compliance problems and indicate solutions.*⁵⁹

Considered an essential means to promote compliance, almost all environmental agreements have a monitoring system with guidelines and standard formats to assist data collection, assessment and comparability. Data collection typically involves a technical component (e.g. annual collection of trade or emissions data) and a component for gathering data on implementation, usually less frequently (e.g. biennial reporting under CITES). Operationally, monitoring for MEAs often includes reporting by parties as a necessary, but not sufficient, means of data collection, and as detailed above can involve the collection of information from other sources. A complex system for monitoring has evolved under the climate regime, involving inventories, national reports and most recently, an electronic registry. Monitoring systems are also important at the national level, for example National Forest Assessments performed with assistance from FAO.⁶⁰ In order to maximise their effectiveness, both domestically to inform policies, laws and practices, and to assist international level decision-making, national monitoring systems need to be linked to a system of international monitoring (e.g. the FAO Forest Resources Assessment).

Although a monitoring system is generally considered broader than and thus distinct from verification alone, it can include an assessment component which is related to verification (e.g. independent monitoring under FLEGT VPAs).

3.2 The Climate Change Regime

The climate regime is comprised of the 1992 framework convention (UNFCCC), which lays down basic provisions to address climate change, and the 1998 Kyoto Protocol, which sets out stronger commitments and targets for developed countries listed in Annex I of the UNFCCC, and provides more specifically for monitoring, reporting and assessing parties' compliance.⁶¹ Although the BAP delineated and linked the three components of MRV for the first time, the concepts have been extensively developed within the UNFCCC system and processes.

⁵⁸ Ibid.

⁵⁹ UNEP Governing Council Decision SS.VII/4, *Compliance with and enforcement of multilateral environmental agreements*, UNEP(DEPI)/MEAs/WG.1/3, annex II (Feb 2002).

⁶⁰ *National Forest Assessment: Workshop on the FAO Approach to National Forest Assessments and Ongoing Projects*, FAO Working Paper 1, 2003.

⁶¹ Annex I parties are developed countries which are parties to the UNFCCC and listed in Annex I to the Convention that were committed to returning their GHG emissions to 1990 levels by 2000. They include a total of 40 countries plus the European Union as a block.

The UNFCCC and Kyoto Protocol

Reporting is an integral element of the UNFCCC system.⁶² Annex I parties are required to submit detailed annual greenhouse gas (GHG) inventories, prepared using methodologies established by the Intergovernmental Panel on Climate Change (IPCC) and reported according to guidelines. The KP expands inventory requirements for Annex I parties. In addition to this technical reporting, the Convention requires Annex I parties to report through national communications detailed information on policies and measures on the mitigation of climate change, to be submitted within six months of entry to force of the Convention and periodically thereafter, and reviewed by the COP. Parties' reports describe: national policy contexts; specific policies and measures contributing to GHG mitigation by sector and by gas; their implementation status; and, where feasible, quantitative estimates of their effect to date on emissions. In addition, Annex I parties are required to report estimates of their measures' projected impact on future emissions and removals.

Since parties' commitments related to mitigation measures are not precisely defined, specific standards or metrics for measuring and reporting policies and measures have not been adopted under either the Convention or the Protocol. Moreover, the periodicity of reporting under the Convention has been irregular, ranging from 3-5 year intervals between reports, with only five national communications required since entry into force in 1994. Under the KP, national communications will be merged with those submitted under the Convention and although no fixed timetable has been set, they will probably be required every three to five years.⁶³ In comparison, CITES requires biennial reports on implementation, using a detailed format, and monitors implementing legislation through a system of categorisation (see above), using a combination of trade measures and assistance to encourage compliance.⁶⁴

Annex I inventories are subject to an annual desk-based review by teams of experts nominated by parties and international organisations and drawn from a pre-approved roster. At least every five years, reviews are conducted in-country to examine documentation and data and to assess a party's institutional, procedural, and archiving arrangements. The review is separated into a technical review of inventory information and a review of non-inventory information in national communications. While clear guidelines and standards exist for inventory reviews, there are no explicit guidelines for reviews of national communications. Review teams meet with national experts and stakeholders and, to the extent possible, attempt to verify reported information and check emissions estimates against inventories or other data, but their ability to truly verify this information is limited.⁶⁵ The KP adds a feedback loop to assist compliance. For KP parties, expert review teams are required to assess implementation of commitments and identify potential problems and factors influencing their fulfillment. The Secretariat lists 'questions of implementation' identified in the reports for further consideration by the KP COP/MOP⁶⁶ and the Compliance Committee.

Since non-Annex I parties (developing countries) have no quantified GHG commitments, reporting requirements are less stringent. The submission of initial national communications (which include inventories) is dependent on financial support, with subsequent periodicity decided by the COP. Reporting guidelines are much weaker than for Annex I parties; while non-Annex I parties are encouraged to report on their policies and measures, they have complete flexibility in whether and

⁶² Breidenich Bodansky, 2009, provides a detailed overview of requirements on measurement, reporting and verification under the climate regime. Much of this section is based on this comprehensive report.

⁶³ http://unfccc.int/national_reports/accounting_reporting_and_review_under_the_kyoto_protocol/items/1113.php

⁶⁴ Reeve, 2002 and 2004.

⁶⁵ Ibid.

⁶⁶ Conference of the Parties serving as the Meeting of the Parties (the KP governing body).

how to do so. Least developed country parties (LDCs) can make their initial communication at their discretion. There is no expert review of non-Annex I national communications. A Consultative Group of Experts established to improve the preparation of non-Annex I national communications was reconstituted at COP15 in Copenhagen.⁶⁷

The origins of MRV can be found more specifically in commitments under the KP. In the context of human-induced land-use change and forestry activities, the KP allows the use of such activities to meet the emission reduction commitments of Annex I parties provided they are “measured as verifiable changes in carbon stocks”.⁶⁸ The GHG emissions by sources and removals by sinks associated with those activities shall be “reported in a transparent and verifiable manner, and reviewed”.⁶⁹

On the basis of rules under the KP, parties have established extensive reporting and verification systems under the flexibility mechanisms. Transactions of KP emissions units⁷⁰ are tracked through an electronic system comprising national registries and an Independent Transaction Log (ITL) administered by the UNFCCC Secretariat. The system provides for real time monitoring and verification of transactions, which are checked by the ITL before they can be carried out. National registries must meet Data Exchange Standards, and parties are required to submit annual reports on their registries together with their national inventories.

The KP has established a system for auditing and verification of project activities under the CDM with the objective of “ensuring transparency, efficiency and accountability”.⁷¹ Third party Designated Operational Entities (DOEs) accredited by the CDM Board assess project eligibility and performance and verify and certify emission reductions of registered CDM project activities. Certifications should be on the basis of “real, measurable, and long-term benefits” related to mitigation that are additional to any that would occur in the absence of the certified activity.⁷² Financing for verification is provided by project participants, with fees for DOEs paid by project developers.

The negotiations with respect to MRV should be understood not only against the backdrop of the pre-existing system but, just as importantly, in light of diverse criticism of the system. Most notably, the system for auditing and verification under the CDM has been criticised for being: 1) too onerous and resource intensive to allow worthwhile projects to go forward, except in a few host countries with the capacity to handle the documentation and verification requirements; 2) too lax to assure that emission reductions from CDM projects are truly additional; and 3) unable to prevent negative social and environmental impacts through, for example, displacement of forest-dependent communities.⁷³ The means for financing verification also raises questions concerning independence. To address the first issue, one option proposed for the next commitment period of the KP is for the CDM Executive Board to provide up front financing for the “validation, verification and certification of project activities hosted in Parties with fewer than 10 registered project activities”.⁷⁴

⁶⁷ Decision 5/CP.15.

⁶⁸ Art. 3, para. 3.

⁶⁹ Ibid.

⁷⁰ Assigned Amount Units, Removal Units, Certified Emission Reductions, temporary Certified Emission Reductions, Long-term Certified Emission Reductions, and Emission Reduction Units.

⁷¹ Art. 12, para. 7.

⁷² Art. 12, para. 5.

⁷³ See, e.g., Joëlle de Sépibus, *The environmental integrity of the CDM mechanism – A legal analysis of its institutional and procedural shortcomings*, Swiss National Centre of Competence in Research, Working Paper No 2009/24, May 2009.

⁷⁴ FCCC/KP/CMP/2009/21/Add.1 <http://unfccc.int/resource/docs/2009/cmp5/eng/21.pdf>

Copenhagen Outcome: non-REDD+ provisions for developing countries on MRV

At the time of writing, the precise status of the various Copenhagen outcome documents remains a matter of debate. Nonetheless, the latest round of talks strongly indicates that future discussions on MRV, generally and within the context of REDD+, will draw on the negotiating text produced by the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA⁷⁵) and further developed by the COP in Copenhagen (COP text)⁷⁶ as well as on elements of the Copenhagen Accord,⁷⁷ of which the COP took note. A new Chair's text is currently under preparation for the next round of negotiations in June 2010.

In the COP text, while agreement was reached that developing country parties should submit GHG inventories annually, the periodicity of national communications has proved more contentious, with options ranging from one to five years.⁷⁸ Under the Copenhagen Accord, however, mitigation actions "taken and envisaged" by non-Annex I parties and national inventory reports shall be reported through national communications every two years.

One of the biggest challenges of the negotiations has been the verification of mitigation actions by developing countries. This is essentially a political question, as it raises issues around sovereignty and equity between developed and developing countries.⁷⁹ Debate centres on whether verification should be done domestically or internationally or through a combination of the two, and on the distinction between unilateral mitigation actions and those with international support. Although still heavily bracketed, provisions on MRV in the COP text envision that NAMAs by developing country parties will be subject at a minimum to domestic measurement, as well as reporting and verification either in accordance with guidelines to be adopted by the COP or "internationally, in accordance with the requirements of the sources and support" following COP guidelines.⁸⁰ A bracketed provision exists for recording NAMAs in a registry. In comparison, under the Copenhagen Accord, NAMAs seeking support will be recorded in a registry along with relevant technology, finance and capacity building support, and will be subject to international MRV according to COP guidelines. Unsupported mitigation actions will be subject to domestic MRV, reported through national communications, with international consultation and analysis under clearly defined guidelines.

NAMAs have not been defined but are considered to be "actions that lead to an appropriate / significant deviation from an emission baseline".⁸¹ Examples of NAMAs include sustainable development policies and measures (SDPAMs), national low-carbon development plans and policies, market-based mitigation actions, including CDM projects and programmatic CDM, and actions under REDD+.⁸²

⁷⁵ Climate negotiations are proceeding under two tracks, one under the AWG-LCA and the other under the AWG-KP, which is negotiating amendments to the KP for the next commitment period starting in 2012.

⁷⁶ FCCC/CP/2010/2.

⁷⁷ Dec. 1/CP.16.

⁷⁸ FCCC/CP/2010/2, para. 26. LDCs can submit GHG inventories and national communications at their discretion.

⁷⁹ Winkler, Harald, *Measurable, Reportable and Verifiable: the keys to mitigation in the Copenhagen deal*, Climate Policy 8, 2008, pp 534-547.

⁸⁰ FCCC/CP/2010/2, para. 26.

⁸¹ Jigme, *Concept of "measurable, reportable and verifiable" measures and actions: where we are now*, UNFCCC presentation, Mar 2009.

⁸² *Ibid*; *Sustainable Development Policies and Measures*, submission by South Africa to the UNFCCC, Dialogue working paper 18, 2006.

REDD+ in the UNFCCC

The first provisions on monitoring and reporting in relation to REDD+ appear in the decision on REDD+ that accompanied the BAP.⁸³ Parties “in a position to do so” are encouraged to support improvement of “data collection, estimation of emissions from deforestation and forest degradation, [and] monitoring and reporting”. In the same decision, parties are encouraged to undertake demonstration activities to address the drivers of deforestation and, significantly, subject them to “independent expert review”.

Provisions on MRV and monitoring have been intensely debated in the REDD+ negotiations under the AWG-LCA, most notably concerning the seven safeguards.⁸⁴ Before the climate negotiations were suspended, the Subsidiary Body for Scientific and Technological Advice (SBSTA) reached agreement on guidance for “robust and transparent” national forest monitoring systems for estimating anthropogenic forest-related GHG emissions, the results of which would be “available and suitable for review” as agreed by the COP.⁸⁵ Notably, the SBSTA decision states that the guidance, particularly on measurement and reporting, should not prejudice further decisions, clearly anticipating more provisions in the on-going AWG-LCA negotiations. In a significant move, the SBSTA decision also encourages the development of “guidance for effective engagement of indigenous peoples and local communities in monitoring and reporting”.⁸⁶

Four provisions in the draft UNFCCC REDD+ text (incorporated as an annex to the COP text⁸⁷) concern MRV and monitoring but all remain bracketed. There are two key provisions on MRV and monitoring in relation to the safeguards. One provision requests that developing countries aiming to undertake REDD+ activities develop a:

- “*robust and transparent national forest monitoring system for the monitoring and reporting of REDD+ activities “[and the safeguards...]” with “as appropriate, sub-national monitoring and reporting as an optional interim measure”, in accordance with the SBSTA decision and any further elaboration agreed by the COP.*⁸⁸

Thus, if agreement is reached in subsequent negotiations, countries would be expected to establish a monitoring system nationally and may need to report on the safeguards to the UNFCCC. A further provision requests SBSTA to develop modalities relating to the monitoring and reporting system.

The other key provision is the development of modalities for MRV (measurement, reporting and verification) of support provided by developed countries for implementation of both safeguards and actions under REDD+.⁸⁹ Reaching agreement on this draft provision is likely to be key to reaching agreement on monitoring and reporting on the safeguards.

The other bracketed provisions on MRV relate to the phased implementation of REDD+ activities and consistency with provisions on NAMAs. An option is provided that in the third and final phase “results-based actions” will be “fully” measured, reporting and verified, while further modalities

⁸³ Dec. 2/CP.13, FCCC/CP/2007/6/Add.1*

⁸⁴ All square brackets were removed from the paragraph detailing the safeguards in the COP text (para 2, FCCC/CP/2010/2, Annex V, 11 Feb 2010), with the exception of a footnote.

⁸⁵ Dec. 4/CP.1, para. 1.

⁸⁶ Dec. 4/CP.1, para. 3.

⁸⁷ FCCC/CP/2010/2, Annex V, 11 February 2010

⁸⁸ FCCC/CP/2010/2, Annex V, para 5(c).

⁸⁹ FCCC/CP/2010/2, Annex V, para 10.

developed by SBSTA for MRV of anthropogenic forest-related emissions and removals should be consistent with any guidance for MRV of NAMAs. Given that REDD+ is considered to be a NAMA, albeit a special case, provisions on MRV, monitoring and reporting need to be considered in the context of the system agreed for NAMAs since ultimately a coherent system is envisaged.

3.3 Other multilateral REDD+ institutions

In parallel with the UNFCCC negotiations, provisions on national monitoring, verification, assessment and evaluation in relation to governance are being developed through the other three principal multilateral mechanisms for REDD+ implementation – the FCPF and UN-REDD which are focusing on phase 1, and the World Bank’s Forest Investment Programme which is focusing on phase 2. An iterative process is evolving whereby participant countries present their draft REDD+ proposals to the FCPF’s Participants Committee and /or UN-REDD Policy Board; the Committee and/or Board provide feedback following independent review (either by the FCPF Technical Advisory Panel (TAP) or in the case of UN-REDD by an appointed independent expert), and the country adjusts its draft proposal or programme accordingly and re-submits if necessary.

UN-REDD

UN-REDD, a joint programme established by FAO, UNDP and the UN Environment Programme (UNEP), was the first institution to recognise the importance of a broad-based MRV and monitoring system that goes beyond carbon. In its Framework Document, UN-REDD states that REDD+ monitoring systems must address “a much broader set of parameters” than the IPCC standards for carbon monitoring and “at the same time generate affordable and timely knowledge for national level decision-making and accounting”.⁹⁰

UN-REDD has a global programme in addition to country programmes to support readiness, which provides support and capacity for monitoring.⁹¹ In 2009, a draft programme of work on MRV and governance was agreed⁹² and subsequently an outline for country-led governance assessments developed (see Annex 3.1). Most recently, the draft strategy for UN-REDD, which received broad support from the Policy Board at its meeting in March 2010, included in its work areas the “development of national and/or sub-national systems that enable monitoring and reporting on [both REDD+ activities and] safeguards”.⁹³ It specifies that the programme will support countries in the production of data that is “robust” as well as “transparent” and that monitoring systems should provide “estimates suitable for review”. Meanwhile, provisions for developing comprehensive monitoring systems, including for governance, are being incorporated into country programmes.⁹⁴

FCPF

The FCPF was established by the World Bank to build capacity through a Readiness Fund and to pilot a performance-based payment system for emission reductions generated from REDD+ activities through a Carbon Fund. Participant countries are at different stages in developing their national R-PPs

⁹⁰ UN-REDD, *UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD): Framework Document*, FAO, UNDP, UNEP, Jun 2008.

⁹¹ Pilot programmes are underway in 9 countries, while another 13 have joined as observers.

⁹² *Scope of Work: Towards a “Governance and MRV Framework”*, UN-REDD Programme, draft, 1 June 2009.

⁹³ *The UN-REDD Programme Strategy 2010-2015 – Draft Elements*, UN-REDD/PB4/3a/eng, Mar 2010.

⁹⁴ *National Programme Document – Democratic Republic of Congo*, UN-REDD/PB4/4bi/eng, Mar 2010; *Draft Report of the Fourth Policy Board Meeting*, UN-REDD Programme, April 2010.

prior to signing a grant agreement. R-PPs are meant to follow a template consisting of six components, three of which address monitoring.

Component 4 of the R-PP template outlines elements to be considered when countries are designing a national monitoring system. It divides it into two parts which can either be integrated or separate: a) a system for measurable, reportable and verifiable emissions and removals of GHGs ('carbon MRV'); and (b) a system for monitoring other benefits and impacts over time ('non-carbon monitoring'). In designing the system for non-carbon monitoring, countries are asked to consider specifically how they will address "key governance factors pertinent to REDD implementation".⁹⁵ Some form of national verification is envisaged since countries are asked to "define the roles and responsibilities for design and implementation of measuring, reporting and verifying, including those for national institutions", and how the system will "provide for establishing independent monitoring and review, involving civil society and other stakeholders and enabling feedback of findings to improve REDD implementation".⁹⁶ In Component 2c on a REDD+ implementation framework, countries are asked to present a programme of work, *inter alia*, on how the performance of the implementation framework will be "monitored and reported" and on how stakeholders could be engaged in establishing "robust mechanisms for independent monitoring, assessment and review". However, as background paper two and other reviews have noted, countries have not consistently applied the guidance on monitoring in the template.⁹⁷

Component 6 provides guidance for countries to develop a framework for monitoring and evaluation as a combination of "process" indicators for readiness programme monitoring and "product" indicators to measure the progress and outcomes of readiness activities against benchmarks. Countries are advised to develop a simple framework that may include benchmarks and quantitative and qualitative indicators such as level of transparency in developing the R-PP, inclusiveness of stakeholders, dissemination of information, and means of feedback.

FIP

The FIP has been established under the World Bank's Strategic Climate Fund as an investment programme to provide bridge financing for readiness reforms and initiate transformational changes in forest related policies and practices. The Design Document provides for investment in "forest governance and information" including "implementation of systems for forest monitoring" and "information management and inventory".⁹⁸ Six FIP principles include the "promotion of measurable outcomes and results-based support". Criteria and indicators, detailed in an annex to the Design Document, have been developed to review investment strategies, programmes and projects and to prioritise programmes or projects. They include assessment of a governance baseline and participatory and independent approaches to monitoring and evaluation, including of forest governance. To ensure "measurable outcomes", forest governance criteria and indicators are to be "integrated into project design as well as into performance assessments".

The Design Document also contains a provision on monitoring and evaluation, which provides for coordination of country level monitoring through a multi-stakeholder national steering committee and specifies that it should be "participatory (including involvement of indigenous peoples and local

⁹⁵ FCPF Readiness Preparation Proposal (R-PP) Template v.4, 28 Jan 2010

⁹⁶ Ibid.

⁹⁷ Davis, 2010; Global Witness, *Review of JPDs and R-PPs Submitted to the 4th UN-REDD Policy Board and 5th FCPF Participants Committee Meetings: Provisions on Enforcement and Non-carbon Monitoring*, Mar 2010.

<http://www.un-redd.org/PolicyBoard/4thPolicyBoard/tabid/3390/language/en-US/Default.aspx>

⁹⁸ *Design Document for the Forest Investment Program*, Jul 2009.

communities, and civil society organizations in data collection and analysis), transparent and verifiable”. It recommends that, to enable “independent assessment of the legal, social, economic, enforcement and management dimensions of forest governance”, independent forest monitoring systems developed over the last decade should be adapted to incorporate REDD+ and could be developed where they do not exist.

The investment criteria and financing modalities currently being finalised elaborate further on monitoring and evaluation.⁹⁹ Data about financing received, transferred and spent should be monitored and recorded transparently with “clear lines of accountability”. Accountability “can be promoted by linking this data to the specific objectives, geographic area, and expected emission reductions of proposed activities, and by making such data publicly available”. Other provisions concern: monitoring and evaluation (M and E) for the FIP results measurement system; M and E of the contribution of projects and programmes to sustainable development using a core set of indicators; and independent evaluation of completion reports.

3.4 Emerging picture for REDD+

In summary, monitoring is a process for surveillance and data collection which includes measurement. Operationally, MEA systems for monitoring performance include national reports by parties to international institutions and can include collection of information from other sources. National reporting to international institutions is distinct from domestic reporting for domestic purposes. A monitoring system is generally considered broader than and distinct from verification alone, but can include an assessment component which is related to verification (e.g. FLEGT). Countries are already formulating proposals for national REDD+ monitoring systems under the FCPF and UN-REDD, including in relation to governance (albeit inconsistently), while provisions have also been agreed and are being further elaborated under the FIP.

MRV as a concept is consistently referred to in the climate negotiations as ‘measurable, reportable and verifiable’ or ‘measurement, reporting and verification’. The scope of what will be subject to MRV in a final agreement is not yet determined. In relation to NAMAs it could include MRV of SDPAMs, although these are not explicitly referred to. Since REDD+ is considered a ‘special NAMA’, and provisions in the final agreement will have to be coherent, the requirements for MRV of NAMAs may involve MRV of REDD+ policies and measures. An agreement on REDD+ under the UNFCCC may also involve reporting on safeguards. Meanwhile, rules and practice shaping a system for REDD+ monitoring, reporting, verification and MRV are evolving under the other multilateral REDD+ institutions (and bilateral agreements).

Although a practical consensus is some way off, a picture is emerging (see Figure 1). The system is likely to include MRV (measurement, reporting and verification) under the UNFCCC, but exactly what will be MRVed and how is uncertain, as is monitoring and reporting on REDD+ safeguards. Meanwhile, principles are emerging that national monitoring systems should be robust, transparent and participatory, with effective engagement of indigenous peoples and local communities in monitoring and reporting.

In relation to reporting, in addition to formal obligations likely under the UNFCCC, practice is evolving on a form of reporting to the FCPF Participants Committee (PC) and UN-REDD Policy Board (PB) to enable an iterative process of feedback to improve draft REDD+ readiness strategies and plans. This type of reporting (as well as UNFCCC reporting) is different from provisions

⁹⁹ *Forest Investment Programme: Investment Criteria and Financing Modalities*, World Bank, Apr 2010.

countries may have for domestic reporting to develop national policies and measures. Systems for independent review have been developed under both the FCPF and UN-REDD to provide feedback to countries to enable improvement of their draft strategies and plans, and while the systems differ, the principle of independence underlies both.

The system is evolving rapidly, but when viewed together, the processes provide for national monitoring of governance; a form of reporting to the PB and PC, and possibly reporting to the UNFCCC; the establishment of national systems for independent monitoring; and systems for national and international evaluation and international review and feedback. The concepts that are emerging in relation to verification are independent review, evaluation, and national-level independent monitoring involving civil society, indigenous peoples and local communities.

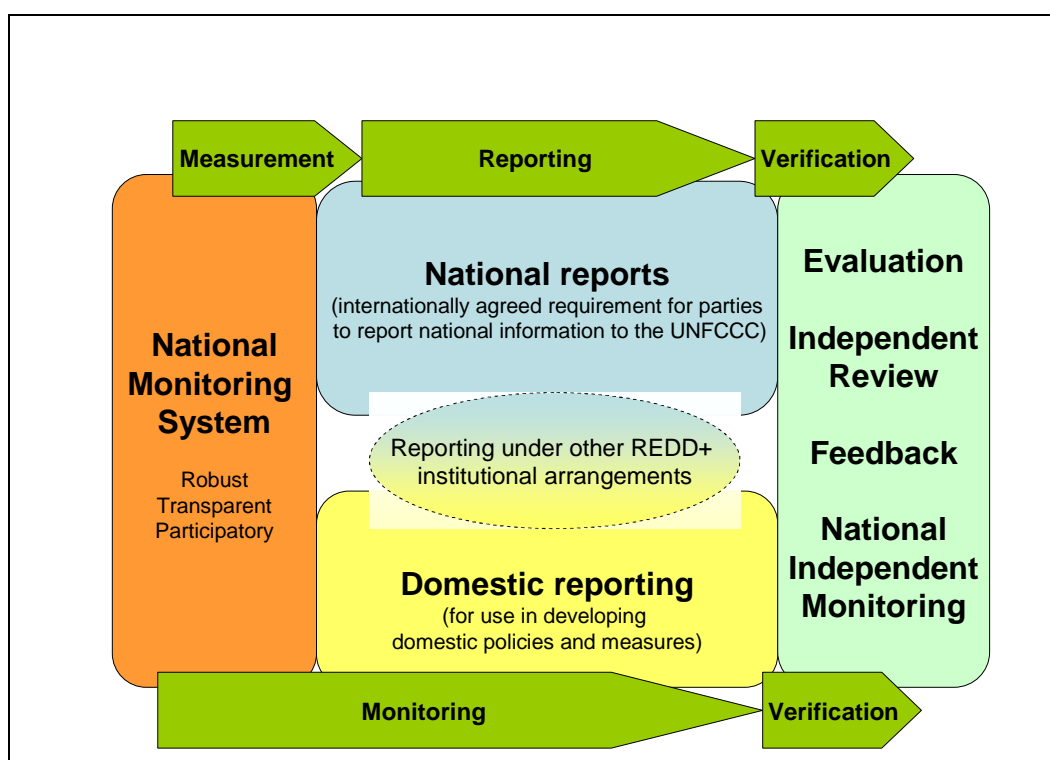


Figure 1: Emerging picture of monitoring, reporting, verification and MRV for REDD+

4 Monitoring Governance for REDD+: Lessons from existing initiatives and country cases

There are many initiatives from which lessons can be learned when developing systems for monitoring governance in the context of REDD+ to serve both domestic and international needs. While cooperation may make their application more effective, and will certainly make it easier to understand what information is already being systematically collected, the numerous initiatives and tools referred to below, and detailed in the Annexes, demonstrate that there are as many ways of understanding ‘governance’ issues as there are institutions working in the sector. Some of the initiatives and tools have been developed within international or national legal frameworks while others have been developed by NGOs for different purposes (e.g. to strengthen civil society advocacy or to enhance transparency). Some are more desk-based, centred on indicator frameworks for

assessing governance, while others are more field-based, centred on investigations by an independent monitor or low-tech monitoring networks linking local communities with enforcement agencies. Irrespective of developments with REDD+ monitoring, the existing frameworks for assessing governance and identifying reform opportunities should continue to be vital tools to those individuals and institutions wishing to push for higher national and international standards even if they are not embedded in formal domestic or national institutional arrangements for monitoring.

Existing initiatives and tools can be divided into four groups:

- Initiatives developing comprehensive forest governance indicators (Annex 1)
- Initiatives addressing specific forest governance issues or principles (Annex 2)
- Initiatives specifically addressing REDD+ (Annex 3)
- Non-forest governance and MRV initiatives (Annex 4)

Initiatives in the first three categories are summarised in Table 1 below. While it is too early to draw many operational lessons from initiatives being developed specifically in the context of REDD+, they provide lessons for quantifying REDD+ activities and impacts through appropriate indicators and designing monitoring systems, bearing in mind that they are based on the experience gained by the institutions concerned in designing and implementing other initiatives relating to natural resource governance and the forest sector.

Table 1: Initiatives to monitor forest governance and governance for REDD+						
Tool	Purpose	Users/Audience	Methodology	Countries	Timeframe	Web links
Initiatives developing comprehensive governance indicators for the forest sector						
<u>WRI</u> Governance of Forests Framework of Indicators	Assess strengths and weaknesses in governance of forests as a basis for civil society advocacy	Civil society coalitions, potentially governments & other stakeholders	94 qualitative indicators that assess transparency, inclusiveness, accountability, capacity and coordination of the actors, rules and practices that manage forest resources. Covers 4 issues: tenure, land use planning, management, & revenues. Research conducted through legal analysis, interviews, & case studies.	Indonesia, Brazil, potentially Cameroon and Guyana.	2008-present One year for first assessments, possibly repeated (partial assessment) in two years	http://www.wri.org/project/governance-of-forests-initiative
<u>World Bank</u> Forest Governance Diagnostics Tool - indicators framework	Identifying appropriate governance reforms with a high chance of success through a baseline situation analysis	Policy makers	Indicator set based on 5 building blocks of forest governance divided into components & sub-components. Developed through literature review & expert opinion (step 1) and field testing (step 2).	Under consideration	2009-present	http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTARDF/EXTFORESTS/0,,menuPK:985797~pagePK:149018~piPK:149093~theSitePK:985785,00.html

Initiatives addressing specific forest governance issues or principles						
<u>EU FLEGT</u> Voluntary (trade) Partnership Agreements	Reduce illegal logging and improve forest governance through the development of Legality Assurance systems and supportive, legally-binding trade measures.	Government to Government trade commitment. All European Member States, timber producing countries wishing to reduce illegal logging.	5 core principles of legality assurance system (LAS): 1. Clear, broadly endorsed, national legal framework; 2. Legal compliance verification procedure; 3. National wood tracking system; 4. Timber Legality Licensing authority; 5 Independent monitor to audit effectiveness of whole national LAS.	Concluded or currently negotiating in: Ghana, Republic of Congo (RoC), Cameroon, Gabon, Central African Republic, Liberia, Malaysia, and Indonesia.	2006 – present.	http://ec.europa.eu/environment/forests/flegt.htm
<u>Global Witness, REM & other institutions</u> ¹⁰⁰ Independent Forest Monitoring (IFM)	Monitor, assess & provide recommendations on legal compliance, forest management & law enforcement systems	Governments, civil society, other stakeholders	Field-based monitoring & reporting based on contract with government agency. Observes & provides regular reports on systems of forest management & enforcement, & legal compliance. The monitor (typically an NGO) documents systemic weaknesses & recommends remedies.	Cameroon, Honduras, Nicaragua, RoC Democratic Republic of Congo (DRC) - under development	1999-present Continual monitoring	http://www.globalwitness.org/pages/en/ifm.html http://www.rem.org.uk/independent-monitoring.html
<u>Chatham House</u> Illegal Logging	Monitor extent and effectiveness	Policy makers, donors & other	Collection of national level data on awareness	Brazil, Cameroon,	2006-present	http://www.chathamhouse.org

¹⁰⁰ Global Witness is working with ACICAFOC in Nicaragua; Resource Extraction Monitoring (REM) is undertaking IM-FLEG in RoC and working in DRC; CONADEH (Honduran National Commission for Human Rights) is the monitor in Honduras; and Cameroon Environment Watch (with Agrico) has recently been contracted in Cameroon.

Indicators	of the response to illegal logging in producer, processor & consumer countries	stakeholders	(media), policy/governance assessment framework, private sector response, enforcement & levels of illegal logging.	Ghana, Indonesia, Malaysia, Vietnam, China, France, Japan, Netherlands, the US the UK	~3 months per country, repeated biennially	g.uk/research/eedp/current_projects/illegal_logging/indicators/
<u>Global Witness</u> Forest Transparency Report Card	Assess forest sector transparency as a basis for civil society advocacy to enhance forest sector transparency & accountability	Civil society, potentially other stakeholders	Report card based on objective yes/no questions about the availability of information, based on criteria such as completeness, validity, location, contact details, languages, coverage, etc.	Cameroon, Ghana, Liberia, Peru (possibly DRC, Ecuador, Guyana)	2008-2012 One report card per country per year, compiled into a comparative Annual Report Card	http://www.foresttransparency.info/
<u>Transparency International</u> Forest Corruption Monitoring Tool	Map and monitor corruption risks along the timber supply chain as a basis for anti-corruption advocacy	TI country chapters	Corruption risk mapping tool helps identify corruption risk within the timber supply chain. Corruption monitoring tool helps monitor effectiveness of anti-corruption measures.	China, Indonesia, Malaysia, Papua New Guinea, Solomon Islands (to be extended to Cambodia, Fiji, Laos, Vanuatu & Vietnam)	2009 – 2013	http://www.transparency.org/regional_page/asia_pacific/forest_governance_integrity
Initiatives specifically addressing REDD+						
<u>UN-REDD</u> Country-led governance	Assess & monitor governance in REDD+	All national stakeholders with focus on	Universally acceptable 'governance for REDD+' indicators as a basis for	UN-REDD countries (on their own	2009-present Readiness phase.	http://www.un-redd.org/

assessments	countries as a basis for reforms	indigenous groups & local communities	multi-stakeholder country-led governance assessments to establish a governance baseline & inform policy reforms. Assessments may be repeated to monitor performance.	initiative)		
<u>CCBA/CARE</u> REDD+ Social and Environmental Standards	Establish benchmarks for quality to inform design & monitor REDD+ implementation & performance	REDD+ country governments, potentially with civil society & other stakeholders	Universal set of principles and criteria; indicators to be defined at country level. Standards to be applied to national level policy. Different options for 'monitoring, reporting & verification'.	Ecuador, Nepal, Tanzania (possibly Brazil & Liberia)	2009–present	http://www.climate-standards.org/ http://www.ca-reclimatechange.org/
<u>Global Witness</u> Independent Monitoring of REDD+ (IM- REDD)	Monitor, assess & provide recommendations on development & implementation of REDD+	Governments, civil society, other stakeholders	Methodology based on IFM practice. Adapt IFM programmes where existing and develop programmes where none exist (FIP recommendation).	To be decided	2009-present Continual monitoring	http://www.globalwitness.org/media_library_detail.php/869/en/building_confidence_in_redd_monitoring_beyond_carb

<p><u>CIFOR</u> Global Comparative Study</p>	<p>Generate information and analysis of early REDD+ policies & processes to inform and enhance second generation REDD+ activities</p>	<p>REDD+ policy makers & practitioners, & other stakeholders</p>	<p>Compare policies & processes; observe & document implementation & impacts at 20-30 project sites; develop monitoring systems (initially for carbon) using community based measurement methods; knowledge sharing.</p>	<p>Bolivia, Brazil, Cameroon, Indonesia, Tanzania and Vietnam (2009-2010) DRC, Nepal, Peru (2010-2011)</p>	<p>2009-2012</p>	<p>http://www.cifor.cgiar.org/Knowledge/Publications/Detail?pid=3028</p>
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4.1 Lessons for defining parameters and identifying appropriate indicators and data

A huge body of experience has grown up around the design of effective indicator sets for understanding complex social and environmental phenomena. All of the initiatives described in the Annexes have drawn on this body of knowledge and so, ultimately, should the design of monitoring systems for different purposes within the REDD+ sphere. Within this broad knowledge base a number of key issues appear to be of particular relevance to understanding governance for, and impacts of, REDD+ activities.

Combining focus with flexibility

Governance is a notoriously nebulous concept whose interpretation is often influenced by national norms and culturally-specific assumptions, so all initiatives which aim to establish any sort of comparability across countries have had to develop a very precise and clear indicator set, clearly targeted at the issues which are a priority to them. While comparability across countries may not be considered critical by national stakeholders, it will be vital in relation to any international monitoring framework related to eligibility criteria for finance or legal compliance. However, in order to avoid being unduly didactic or irrelevant to a local context, it is also necessary to build in a degree of flexibility in identifying appropriate national verifiers.

In developing the GFI (see Annex 1.1), WRI is undertaking a thorough field testing process with NGOs in a number of regions, with a view to identifying questions which are inconsistently answered, or phrased in a way that creates confusion in different legal contexts.

In developing Annual Transparency Report Cards (see Annex 2.4), Global Witness has found it useful to identify a set of issues which form the core of the international data set and work in partnership with local institutions to identify additional areas in which frameworks can be expanded to meet national priorities which may fall outside the international indicator set.

Similarly, Mongolia's National Governance Assessment (see case study in Annex 3.1) identified a range of 'satellite' indicators, reflecting the country's specificities, which were combined with a set of core indicators reflecting the general attributes of democratic governance. These additional indicators were developed, for instance, to account for the predominant importance of social relations, traditions and customs in Mongolian society, and to reflect the small and partially nomadic nature of a population dispersed over a large territory.

The standards and institutional arrangements for monitoring timber Legality Assurance Systems (LAS) within FLEGT VPAs (see Annex 2.1) are framed in terms of focused and well defined outputs rather than requiring a specific design, for example:

“Verification provides adequate control to ensure the legality of timber to be licensed. Verification must be sufficiently robust and effective to ensure that any non-compliance with requirements, either in the forest or within the supply chain, are identified and action is taken in a timely manner to resolve the problem. The intensity of verification should be proportional to the specific circumstances.”¹⁰¹

¹⁰¹ VPA Legality assurance systems: Requirements for verification, European Commission FLEGT Briefing Notes. 2007. Available at: http://ec.europa.eu/development/icenter/repository/B2_Flegt_br5_2007_en.pdf

This approach allows countries to develop verification procedures suitable to their own national law, build on existing processes and develop locally-appropriate systems, while maintaining consistency of function and systemic integrity. Design of these systems has typically taken a number of years in negotiation with national stakeholders, and implementation is expected to take a similar period.

Giving equal emphasis to indicators of policy, implementation and enforcement

In almost all initiatives there is a clear distinction between collecting data on the existence and, in some instances, quality of rules/policies and collecting data on the level and nature of implementation and enforcement (e.g. the Chatham House indicators to measure the response to illegal logging, FLEGT, IFM and WRI's GFI). Earlier attempts to understand natural resource governance from a strict focus on the policy framework were unsuccessful and in many cases misleading. The shift can be seen in light of a wider trend towards ground verification of activities by private sector and government initiatives across a wide range of natural resource and agricultural sectors (e.g. EITI, FLEGT, FSC, Marine Stewardship Council, organic food etc).

Capturing both design and implementation elements of the policy process also provides useful information on REDD+ progress over time, and is particularly relevant to national stakeholder accountability within reform processes.

An appropriate emphasis on indicators and verifiers which specifically focus on the level and quality of implementation and enforcement activities is linked with the development of field-based monitoring tools discussed further below.

Cross referencing data and 'intelligent' indicators

Measurement of the elements of governance which are not directly observable (e.g. accountability) can be a difficult and imprecise science and individual indicators or data sets can be misleading. A number of initiatives have overcome this issue by collecting complementary data types which they then triangulate to give more reliable results. At its simplest this approach relates to the need, identified above, to collect data on the existence as well as implementation and enforcement of particular policies.

This approach has drawn on an ongoing debate about the relative strengths and weaknesses of measuring governance through *de jure* 'rules' versus *de facto* 'outcomes' or impacts. For example, when measuring government efforts to curb corruption, a rules-based approach may look at whether it is illegal to offer or receive a bribe in the country in question. In contrast, an outcomes-based approach would look at successful judicial cases relating to bribery or perceptions of corruption among ordinary citizens of the country.

The primary benefit of a rules-based approach is its clarity (theoretically at least, a law or institution either exists or it does not) and, intimately linked to that, the relatively low cost of data collection. However, the immediate appeal of a simple, low cost approach is somewhat undermined when one considers the existence of contradictory legal codes, the primacy of informal networks and norms over formal rules, and the relatively low levels of policy implementation and law enforcement which characterise a large proportion of the countries where governance assessments are undertaken, and where REDD+ will be implemented.

Outcomes-based attempts to measure national governance are much more successful in capturing data which relate to actual changes in peoples' lives and the views of priority stakeholder groups; however, it should be noted that they too can have their limitations, particularly relating to the difficulty of

attributing causality to any specific outcome (i.e. linking cause, such as a specific policy intervention, with effect).

Given the strengths and weaknesses of each, it is now generally accepted that the most useful governance assessments should combine the two approaches, ideally identifying complementary data sets which can be triangulated to ensure that results are consistent. Chatham House has also found it useful to cross-reference data sets derived from different methodologies or perceptions from different groups (e.g. 'experts', local NGOs and representatives of the private sector) to identify areas where consistent correlation suggest a genuine broad-based trend or phenomenon.

For monitoring and reporting within the national context, traditional indicators may be usefully complemented by a relatively new concept developed by the World Bank, Actionable Governance Indicators (AGIs). It should be noted, however, that there is not yet any experience of applying them to the natural resource sector. Conceptually, AGIs are composite indicators which incorporate the design, quality and context (including counter pressures) to any particular governance reform. This combination is a reflection of the fact, highlighted above, that governance facilitates rather than directly delivers social or environmental outcomes. By designing appropriate AGIs for REDD+ land use or forestry reforms it may be possible for governments and local stakeholders to gain a better understanding of the effectiveness and causal relationships underpinning the impact of particular policy interventions on priority outcomes, clarifying the relationship between governance reforms as facilitators of positive social and environmental outcomes, and those outcomes themselves.¹⁰²

Experience from a number of initiatives also suggests that indicator development, as well as institutional design, are likely to be improved by an iterative approach and piloting.

Establishing baselines from which to measure impacts and demonstrate performance/progress

Establishing a baseline data set from consistent indicators allows monitoring to demonstrate improvements or deterioration over time. Two REDD+ fundamentals are likely to give rise to a need for countries to develop governance as well as social and environmental impact baselines. The first relates to providing reassurance on priority issues enshrined in safeguards, and will continue to be of importance throughout REDD+ phases.

The second is relevant to establishing pragmatic performance-based payment criteria for phases one and two. In the absence of national capacity to demonstrate quantifiable reduced emissions, intelligent and flexible proxies for progress towards this aim will be necessary. In the very short term such proxies could include demonstrable progress towards a more effective governance framework, as the institutional precondition for reducing deforestation and making progress on degradation and enhancing forest carbon stocks in the medium- to long-term. Appropriate areas for consideration in such a baseline could include improvements to the policy framework, legal code and enforcement strategies surrounding all significant drivers of deforestation and alternative land use in a given national context.

Chatham House (see Annex 2.3), concerned with measuring governance trends and impacts over time, has established a baseline, and has had to balance improvement in its indicator set over time, with an emphasis on data consistency from baselines onwards.

¹⁰² *Actionable Governance Indicators – Concepts and Measurement*. Gary Reid, World Bank 2010. Available at: <http://siteresources.worldbank.org/EXTPUBLICSECTORANDGOVERNANCE/Resources/AGI-ConceptsMeasurement.doc>

4.2 Lessons for identifying appropriate tools and developing institutional arrangements for monitoring REDD+ governance for domestic and international needs

Field-based verification and enforcement monitoring

As noted above, capturing data on policies as well as implementation, enforcement and impacts is key to establishing a complete and accurate picture of REDD+ activities, system governance and impacts relating to safeguards or other priorities. This will require both detailed desk-based analyses of the clarity and quality of policy / legal frameworks and a field-based monitoring regime of appropriate intensity to reflect the scale of area and risks.

The importance of field work has been recognized in a number of national Independent Forest Monitoring systems, and under the EU's FLEGT programme. Systems for field-based IFM are currently operating in four countries in Africa and Central America – Cameroon, Republic of Congo, Honduras and Nicaragua (see Table 1 and Annex 2.2). Through field missions by joint teams which include forest authority officials, publicly accessible reports containing objective and reliable evidence on actual forest management practices and illegal activities are generated. While IFM is in effect a form of national verification, by making recommendations and following up on whether these are implemented it goes further than just checking on legal compliance and can help forest authorities develop more effective policy frameworks and enforcement strategies. The FIP recommendation that existing IFM systems be adapted to incorporate REDD+ activities and developed where they do not exist, recognizes the value ascribed to the IFM approach.

As noted above, field-based systems for independent monitoring have also been incorporated into Legality Assurance Systems (LAS) to be established under FLEGT VPAs (See Annex 2.1). FLEGT independent monitors are responsible for undertaking field missions to identify systemic weaknesses in the national compliance or wood tracking systems and recommend corrective actions for enforcement agencies and improvements to the regulatory framework, if deemed necessary.

The role of this monitor is to help the Committee make a joint judgment on whether the LAS is in fact licensing legal timber for export, or whether the legally-binding trade agreement has been breached, a role which the EU and partner countries feel can only be undertaken through appropriately rigorous field work.

The value of a field-based approach has also been recognised in the Philippines where 97 Multi-sectoral Forest Protection Committees (MFPCs) formed in the 1990s with support from a World Bank loan are currently being revived (see Annex 2.6).¹⁰³ These local multi-stakeholder Committees carry out surveillance and monitoring of legal compliance in concessions and community-based forest management areas.

Finance

Establishing consistent, independent and appropriate financing has been a central challenge for many of the initiatives described in this paper and has led to inconsistent geographical and temporal coverage across projects. If field based-monitoring is to be embedded in the functions and architecture of national REDD+ institutions it is likely that an international financing mechanism/conduit will

¹⁰³ Lessons from the Philippines MFPCs are drawn from a case study in David Brown *et al*, *Legal Timber: Verification and Governance in the Forest Sector*, ODI, 2008.

have to be developed in order for it to perform its function effectively. In the context of FLEGT VPAs, a core benefit of reasonably long contracts is the ability of the monitor to understand where improvements have been made, and where challenges are yet to be overcome, with a view to understanding progress over time. Without this time horizon it is unlikely that systemic problems will be distinguished from individual infractions or recommendations for policy reform be based on a genuine evidence base.

One way to address the problem of unstable financing is to incorporate financing for monitoring systems into national institutional frameworks and budgets, as has been done with IFM in Honduras.¹⁰⁴ This approach would make sense for monitoring needs relating to national accountability, policy design and enforcement feedback loops. However, where monitoring has an international function this approach may present problems. The system for MFPCs in the Philippines was incorporated into the national institutional framework but still declined when World Bank funding ended.

It is necessary that any financing mechanism established to support systematic monitoring across REDD+ countries should be able to deal with appropriate levels of funding and transaction costs. This may be an obvious point, but one that experience suggests is worth making at the design stage.

Independence

In addition to questions of consistency, the source of finance also relates to the level of independence with which a monitor performs its function. As noted above, this is an issue in the CDM. Experience in the forest sector suggests that it is important to balance accountability to national institutions and local stakeholders with independence when designing terms of reference and reporting. Ownership and local political backing were lacking for the donor-financed IFM system in Cambodia, leading eventually to the cancellation of the monitor's contract.¹⁰⁵ Similarly, there is experience of the publication of many IFM reports, outlining incidences of forest crime and inadequate law enforcement, being delayed significantly by government agencies likely to be embarrassed by the information.

FLEGT VPAs approach this issue by financing and contracting through local budgets and ministries, while making a requirement for independent monitoring or audit part of the legal basis for the trade agreement. Independence on the part of the monitor is ensured through rigorous criteria for institutional governance and capacity.

A high level of public and government ownership is apparent in the case study of governance assessment in Mongolia in the context of the Millennium Development Goals (see Annex 3.1) although it is not yet clear how this will change over time.

Cost-effectiveness

It is well understood that monitoring costs need to be realistic while delivering robust data through locally appropriate methodology. While one-off set-up costs can be covered from readiness funds, total ongoing operational costs of a system should not place a disproportionate burden on national authorities compared with the value of likely REDD+ income streams. Evidence from field-based monitoring, combined with recent experience in low tech systems (see Annex 4.2) suggests that cost-effective options do not have to compromise the impact or reliability of information provided. Low

¹⁰⁴ *A Decade of Experience, Lessons Learned from Independent Monitoring*. Global Witness 2009.

¹⁰⁵ *Ibid.*

tech systems offer particular promise, but are often disadvantaged by a donor preference for high tech solutions.

Indicative costs for establishing and running a national IFM programme for a year have been estimated on the basis of experience in Cameroon at US\$630,000 per year,¹⁰⁶ while MFPCs have been allocated US\$15,000 each annually by the government in the Philippines (amounting to US\$1.45 million for 97 Committees). In Guinea, a successful low tech monitoring system using GPS and radios to link local fishermen with the fisheries enforcement authority cost just US\$10,000 a year (see Annex 4.2). Despite concrete results and cost effectiveness, several of the field-based monitoring systems cited above have suffered from unstable donor finance at some point. When donor finance ended, the system in Guinea collapsed even though it had reduced illegal incursions by industrial trawlers into inshore fishing grounds by 60% in two years.

Weighing costs against effectiveness will also be a determinant in the periodicity of desk-based governance assessments.

Multi-stakeholder, participatory approaches

The involvement of local stakeholders, particularly civil society and local and indigenous communities, in both the design of monitoring systems and the act or oversight of monitoring, will increase transparency and accountability to national and international institutions and stakeholders, as well as leading to more credible information. This is clearly illustrated in Figure 2.

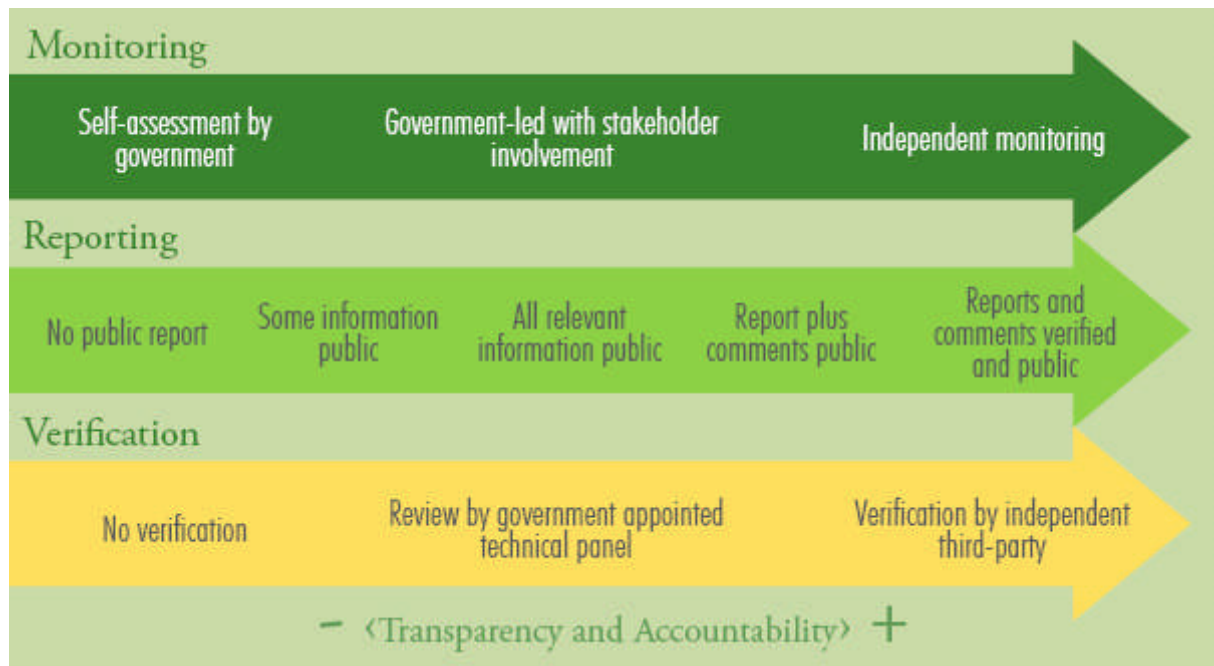


Figure 2: Increasing transparency and accountability (CCBA/CARE International¹⁰⁷)

In the Philippines, key stakeholders such as members of the central and local government, law enforcement, NGOs and the media participate in MFPCs, while in Nicaragua, decentralised official District Monitoring Units are being formed, which are expected to include representatives from civil

¹⁰⁶ Ibid.

¹⁰⁷ *Social and environmental standards for REDD and other forest carbon programs*, CCBA/CARE International, Nov 2009. www.climate-standards.org/REDD+

society organisations trained under the IFM project (see Annex 2.2). These initiatives, along with the low tech monitoring systems developed in the fisheries sector in Guinea and the Philippines (see Annex 4.2), illustrate the importance of bringing local communities and civil society actors together with law enforcement agencies in cooperative surveillance systems. This helps to build trust, accountability and a broad-based respect for rule of law.

The EITI (see Annex 4.1) has developed through a strongly participatory approach. It is a coalition of three key constituencies – member countries, civil society and the private sector (including investors). All three are represented on the international EITI Board and on national multi-stakeholder groups which oversee EITI implementation and monitoring. To achieve EITI compliance status, a country must complete an EITI Validation. Validation is carried out by an independent validator selected and overseen by the multi-stakeholder group. There has been a general recognition amongst the coalition that civil society's involvement has been effective not just in raising transparency levels but also in promoting discussion of data disclosure and its implications, and building trust between stakeholders.¹⁰⁸ Similar to the forest sector, the sectors addressed under the EITI (oil, gas, metals and minerals¹⁰⁹) have historically featured relatively adversarial relationships between government, the private sector and civil society. Thus the EITI system merits closer examination for lessons learned to inform REDD+.

A central feature of UN-REDD's proposed country-led governance assessments will be active participation of local and national stakeholders in key steps of the assessment process, including civil society organizations and indigenous peoples' representatives as well as state actors. This is mirrored by the FIP's specification that indigenous peoples, local communities and civil society organizations should be involved in data collection and analysis in country level monitoring. Under the FLEGT VPAs, although exact institutional arrangements will vary from country to country, the independent monitor will be mandated to receive information about legal infractions or perceived weaknesses in the LAS from all civil society groups. The independence of the monitor is considered essential, although relatively onerous institutional criteria designed to ensure independence may *de facto* exclude most groups, particularly in Africa, in the short to medium-term.

A participatory approach to system design and standards is also essential. One of the lessons from the MFPCs in the Philippines is that the model works best with broad participation in design as well as implementation. A participatory approach was built in to the EITI system design from the beginning, while VPAs explicitly require participation in the definition of legality on which an assurance system is based. The resulting standard must be endorsed by a wide range of national stakeholder groups concerned with social, environmental and economic issues.

In the specific context of REDD+, an inclusive participatory approach has provided the basis for the design of the REDD+ Social and Environmental Standards facilitated by CCBA and CARE, currently being finalised prior to field testing (see Annex 3.2). The majority of the principles on which the standards are based, which aim to be benchmarks for quality, relate to promoting good governance. The participatory approach to their design should help to ensure that the standards achieve a wide measure of acceptance and assist with their uptake by countries. A participatory approach to design through working with civil society partners in pilot countries also characterises the Global Witness Annual Transparency Report Cards (see Annex 2.4).

¹⁰⁸ *Building Confidence in REDD: Monitoring Beyond Carbon*, Global Witness, 2009.

¹⁰⁹ Liberia is the only country that has included forests under its EITI.

One way of ensuring participation in design is through establishing national multi-stakeholder steering committees early in the process, as provided for under the FIP, and in a similar way to the national multi-stakeholder groups under the EITA. As mentioned above, the FIP requires such steering committees to assist in programme planning as well as implementation, monitoring and evaluation and to include representatives of provincial, state and local authorities, indigenous peoples and local communities, NGOs, private sector and other members of civil society.¹¹⁰

Funding structures should be designed to maximise participation by civil society and local stakeholders. In the implementation of the African Peer Review Mechanism (APRM) in Kenya, had funding been channelled directly to civil society it may have ensured more active and constructive participation (see Annex 4.3).

Giving equal weight to ‘expert opinion’ and broad based perception

When assessing perceptions of national governance, there has been a tendency to focus on the views of a small number of experts or representatives of large institutions at the expense of broad-based surveys of individuals or small and medium sized enterprises (SMEs). Primarily this is a result of the ease and relative economy of small interview samples; however, the data is also often considered to be less biased with respect to differing norms in different countries, and more likely to be drawn from relevant specialist knowledge of often rather arcane issues and processes. Nevertheless, there are obviously inherent biases in any expert view which should be represented transparently when using data derived from these sources.

In contrast, broad-based surveys require a representative (often relatively large) sample to generate credible data, which is expensive and/or time consuming to collect and cannot often provide information on specialist or technical issues. However, the overwhelming strength of this approach is its ability to assess more directly the real world impact on the ultimate beneficiaries of improved governance. Not only is this relevant to measuring compliance with safeguards that aim to protect a large group of people, but also can capture other important cultural shifts; for example in assessing the effectiveness of enforcement agencies – if large numbers of people perceive those institutions to be corrupt and unaccountable then they are less likely to actively support and cooperate with enforcement activities and less likely to respect the rule of law themselves.

It is possible to develop cost-effective methods for sampling ‘non-expert’ perceptions through focus group discussions. These have the benefit of allowing a degree of deliberation before opinions are sampled.

Access to information

Timely access to information by all stakeholders and rights holders is one of eight framework principles of the CCBA/CARE Standards. One of the impediments identified in the implementation of the APRM in Kenya was the difficulty in accessing information held within government. This affected information dissemination and prevented civil society from being able to independently verify information in the self assessment report (see Annex 4.3). Access to information is also one of the three pillars of IFM (see Annex 2.2). In the negotiation of FLEGT VPAs it has been necessary to clarify and codify the precise responsibilities of individual parts of government in relation to collecting and making available forest data, both to other parts of government and to non-

¹¹⁰ *Design Document for the Forest Investment Program*, Jul 2009.

governmental institutions that are involved in ensuring the functionality and credibility of national legality assurance systems.

Building local capacity

In order to ensure consistent understanding of the system design and effective implementation, adequate capacity building must be incorporated into the process for all key players involved – civil society, local communities and indigenous peoples as well as relevant government agencies and other institutions on which the effectiveness of the system depends. This lesson has been learned through experience with the MFPCs in the Philippines, where lack of education and training caused tension, and in developing and implementing IFM. In Nicaragua, capacity building and training of representatives from civil society and local communities by Global Witness has been a key part of the programme. Similarly, the IFM programme in the Republic of Congo implemented by the NGO Resource Extraction Monitoring (REM) contains a strong capacity building component.¹¹¹

The proposal for country-led governance assessments by UN-REDD emphasises capacity building through: 1) providing training and guidance to national stakeholders on the production and application of governance-related data; and 2) ensuring that the processes themselves further develop the capacities of local stakeholders to understand, participate in, and use governance assessments. In particular, this would include capacity assessment as part of a governance assessment for REDD+, as well as training.

All indicator-based initiatives have had to develop simple questionnaires and guidance for those collecting and assessing information, and many partner institutions have required support and capacity building to ensure data quality and consistency. WRI is working with civil society groups in Indonesia, Brazil and Cameroon to develop both their indicator sets and the capacity of those groups to use the tool to its fullest extent. Similarly, Global Witness is working with civil society partners in Cameroon, Ghana, Liberia and Peru to develop the indicators for Transparency Report Cards and build capacity for their use through a small grants programme.

A key objective of the UN-REDD country-led, multi-stakeholder governance assessment is to strengthen national capacity of both indicator producers (e.g. NGOs, national statistical offices, local government etc) and users (e.g. media, civil society, legislative assemblies and national governments).

Credible REDD+ will require transparent and effective conflict resolution mechanisms at the national and international levels

The prospect of conflict arising in the process of designing and implementing REDD+ as a result of uncertain land rights and tension between local stakeholders has been well recognised, and is a reason for elaborating social safeguards. Given the levels of financial flows anticipated the potential for conflict is considerable despite these safeguards. Although a multi-stakeholder approach can reduce the potential for conflict, problems could still arise as a result of monitoring, particularly in relation to governance (e.g. over an independent monitor's reports). In its global programme, UN-REDD is considering different approaches to conflict resolution, while the existence of conflict resolution measures is one of the proposed FIP indicators for forest-related governance provisions. Overall, however, inadequate attention is being paid to conflict resolution. The EITI dispute resolution mechanism incorporated into its validation process could provide a model to inform the development of a similar process for REDD+. Similarly, FLEGT VPAs provide an additional level of conflict

¹¹¹ *A Decade of Experience, Lessons Learned from Independent Monitoring*. Global Witness 2009.

resolution through a bilateral implementation committee, charged with negotiating conclusions on controversial issues relating to the integrity of national Legality Assurance Systems and other governance commitments made in the legally binding agreements.

Clarifying institutional roles and responsibilities

Another important lesson learned from the Philippines, as well as from the implementation of IFM and provisions developed under FLEGT, is the need for clear mandates and understanding of the roles and responsibilities of all stakeholders (which is linked to capacity building and training). Part of the reason for institutional failures of the MFPCs was an insufficiently clear role on the part of MFPC staff; a number of MFPCs were unsure about the extent of their mandate for monitoring the activities of enforcement officers as distinct from monitoring forest crime.

Roles, mandates, rights and responsibilities are negotiated in the design phase of IFM programmes and laid out clearly in a contract between the monitor and the host institution. A clear line must be maintained between the monitor and the enforcement agency whose role it is to enforce the law.

Similarly, a clear compliance verification procedure including identified actors and verifiers, derived from a detailed legality definition, is fundamental to any FLEGT VPA. Not only does this provide a basis for a systemic audit, but the process of developing procedures in a number of countries has identified opportunities to improve efficiency and reduce opportunities for corruption.

Prioritisation and ‘intelligence-based’ monitoring

Under its Forest Governance Integrity Programme, Transparency International (TI) is developing an Anti-Corruption Monitoring Tool which includes a risk assessment to map corrupt practices, examine their impacts and likelihood of occurrence and rank them to identify priority practices according to relative risk (see Annex 2.5). TI is also identifying the existing tools that most efficiently tackle the priority corrupt practices. This process of prioritisation will enable TI Chapters to target their advocacy and enable policy makers and enforcement officers responsible for reducing corruption to design and implement appropriate policies and strategies.

Recognising that a monitor could undertake a myriad of activities under REDD+, Global Witness has identified a need for prioritisation of focus in its proposal for establishing systems for independent monitoring of REDD+ (IM-REDD) modelled on IFM, (see Annex 3.3). They propose that a first step to this end would be an understanding of the country’s context (laws, enforcement, burning issues and politics) to assist with identification of potential issues of concern, and suggest that IM-REDD could start with a simple approach that addresses fundamental questions, gradually building more components into its scope of activities.

Consistency and complementarity in national and international monitoring

Monitoring and reporting of governance for REDD+ is likely to play two distinct roles. The first relates to national processes of improving policy and legal frameworks and enforcement strategies, requiring accountability to national stakeholders and detailed information which highlights causal relationships between policy interventions and impacts. Collecting and reporting data for use at this level is likely to include issues relevant to international reporting but also reflect a more diverse set of national priorities, identified by different stakeholder groups.

In contrast, monitoring and reporting on the national picture to relevant international institutions is likely to require a less detailed data set, confined within relatively standard parameters.

As mentioned above, FLEGT VPAs address this issue by committing partner countries to both effective national control systems reporting back into enforcement and judicial agencies as well as independent reporting to an international (in this case bilateral) implementation committee.

In practice, in order to achieve consistency and complementarity, countries may wish to develop one extensive monitoring institution (or contract) which serves both purposes, although this is not absolutely necessary. What is, however, necessary is that if the different functions are performed separately there is a mechanism to coordinate between them in order to ensure the credibility of reports from both and to avoid unnecessary duplication of activities.

5 CONCLUSIONS

5.1 Without relevant and reliable information there will be no REDD+

Establishing mechanisms to collect and make publicly accessible relevant and reliable information on policies, institutions, enforcement (collectively ‘governance’) and impacts will be critical to developing a functioning REDD+ mechanism.

At the country level, governance information will be needed in order to enable emissions reductions. Verified information is necessary to:

- identify drivers of deforestation and forest degradation;
- design appropriate policy interventions to tackle drivers and/or to achieve progress on the ‘plus’;
- implement policies; and
- improve enforcement of forest law over time.

At the international level, verified governance and impact information will be needed in order to create a pragmatic performance-based payment mechanism which incentivises emissions reductions and respect for appropriate safeguards through all phases of REDD+ activities. Reliable information will be necessary to:

- quantify and demonstrate achieved emissions reductions;
- identify appropriate immediate-term proxies for emissions reductions;
- quantify and demonstrate performance related to appropriate immediate-term proxies for emissions reductions; and
- demonstrate respect for and compliance with safeguards.

The earlier systems for monitoring governance for implementation of REDD+ are established the better, especially given the speed with which REDD+ is progressing, the high-risk environment in many REDD+ candidate countries, and the projected levels of funding involved. However, speed

should not compromise effectiveness. Systems should be informed by impartial assessments of in-country experiences of monitoring governance to date. For example, experience with implementation of the APRM in countries like Kenya should inform the development of UN-REDD's proposed country-led governance assessments.

5.2 Best practice for providing relevant and reliable information through monitoring, reporting and verification

In relation to providing relevant and reliable information on governance, a set of best practices for monitoring, reporting and verification (distinct from MRV as developed under the UNFCCC) can be elaborated on the basis of existing systems in different sectors at international and national level. At international level, systems for performance monitoring, national reporting, and verification enable assessment of whether a party is implementing and in compliance with the rules laid out under a treaty or other multilateral or bilateral agreements. Performance monitoring carried out by international institutions established under a treaty involves the collection and assessment of information on implementation, including through regular reporting by parties on the implementation of their treaty obligations as a necessary but not sufficient means of data collection. Biennial reporting is usually considered adequate to monitor performance (with scientific and technical monitoring on an annual basis). Successful reporting depends on: 1) the precision and reliability of information, and 2) the degree to which the information is presented in a standardised way to allow comparison between reports and verification by others. Best practice involves non-state actors in the preparation of national reports (e.g. the CBD) and enables them to submit information directly or to submit observations on national government reports (e.g. CITES and the International Labour Organisation (ILO)).

Systems for international verification build confidence among parties, the strongest systems existing under arms control treaties. Verification of parties' actions depends on: 1) the degree to which reported information is capable of being verified; 2) the actors conducting the verification; and 3) the manner in which verification is performed. The most effective verification systems under MEAs involve desk-based verification backed by verification in-country (e.g. CITES and the UNFCCC). Regular verification by independent experts (e.g. the UNFCCC review by independent expert teams performed in-country every five years), or targeted in-country verification (e.g. *ad hoc* missions by the CITES Secretariat), enable a more reliable assessment of parties' compliance with their obligations.

National monitoring systems (i.e. surveillance systems including measurement, information collection through domestic reporting and analysis) need to be robust, transparent and participatory. They serve two functions: to provide information to report to relevant institutions at international level (which for REDD+ are currently the UNFCCC, the FCPF, UN-REDD and the FIP); and to provide information to inform domestic policies and laws and the enforcement of those laws. More detailed information is needed for domestic purposes than is needed for national reporting to international institutions. Effective national verification, which of necessity must be conducted by an independent actor, enables not only checking of the accuracy of data but includes field assessment and reporting on systemic failures and recommending remedial action (e.g. requirements under the FLEGT VPAs and IFM). Following up recommendations through regular assessments contributes to improved enforcement and legal compliance. International agreements may require parties to establish national verification systems to check the accuracy of reported information (e.g. under fisheries agreements). A system which combines national and international verification (e.g. EITI and FLEGT) is most effective, particularly if it incorporates a dispute resolution process to deal with cases of disagreement.

5.3 Defining parameters for REDD+ governance (the what)

In addition to collecting information on actual social and environmental impacts in order to be accountable to local stakeholders and demonstrate compliance with appropriate international safeguards, there is a broad international consensus on the need to collect information on ‘REDD+ governance’. A consensus definition of the parameters of REDD+ governance is therefore required in order to encourage clarity, consistency and comparability.

Drawing on experiences of defining national governance, forest governance, the scope of UNFCCC REDD+ requirements to date, and *de facto* standards beginning to be elaborated in multilateral institutions, it is possible to conclude that appropriate parameters for information gathering during phases one, two and three should include two broad areas:

- institutional preconditions to achieving reduced emissions from REDD+ activities (relevant to readiness or ‘pre-carbon’ phases);
- governance of the REDD+ system (credibility of carbon accounting, safeguards compliance monitoring, financial accountability).

For the sake of this paper, the authors translate “a capable state that is accountable to citizens and operating under the rule of law” into the following definition of Governance for REDD+:

Capable REDD+ institutions which are accountable to relevant stakeholders and operating according to relevant national and international law.

This is broken down into the three key parameters of:

- A. Clear, coherent policy framework, laws and regulations
- B. Effective implementation and enforcement of those policies laws and regulations
- C. Transparent and accountable decision-making, enforcement and REDD+ accounting institutions.

Proposed scope of key governance for REDD+ parameters

The following table elucidates key considerations for the proposed governance parameters, identifies safeguards relevant to each and makes comments and recommendations concerning modalities, needs in different phases and uses of the data.

Table 2: Suggested parameters for REDD+ governance (the what)

Core [REDD+] Governance parameters	Key considerations...	Of particular relevance to ensuring... (current safeguards text)	Other comments & recommendations re phase, modalities and uses of data
Clear, coherent policy and legal and regulatory frameworks	<ul style="list-style-type: none"> • Clear, legal framework for allocation and protection of land/carbon ownership, use and benefit rights • Clear, coherent forest and land use¹¹² laws and regulations, which prevent conversion of natural forest to other uses and are consistent with a) agreed provisions on sustainable management of forests and enhancement of forest carbon stocks, and b) national sustainable development goals and international commitments /obligations 	<p>a) Consistency with national forest programmes, international conventions and agreements.</p> <p>c) respect for rights of indigenous peoples and local communities</p> <p>e) consistency with conservation of natural forests and biodiversity etc</p> <p>f) address risk of reversals</p> <p>g) address risk of displacement</p>	<p>First phase assessment of policy framework and legal code a core element of readiness, but likely to require reform over time in many countries. Ensure domestic system in place for tracking changes.</p> <p>See/build on FLEGT VPA process for defining a relevant, stakeholder-endorsed legality standard, plus publically-available matrix setting out appropriate evidence for compliance with each law.</p> <p>Will provide useful information for project developers/private sector/investors.</p>
Effective implementation, enforcement and compliance	<ul style="list-style-type: none"> • Effective implementation and cooperative enforcement of all relevant laws and regulations • Effective implementation of, and compliance with, relevant international commitments /obligations 	<p>b) ...effective national forest governance structures, taking into account national legislation...</p> <p>f) address risk of reversals</p> <p>g) address risk of displacement</p>	<p>Improving law enforcement is measurable / pragmatic early step towards achieving emissions reductions. Particularly relevant to performance-based payment in pre-carbon phase.</p> <p>Understanding level of enforcement a precondition of achieving long term emissions reductions. Will continue to be central to domestic need throughout.</p>

¹¹² For example, relating to extractive industries, infrastructure development, subsistence or commercial conversion for agriculture, urban expansion, etc.

			<p>Intensity of national monitoring/reporting needed in phase 3 dependent on rigour/credibility of national carbon MRV regime.</p> <p>Key to project developers/private sector/investor confidence.</p> <p>Domestic monitoring of compliance with relevant MEAs should use appropriate tools.¹¹³</p>
Transparent and accountable decision-making and implementation	<ul style="list-style-type: none"> • Full and effective multi-stakeholder participation in development of [REDD] national and sub-national strategies • Transparent and accountable agencies responsible for policy implementation and enforcement • Effective, transparent and accountable domestic [REDD+] conflict resolution mechanism • Effective, transparent and accountable monitoring and verification • Transparent and accountable payment arrangements 	<p>b) transparent... national forest governance structures</p> <p>d) full and effective participation of relevant stakeholders</p>	<p>Will require intelligent ways of measuring accountability and ‘full and effective participation’. Should be drawn from internationally-recognised UN best practice principles.</p>

Moving beyond these parameters, it will be necessary to develop appropriate groups of indicators and data collection tools and institutions for meeting both domestic assessment and accountability needs and the needs of international reporting for credibility.

Here it is suggested that the extensive experience of developing indicators in the forest sector be drawn upon (see below for guiding principles derived from existing initiatives and best practice). Identifying what is an appropriate group should reflect both the level of reporting for which

¹¹³ For example, compliance and enforcement indicators derived from the International Network for Environmental Compliance and Enforcement (INECE)/UNEP Indicators Project www.inece.org/indicators/unep/

information is being gathered and the REDD+ phase. Generically this suggests that indicator sets should be developed along the following lines:

Phase	Domestic reporting for implementation	National reporting for performance-based finance
Phase one and two multilateral finance	Broadest indicator set to ensure data collection can meet all national stakeholder concerns regarding planning and implementation as well as immediate proxies for carbon in long-term.	Less broad indicator set addressing international accountability and immediate proxies for carbon in long term (ensure readiness finance is also performance-based payment).
REDD+ performance based mechanism	Less broad indicator set providing data which ensures meeting all national stakeholder concerns regarding implementation, impacts and policy reform options over time.	Narrowest indicator set providing data to demonstrate safeguard compliance plus integrity of carbon MRV and financial accountability.

Table 3: Scope of indicator sets for different phases and functions

5.4 Preliminary guidance on tools and institutional arrangements (the how and the who)

Monitoring, reporting and verification are all necessary for the production and assessment of relevant and reliable information to serve a performance-based REDD+ mechanism (recognising that reporting is a means of data collection). Modalities for these three functions in relation to governance information in the natural resource sector have been developed in the best practice, initiatives and case studies highlighted above. Experience suggests that effective system development should be guided by a number of fundamental principles relating to: 1) indicators for appropriate information gathering, and 2) tools and institutional arrangements which ensure relevance, reliability and accountability. Principles can be divided into those that are cross-cutting and those that relate specifically to 1) and 2).

Cross-cutting principles

- ***Effective participation and accountability***

Multi-stakeholder participation in the identification of indicators as well as in the design and implementation of the tools and institutional arrangements for monitoring, reporting and verification will result in more credible and useful information and more accountable institutions. It will also help to build trust between stakeholders and break down barriers between historically antagonistic parties. Minimum criteria for effective multi-stakeholder participation should be based on best practices derived from existing initiatives and case studies.

- ***Consistency and complementarity in national and international systems***

Data needs at domestic and international levels should be harmonised and collected and reported ideally through a coordinated national and international institutional architecture with appropriate oversight mechanisms involving verification at both national and international level. This would encourage increased accountability to domestic and international stakeholders as well as efficiencies.

- ***Broad-based capacity building at all levels***

Capacity building will be needed for all stakeholders engaged in the design and implementation of systems. To engender ownership, trust and accountability, these systems should be developed in partnership with local institutions, respecting national circumstances. In order to maintain reliability of data, it will be necessary to invest in significant capacity building where local groups are not yet capable of performing appropriate functions.

- ***Building on existing data sets***

Building on existing monitoring, including data collection/reporting commitments (e.g. FLEGT VPA impact monitoring, FRA reporting and domestic collection of social statistics), and institutions will increase transparency and reliability of data at the same time as reducing costs. However this approach should not be allowed to undermine consistency in national reporting on key parameters.

Principles to be considered in development of indicators for appropriate information gathering

- ***Using the smallest possible indicator set to deliver necessary credible data***

As noted above and in table 3, the extent of information collection should reflect the phase of REDD+ as well as the reporting requirement. Most initiatives start with a wide indicator set and refine it towards a group which is more focused on their aims through field testing and iterative design. REDD+ monitoring should incorporate this iterative approach to improving the focus of indicator sets over time in order to improve efficiency and data credibility. Given that finance for monitoring will be limited to some extent, monitoring key issues rigorously should be preferred to superficial monitoring of a very broad set of issues.

- ***Cross-referencing data, designing ‘intelligent’ indicators and verification***

Providing relevant data on complex issues such as governance and social and environmental impacts of the broad scope of REDD+ activities will require that the development of an indicator set draws on the growing body of experience in this area. Cross referencing of information relating to policy, implementation and enforcement, for example, will be key to understanding the relationship between policy design and impacts. The use of ‘intelligent’ composite indicators may help to streamline reporting on complex issues, if appropriately designed. Independent verification is necessary in order for information to be reliable.

- ***Demonstration of performance against benchmarks***

Monitoring progress over time, particularly relating to performance against benchmarks and safeguards compliance will require a baseline-setting exercise which should include as broad parameters as possible, in order to ensure that the benchmark is credible and allow for refining of indicators over time without losing comparability with the baseline.

Principles to be considered in development of effective tools and institutional arrangements

- ***Reliable information requires independent field-based monitoring and reporting***

The collection and reporting of information on activities in the field will be central to understanding levels and impacts of policy implementation and enforcement, and identifying systemic problems. A growing body of evidence from across natural resource sectors suggests that this role is best undertaken by an organisation with a mandate that is independent from the government agencies whose activities it will monitor and report on. Field-based monitoring and independent reporting will ensure that information for both domestic and national needs is relevant and reliable.

- ***Financing arrangements should foster ownership, independence and accountability***

Establishing consistent financing through an institution capable of managing appropriate amounts and fostering national ownership, independence and accountability will be necessary to ensure that monitoring, reporting and verification provides relevant and reliable information through inclusive locally-appropriate methodologies.

- ***Effective participation and verification requires access to information***

Access to relevant information is necessary to ensure the credibility of the monitoring system. It is also necessary for verification of governance information and to enable effective participation of stakeholders in the system.

- ***Effective implementation requires clear institutional roles, mandates and responsibilities***

Roles, mandates and responsibilities need to be clearly laid out in relevant governing statutes, including in contracts and terms of reference, and in governing arrangements for multi-stakeholder institutions (e.g. steering committees). This will help to insure against institutional failures and breakdown in trust as well as reducing opportunities for corruption.

- ***Accountability requires effective national and international conflict resolution mechanisms***

Given anticipated financial flows and unclear legal/tenure arrangements in many forest countries, the risk of local conflict relating to REDD+ activities is high. Effective participation will reduce but not eliminate this risk. Conflict resolution mechanisms at the domestic level will be vital to accountability and, ultimately, implementation. In addition, however, international conflict resolution or mediation is also likely to be necessary if REDD+ is to maintain its credibility as an appropriate way to tackle climate change. The World Bank Inspection Panel and EITI provide useful models for the development of such a mechanism.

- ***Identifying priorities requires an intelligence-led approach***

An intelligence-led approach will provide relevant information in a cost-effective way. This will increase the efficiency of the system, enable policy makers and enforcement officers to design and implement appropriate policies and strategies, and assist with increasing accountability. Tools will be needed to identify priorities for monitoring which will change as a country moves through REDD+ phases.

- ***Peer review assists credibility and acts as a buffer***

A mechanism for peer review of reports, preferably by a multi-stakeholder body, helps to ensure a robust system. It can also act as a buffer between a monitor and stakeholder. However, peer review should not inhibit or delay publication or affect the veracity of the evidence base.

ANNEX 1: Initiatives Developing Comprehensive Governance Indicators

1.1 The Governance of Forests Initiative (WRI, Imazon and Instituto Centro de Vida)

The Governance of Forests Toolkit produced as part of the Governance of Forests Initiative (GFI)¹¹⁴ aims to provide:

- A common definition and conceptual framework for understanding the meaning of good governance of forests across different country contexts.
- A tool for CSOs to independently diagnose the integrity of institutions and processes that govern forests in their countries as a basis to advocate for reform.
- A set of measurable, reportable and verifiable indicators of good governance of forests.

The Toolkit is based on the presumption that better decision making management leads to better management and therefore improved outcomes. The focus of the indicators is therefore on how decisions are made not on the decisions themselves. For example, if a decision is made concerning the allocation of resource funds, the focus is on how transparent the decision making process was as opposed to where those funds are eventually allocated. The methodology is considered a draft and is being revised and adjusted through a pilot assessment process in Brazil and Indonesia. Cameroon and Guyana are also under consideration as pilot countries. The assessments are being conducted by interdisciplinary teams made up of civil society groups with complementary and diverse expertise in forest-related issues. The goal will be to formulate ‘actionable governance indicators’¹¹⁵ in the next few years.

The framework consists of five key ‘principles’ (transparency, participation, accountability, coordination and capacity) and three ‘components’ (actors, rules and practice) used to define good governance of forests. The resulting matrix (see Figure 3) provides an organizational structure for 94 governance ‘indicators’ or diagnostic questions that assess the quality of a particular aspect of governance relating to one of four major ‘issues’ in the forest sector: forest tenure, land use planning, forest management, and forest revenue and incentives. In addition, the framework includes a ‘country profile’ featuring key facts and quantitative information relevant to the forest sector in order to provide necessary context for the governance assessment.

Each indicator is framed as a diagnostic question requiring the participant to give a ‘score’ from low to high based on a documented explanation of the extent to which various elements of quality are met. Below is a table demonstrating this framework for three forest tenure indicators along with a sample reporting structure for one of these indicators. Although the framework is applicable to all countries, it is not designed to allow quantified comparisons through governance ‘scores’ or ratings. Given the vast difference in social and political traditions and norms across different countries, the project implementers consider that such comparisons are not useful.

¹¹⁴ *The Governance of Forests Toolkit (Version 1): a draft framework for assessing governance in the forest sector*, WRI, Sept 2009. GFI is a collaborative initiative of WRI, Imazon (Brazil) and Instituto Centro de Vida (Brazil).

¹¹⁵ Actionable governance indicators aim to track the progress of targeted interventions to improve forest governance.

		Governance components		
		Actors <i>government, international institutions, civil society, private sector</i>	Rules <i>policy & law content, policy- & law-making processes</i>	Practice <i>implementation, administration, monitoring, enforcement</i>
Principles of good	Transparency		Issues: 1) Forest tenure; 2) Land use planning; 3) Forest management; 4) Forest revenues and economic incentives	
	Participation			
	Accountability			
	Coordination			
	Capacity			
Country Profile <i>(key facts and quantitative information relating to forest sector outcomes or outputs)</i>				

Figure 3: GFI Framework

Table 4: Example of forest tenure indicators addressing accountability, coordination and capacity

		Governance components					
		Actors		Rules		Practice	
		Indicator	Diagnostic question / element of quality	Indicator	Diagnostic question / element of quality	Indicator	Diagnostic question / element of quality
Principles of good governance	Accountability					Dispute resolution: Accessible and effective dispute resolution	<i>Diagnostic question:</i> to what extent are effective mechanisms in place to resolve disputes over forest tenure in timely and efficient manner? <i>Element of quality:</i> Dispute resolution mechanisms exist to address disputes at all levels
	Coordination			Law and policy processes: Coordination of tenure laws/policy with forest management objectives	<i>Diagnostic question:</i> to what extent do laws and policies define clear responsibilities and authority for the various actors responsible for forest tenure administration? <i>Element of quality:</i> Clear and non conflicting mandate for the forest agency vis-à-vis the land agency		

Monitoring Governance for Implementation of REDD+

<p>Capacity</p>	<p>Civil society: Capacity to engage on forest tenure issues</p>	<p><i>Diagnostic question:</i> To what extent do civil society organizations have the capacity to effectively engage on issues regarding forest tenure? <i>Element of quality:</i> Expertise in forest tenure issues, evidenced by existing work and/or publication on these issues (see other elements in sample reporting structure)</p>				
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Box 3: Sample indicator reporting structure

Indicator: Capacity of civil society organizations to engage on forest tenure issues		
Diagnostic question: To what extent do civil society organizations have the capacity to effectively engage on issues regarding forest tenure?		
Indicator description and guidance for assessment teams: Civil society organizations (CSOs) can play a critical role in promoting tenure security, particularly for vulnerable and marginalized people and communities. Since land administration is often dominated by financial and technical considerations, other public interest concerns such as customer service, equity in access, and environmental impacts are frequently under-represented. To represent these interests effectively, civil society organizations must have the necessary capabilities to engage: technical—including an understanding of environmental and economic aspects of the sector—financial, organizational, and political. This indicator looks at the capabilities of civil society organizations active in forest tenure issues.		
Elements of Quality:	Check if yes	Explanation
Expertise in forest tenure issue, evidenced by existing work and/or publications on these issues		
Ability to provide support for vulnerable groups (i.e. poor & women) and grassroots links		
Access to current and updated information about tenure issues (e.g. changes in laws, etc)		
Credibility with a wide range of stakeholders		
Effective networking amongst CSOs		
Evidence of participation in or monitoring of the forest tenure process		
Continued explanation:		
Values:		Select:
Not applicable/not assessed		_____
Zero to one elements of quality		Low _____
Two elements of quality		Low-Medium _____
Three elements of quality		Medium _____
Four elements of quality		Medium-High _____
Five or more elements of quality		High _____
Documentation of Research Methods		
Name and organization of researcher:		
Sources of information:		
Any additional information:		

1.2 Analytical framework for governance reforms (World Bank)

This World Bank initiative aims to develop a forest governance diagnostics tool for use by policy makers in conducting a baseline situation analysis and identifying appropriate reforms that have a high chance of success.¹¹⁶ It is being implemented in three steps. The first step, the results of which were published in 2009 based on an extensive literature review and expert opinions, was the development of a comprehensive conceptual framework for carrying out in-depth diagnosis of forest governance. The second step will be field testing and empirical validation of the conceptual framework in a handful of countries, leading to the third step, the development a forest governance diagnostics tool. In the field testing stage, emphasis will be given to countries participating in REDD+ programmes and those with significant land tenure issues.

The governance framework is generic and can be applied to all forest types in many countries. It is underpinned by five building blocks envisaged to cover all dimensions of forest governance:

1. transparency, accountability, and public participation;
2. stability of forest institutions and conflict management;
3. quality of forest administration;
4. coherence of forest legislation and rule of law; and
5. economic efficiency, equity, and incentives.

The building blocks are divided into principal components (2-7 per building block) and sub-components. The sub-components are observable and potentially measurable ‘activities’ which will serve as the basis for developing individual indicators (see principal components table above). During field testing, evaluative questions will be formulated for each sub-component to assist in the development of actionable governance indicators. A core set of practical indicators, tailored to a specific country context, will be identified from the generic list of sub-components. These will be assessed for their initial values and provide baselines for monitoring progress.

The principal components and sub-components aim to span the full range of governance, be practical for a policy maker to apply, and to point to areas needing reform. In order to determine which aspects of governance are functioning well or poorly, actionable governance indicators are considered necessary to complement input, output and outcome indicators.¹¹⁷ Input and output indicators, which track resources employed, actions undertaken, and products produced to improve the functioning of a specific governance element, are considered by the World Bank initiative to be insufficient to determine whether reform is making progress. Meanwhile, governance outcome indicators, which focus on the final impacts of a country’s governance institutions or on political, social, or economic issues that citizens care about (e.g. the level of corruption), are considered inadequate to determine why a given country is performing well or poorly with respect to any given governance dimension. Actionable governance indicators, however, aim to track the progress of targeted interventions to

¹¹⁶ *Roots for Good Forest Outcomes: An Analytical Framework for Governance Reforms*, Report No. 49572-GLB, World Bank, 2009.

¹¹⁷ Example of an input indicator: number of people in charge of monitoring a given forest. Example of an output indicator: revised forest law. Example of an outcome indicator: increase in forest cover.

improve forest governance (i.e. to track change at the level of specific activities).¹¹⁸ As well as identifying which aspects of governance are functioning well or poorly, the intention is to shed light on how inputs and outputs of governance reform efforts contribute to a particular aspect of governance. Once the indicators are developed it is proposed to assign a rating to enable the state of governance in a country to be benchmarked and priority areas requiring reforms to be identified.

¹¹⁸ Actionable governance indicators have developed mostly for human resources management. One of the objectives of a human resource management system is to attract qualified human capital skills; an indicator of how well this objective is being achieved is the average number of qualified applicants per advertised position. Higher averages would reflect better performance on this objective than would lower averages. Gary Reid, 2009, *Actionable governance indicators—Concepts and measurement*, PREM informal note, World Bank.

ANNEX 2: Initiatives addressing specific governance issues

2.1 EU FLEGT Voluntary Partnership Agreements: Legality Assurance for Timber through national standard-setting and independent monitoring and verification

In 2003, the European Commission published its Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan¹¹⁹ which set out a range of policy options available to the Commission and European Member States, aiming at reducing illegal logging and the global trade in associated forest products.

At the core of the action plan was the negotiation of bilateral legally binding Voluntary Partnership Agreements (VPAs) between the European Union and timber-producing countries with low levels of forest law enforcement, which commit each party to requiring verified legal timber and wood products in their bilateral trade. Given the trade component these agreements are negotiated by the European Commission and have ‘hard law’ status. In the three agreements negotiated to date, countries have voluntarily taken on a range of commitments aimed at improving sector governance, but the core focus of the agreements is on the clarification of existing law and verification of enforcement activities. Agreements are currently signed, or under negotiation, with eight countries: Ghana, Republic of Congo, Cameroon, Gabon, Central African Republic, Liberia, Malaysia and Indonesia.

Verification of acceptable legal wood is established through a Legality Assurance System (LAS) comprised of five elements, which differ according to national legal codes and circumstances, but must deliver their functions credibly:

1. Stakeholder-endorsed definition of legality drawn from existing national law, covering forest regulations and social, environmental and labour protections as well as other relevant areas of law
2. Wood tracking system to establish chain of custody from forest to point of export
3. Legal-compliance validation mechanism
4. Licensing authority issuing permits for export on the basis of demonstrable compliance with all laws set out in legality definition and effective chain of custody control
5. Independent monitor/audit identifying systemic weaknesses in the compliance or wood tracking system, reporting on the ongoing efficiency and credibility of the LAS.

Following the negotiation of an agreement in principle, there is a period of system building and assessment before the trade agreement comes into force. The implementation of the agreement is overseen by a joint committee, on which the EU and partner country government is represented. In some cases the latter is joined by national private sector and civil society representatives.

¹¹⁹ Available at: <http://www.illegal-logging.info/uploads/flegt.pdf>

Participation and accountability

The first point at which VPAs explicitly require participation is in the definition of legality on which an assurance system is based. Countries have so far taken between one and five years to establish clear standards, depending on the complexities of their legal codes. In all cases national processes have been designed and managed by partner country governments or outsourced to independent institutions, and stakeholders have been identified domestically. The European Commission is not represented in these processes although it requires that the resulting standard is endorsed by a wide range of national stakeholder groups.

In addition to standard setting, civil society will be involved in some form of accountability mechanism in all VPAs, although exact institutional arrangements will vary from country to country. As noted above, each LAS will have an independent monitor/audit, which will be mandated to receive information about legal infractions or perceived weaknesses in the LAS from all civil society groups. The function of an independent monitor can theoretically be undertaken by an institute which represents civil society (as Independent Forest Monitoring has traditionally been carried out), although relatively onerous institutional criteria¹²⁰ designed to ensure independence may *de facto* exclude most groups, particularly in Africa, in the short to medium-term. It is therefore thought likely that companies or institutions applying to perform this function will be favoured if they commit to investing in local staff and capacity building, although this has not been codified in terms of reference to date, since no IM-FLEGT contract is yet operational.

Monitoring, reporting and verification

Monitoring of LAS functions within a VPA has two levels. The first level is developed within the national system to verify that companies comply with relevant law and meet appropriate chain of custody standards. This function is carried out by government enforcement agents, in some cases with the assistance of a generic independent forest monitor, reporting back into the national control system – for example, reporting individual criminal acts to the police or tracking individual cases through the national judicial process. This national monitoring focuses on reporting to improve enforcement practices, efficiency and accountability within the country.

In addition, the second level consists of a FLEGT-specific independent monitor/audit which undertakes field-based assessments to verify the effectiveness of the national system, identify repeated similar infractions and systemic weaknesses, and reports to the international level (in this case the Joint Implementation Committee) on the overarching credibility of the control system. The FLEGT monitor's reports can recommend corrective actions on the part of enforcement agencies and improvements to the regulatory framework, if deemed necessary. The role of this monitor is to help the Committee make a joint judgement on whether the LAS is in fact licensing legal timber for export, or whether the legally-binding trade agreement has been breached.

Each of these elements of the FLEGT VPA present potentially useful models for participatory standard-setting and monitoring of REDD+ activities, in particular:

- Establishing accountable national REDD+ institutions
- Clarifying existing legal codes governing the land use sector, including gaps, inconsistencies and potential areas for reform

¹²⁰ European Commission FLEGT briefing note Seven. *VPA Guidelines for Independent Monitoring, 2007*. Available at http://www.illegal-logging.info/uploads/1_Briefing_Note_7.pdf

- Designing complementary mechanisms for monitoring and reporting for domestic and international needs

2.2 Independent Forest Monitoring (IFM)

Independent Forest Monitoring¹²¹ has been developed over the last decade to monitor logging, legal compliance and forest law enforcement. It focuses on ground truthing through field investigations, providing publicly accessible, objective and reliable evidence on forest management and illegal activities. In effect it is a form of systems or governance monitoring which supports forest law enforcement and increases transparency. The first field-based IFM programme was established by Global Witness in Cambodia in 1999. Programmes have since been established in Cameroon, the Republic of Congo (RoC), Honduras and Nicaragua (see case study below, as well as a recent review by Global Witness of experience from IFM¹²²). A new programme is in the process of being prepared in the Democratic Republic of Congo (DRC).

IFM is based on a contract between a local host organisation (typically the ministry of forests) and an independent monitor (typically an NGO but sometimes, though not ideally, a private entity). This ‘official but independent’ status assists in ensuring that reports are acted upon by the government. It also strengthens civil society by providing a means to access and channel information. Independent monitors currently operating are the NGO Resource Extraction Monitoring (REM), the Honduran National Commission for Human Rights (CONADEH), the Agro-forestry Coordinating Association of Indigenous Peoples and Farmers (ACICAFOC) supported by Global Witness, and a consultancy company, Agrico, working with implementers Cameroon Environment Watch.

In light of differing national circumstances, IFM requires a certain degree of flexibility. There is, however, a set of fundamental principles which should be applied for IFM to operate effectively:

- *Access to information.* The monitor has the right of access to relevant information held by the Forest Authority and other relevant ministries / authorities, without the need for prior approval and is present during meetings between the Enforcement Agency and suspected infractors.
- *Access to the field.* The monitor has the right of movement and access to any part of the country to carry out control missions.
- *Freedom to publish the findings.* Once approved by a multi-stakeholder Reporting Panel, which should be established to peer review reports and act as a buffer between the monitor and stakeholders, the reports must be published by the host organization. In the absence of approval in a given time period (e.g. 30 days) the monitor has the right to publish reports unilaterally.

An ideal monitoring team is multi-disciplinary, including foresters and lawyers, and joint field missions conducted with forest authority officials are preferable to missions by the monitor alone. Field work should combine a systematic approach, gradually covering all logging permits, and rapid response to specific cases requiring immediate attention. Providing justification for decisions about

¹²¹ IFM has been defined by Global Witness as “the use of an independent third party that, by agreement with state authorities, provides an assessment of legal compliance, and observation and guidance on official forest law enforcement systems”. Global Witness (2005b), *Guide to Independent Forest Monitoring*. London, UK. <http://www.globalwitness.org/pages/en/ifm.html>.

¹²² *A Decade of Experience, Lessons Learned from Independent Monitoring*. Global Witness 2009.

sites to visit helps to avoid accusations of bias. While official law enforcement bodies retain responsibility to act on recommendations, investigations into different forms of illegality by the monitor demonstrate where the system is failing and provide guidance on how to address it. An approach to reporting that combines a series of field reports with occasional summary / thematic reports assessing the extent to which recommendations are acted upon provides reliable evidence on the implementation of policy measures. Capacity building of enforcement officials, local communities and civil society has become an important part of IFM programmes, along with establishing multi-stakeholder reporting panels and participatory monitoring.

Lack of political will and funding have proved constraints for IFM, with potential risks including the shifting of illegal logging into neighbouring countries (a form of leakage) and the nature of illegal activity changing to avoid detection.¹²³ Many positive outcomes have been identified, however, including increased transparency and accountability, improved law enforcement and collection of fines, opening up debates about governance in the forest sector and beyond and providing a disincentive for corruption.

Case study: Nicaragua¹²⁴

IFM in Nicaragua was piloted in 2006, fully-operational in 2008 and has been implemented by Global Witness, hosted by the Nicaraguan forest authority (INAFOR). The project has been run on a limited budget, with operations interrupted for a period in 2007-2008 as a result of inadequate funding. The project resumed in August 2008 and has gradually been handed over to local civil society. Nicaraguan experts who started the project with Global Witness continue to implement IFM within the Agro-forestry Coordinating Association of Indigenous Peoples and Farmers (ACICAFOC). Plans are being developed to gradually scale up the project to cover the entire Central American region.

Reaching out to forest dwellers and rural populations who generally do not have access to centralised information has been fundamental to the work. The dissemination of information and the raising of awareness about the mandate and scope of IFM are increasingly enabling local people to use the monitor as a mouthpiece to voice their concerns. The project also recognises that while those who live in and around forests generally have a good idea of what is going on in them, the forest authority has limited capacity and is not always able (or willing) to investigate. Thus capacity building for local people aimed at strengthening their ability to investigate and document forest infractions is one of the core project activities. Forest officials take part in training too, linking it to the work of the forest authority. Following the success of the IFM project, the forest authority is in the process of establishing official decentralised District Monitoring Units. Global Witness is playing a mediating role in this process and providing institutional recommendations for the establishment of these Units, which are expected to include representatives from civil society organisations trained under the IFM project. Sharing skills and time in the field provides opportunities to engage in a meaningful way and to build trust between civil society and the government. It also opens spaces for discussion and dialogue. Improved communication is expected to result in improved coordination to fight illegality.

In other countries where IFM has been established a multi-stakeholder reporting panel has proved an important part of the system. In neighbouring Honduras where IFM is also operating, the panel comprises civil society and the private sector as well as government officials, donors and the monitor. In Nicaragua, some progress has been made towards establishing such a panel.

¹²³ Ibid.

¹²⁴ Adapted from *A Decade of Experience, Lessons Learned from Independent Monitoring*. Global Witness 2009.

IFM presents a wide range of potentially useful tools for encouraging participatory law enforcement and monitoring of REDD+ activities, in particular:

- Providing a means to improve cooperation and build trust between civil society, local communities and law enforcement agencies, and increase accountability of those agencies and control mechanisms that will be used in achieving REDD+. In Nicaragua, trust is gradually being built between local civil society and the Government as a result of joint work.
- Building capacity for engagement and understanding of the scope of possible roles and opportunities arising from REDD+ among civil society representatives. In Nicaragua, the monitor's expertise has been drawn upon to, on the one hand, build the capacity of local civil society to undertake monitoring activities, and on the other, support the Government's efforts to improve the institutional architecture for control activities.
- Monitoring and reporting at the national level on the systemic effectiveness of control structures, law enforcement and REDD+ relevant institutions.

2.3 Measuring the Response to Illegal Logging: Indicators of Progress (Chatham House)

Since 2006, Chatham House has been developing, assessing and applying a set of indicators to measure the extent and effectiveness of the response to illegal logging across a range of countries (producer, consumer and processor). The project findings are aimed to assist policymakers and other stakeholders in developing the most effective responses to the issue. Data is being collected in 12 countries - Brazil, Cameroon, China, France, Ghana, Indonesia, Japan, Malaysia, Netherlands, the UK, the US and Vietnam – and independently reviewed. In most cases Chatham House has worked with partner organisations and individuals based in the countries concerned. The countries chosen accounted for 73 per cent of all tropical timber primary product exports and 46 per cent of all imports in 2006.¹²⁵

Through lessons learned from their application, the indicators have evolved, becoming more simplified and targeted. Twenty indicators were initially developed and grouped under five stages identified for the response to illegal logging, from an increase in awareness through to the goal or output (actual reduction). However, an assessment in 2007 considered that they were weighted too heavily towards measuring means rather than ends. This was of concern since in most cases there is no guarantee that progress on an intermediary step (e.g. enacting policies) will result in actual impacts in the forest. The 20 indicators were assessed for feasibility and reliability and regrouped under four headings:¹²⁶

- Awareness
- Government policy development and implementation
- Private sector policy development and implementation
- Levels of illegal logging and associated trade.

¹²⁵ ITTO Annual Review, 2006.

¹²⁶ Sam Lawson, *Illegal Logging and Related Trade: Measuring the Global Response*, Chatham House, Nov 2007.

The assessment showed that the further one travels down the chain of response the less information is available and the more difficult it becomes to measure what is actually happening, with ultimate outputs being the most difficult to measure.

In 2008, Chatham House formed an advisory group of illegal logging experts to assist with the development and implementation of the indicators, and initiated a pilot assessment in five countries - Cameroon, Indonesia, Vietnam, the US and the UK (two producers, one processor and two consumers respectively). In order to structure and quantify the response of governments, an 'ideal' list of policies was developed and scored on the basis of the policy's existence: 0 (no policy), 1 (policy under development, partial or incomplete) and 2 (policy clearly in place). The ideal policy list for producer countries included 75 separate policy questions and sub-questions.¹²⁷ The pilot assessment also undertook a survey of perceptions of experts to fill the information gap found in 2007. A detailed survey questionnaire was designed with assistance from the advisory group. About 30 to 40 experts were targeted from each country, including from government, private sector, NGOs, academia, and the donor community, to ensure a balanced response to the questionnaire. Although there was some evidence of bias in the responses from Cameroon (18) and Indonesia (36), on the whole there was a surprising degree of consensus between different stakeholders on almost all questions.

The pilot assessment provided several lessons on methodology for data collection for the next seven countries (Brazil, China, France, Ghana, Japan, Malaysia and the Netherlands). The process was simplified and the survey questionnaire shortened to improve the response rate. The ideal policy list was shortened and the basis for scoring extended to include not just the existence of policy (0-2) but also the quality of design of policy and level of implementation (1-5). Below is a list of key policies assessed in producer countries. Although detailed guidance was given to partners on how to assign and judge individual scores, requiring written justification and explanation, many problems were encountered with the results, requiring multiple phases of review and revision. Some other indicators were dropped for the full assessment, including both the assessment of illegal logging levels in national parks and forest governance aid, either because they proved to be poor indicators or because the collection of useful data proved to be impossible within resource constraints.¹²⁸

Other lessons were learned concerning the time periods for assessment of the indicators and the practicality of the periodicity of the assessments. Ideally, all indicators would be assessed for the same time period, but in practice this was impossible. Perception surveys and ideal policy assessments measure the situation at the time they are conducted, but trade and production data, enforcement data and other information is often less current. If an assessment was held back until all indicators related to the same time period it would be many years out of date by the time it was published, so a compromise was made and data included from a range of baseline dates from 2006 to 2008. The pilot also showed that measuring the indicators can be time-consuming and expensive. Given the added difficulty of discerning trends over short time periods, it was recommended that future assessments should be conducted biennially rather than annually.

¹²⁷ *Illegal Logging and Related Trade: Pilot Assessment of the Global Response*, 2008, Chatham House, August 2009.

¹²⁸ *Ibid.*

Key policy areas assessed in producer countries¹²⁹

High level policy arrangements

- Review of causes and severity of illegal logging
- National action plans, inter-agency co-ordination
- Stakeholder consultation

Legislative framework and government structures

- Coherence and consistency of laws
- Checks and balances (right of public to mount challenges against government, staff policies, limits to discretionary power, oversight committee, self-monitoring, IFM)
- Customs

International engagement

- Trade and customs agreements

Policies and measures concerning supply and demand of legal timber

- Permitting system

Tenure and use rights

- Requirements for setting out arrangements on maps
- Mechanisms for resolving conflicting tenure and use rights and accommodating customary rights in law

Timber chain of custody, transport and tracking

- Key components of tracking system: independent monitoring, reconciliation systems, tamper resistant documentation systems

Transparency requirements

- Institutional, resource allocation and management (concession use), enforcement activities

Resource allocation procedures

- Prequalification processes
- Competitive bidding
- Prior informed consent

¹²⁹ From forthcoming report to be published in May 2010.

- Protection for local communities

Institutional and operational factors in law enforcement

- Penalties
- Coordination, training and resources

Information and data management

Financial management

- Monitoring revenue collected against revenue owed, audits

2.4 Making the Forest Sector Transparent: Annual Transparency Report Cards (Global Witness)

This four-year project (2008-2012) funded by the UK Department for International Development (DfID) aims to improve forest sector policy and practice in up to eight forest-rich countries by making governments more responsive and accountable. It consists of two components: monitoring transparency in the forest sector through the production of an annual report card, and building civil society capacity for advocacy in partner countries through a small grants programme.

The report card is being used by local civil society partners as a monitoring tool and provides a comparative analysis of the level of public access to forest sector information in the project countries. Its purpose is to assess the quality, quantity and accessibility of information in the sector. It takes a rights-based approach and is both top-down, looking at the legal obligations of states to enhance transparency and participation in decision making (including through the constitution, any freedom of information legislation, and sector-specific laws), and bottom-up, working with forest-dependent communities to identify information needs to hold governments to account. The methodology, which is evolving with experience, was developed collaboratively with civil society partners in four initial pilot countries - Cameroon, Ghana, Liberia and Peru. Further countries are currently being identified.

Given the widely differing circumstances in each country, local partners are developing individual report card methodologies appropriate to their situations while contributing towards a common data set for the annual report card. To enable objectivity, information for this data is gathered through yes/no answers to 70 questions or transparency indicators under 15 themes:¹³⁰

1. Transparency norms
2. Legal Standing
3. Forest Legal Framework
4. Transparent access to decision-making
5. Tenure and land use
6. Allocation of permits / user rights
7. Logging operations

¹³⁰ Full set of indicators available at: www.foresttransparency.info/cms/file/117

8. Extraction of other forest products
9. Environmental services
10. Cultural services
11. Extra-sectoral activities affecting forests
12. Fiscal regime: tax collection and redistribution
13. Forest law enforcement
14. 'Anti-transparency' norms
15. Publications

Each transparency indicator is supported by qualifying comments (e.g. on accuracy, completeness and source of the information). The first pilot annual transparency report card was published in January 2010 with the launch of a dedicated website.¹³¹ A number of key findings emerged from research in 2009: new legislation is improving; VPAs have been instrumental in improving transparency but are one-off processes; a regular 'forest forum' is important; insecure land and forest tenure is a major issue; a big gap exists between law and reality; little information reaches local communities; and in two out of four countries concession documents are not made public, while only one country has a freedom of information act.¹³²

2.5 Forest Governance Integrity Programme (Transparency International)

Transparency International's Forest Governance Integrity Programme (FGI) is tackling corruption as a primary driver of illegal logging and poor forest management. It was initiated by the TI National Chapters in the Asia Pacific region. The programme looks at corruption at all stages of the timber production and processing chain and examines how it facilitates the unsustainable harvesting, production, conversion, export, import and procurement of timber and wood products. The aim is to curb corruption and to improve forest governance.

Nine prime areas of intervention have been identified: reducing political corruption; reducing foreign bribery in supply countries; reducing corruption in licensing and concessions; reducing incidence of timber laundering; reducing judicial corruption; improving due diligence of financial institutions; reducing unsustainable demand for timber and wood products; strengthening national/regional forest governance initiatives; and strengthening international governance initiatives through increasing transparency and effective implementation of the Clean Development Mechanism (CDM) and REDD+.

The programme has four components: 1) anti-corruption and advocacy in Asia-Pacific; 2) addressing how demand for timber affects corruption and anti-corruption in producer countries; 3) preventative anti-corruption measures for REDD+ and the CDM; and 4) outreach to other regions.¹³³

¹³¹ <http://www.foresttransparency.info/report-card/>

¹³² *Transparency Report Card*, presentation by David Young, Global Witness, at 15th Chatham House Illegal Logging and Stakeholder Consultation, Jan 2010 http://www.illegal-logging.info/item_single.php?it_id=418&it=presentation

¹³³ http://www.transparency.org/regional_pages/asia_pacific/forest_governance_integrity/programme_structure

Forest Governance Analysis, Anti-Corruption Advocacy and Monitoring (FAAA) and Forest Anti-Corruption Solutions and Advocacy (FASA), Asia Pacific

The FAAA project, initiated in 2009, involves research, analysis and monitoring of corrupt practices and anti-corruption tools that will provide the basis for the FASA project (2010-2013). The aim is to develop and implement long-term solutions and tools for anti-corruption reduction and increased transparency, integrity and accountability in Asia Pacific, and to support the implementation of international forest governance initiatives like the FLEGT Action Plan.¹³⁴ Phase I of the FAAA (2009-2010) is being undertaken in five countries in Asia Pacific – China, Indonesia, Malaysia, Papua New Guinea and Solomon Islands. In Phase II, the project will be extended to five other countries in the region – Cambodia, Fiji, Laos, Vanuatu and Vietnam.

Activities in Phase I include the development and implementation of a tool to analyse corruption in the forestry sector with a view to enabling civil society to prioritise the corrupt practices that pose the greatest risk to governance and so select targets that will provide the most effective impact in the long run. It consists of three elements:

Risk Assessment - of the priority corrupt practices

Tool Assessment - of tools that tackle the priority corrupt practices

Monitoring of anti-corruption tools to assess changes in the highest-risk practices

A draft manual has been prepared to assist local FGI Units and TI'S National Chapters to implement the tool in the Asia-Pacific region.¹³⁵ The risk assessment will map the corrupt practices then examine the potential impacts associated with each practice, and the likelihood of the practice actually occurring. Using the product of these two variables, the practices will be ranked according to their relative risk. Information for the risk assessment will be gathered through interviews with key experts supplemented with publicly available data, and the results validated through stakeholder consultation.

An Anti-Corruption Monitoring Tool will build on the analysis of risk with a methodology for measuring the performance of existing anti-corruption safeguards (in law and in practice) for the highest-risk practices. Expert analysis and stakeholder consultation will again be used to identify the existing tools that most efficiently tackle the priority corrupt practices. These tools will then serve as the focus for TI's forestry programme — including its monitoring, outreach, and advocacy. The results are also expected to show the gaps that exist and the possible legislative reform that could take place in order to close these gaps.

Timber Anti-Corruption, Research, Advocacy and Monitoring (TARAM) and Timber, Anti-Corruption Solutions and Advocacy (TASA)

These two components will address governance issues on the demand side, i.e. address how demand for timber in developed countries affects corruption and anti-corruption initiatives in supply side countries. TARAM (2010-2011) aims to monitor the governance and practice of corporate purchasing and government procurement and identify opportunities for governance and legal reforms in these areas. TASA (2011-2014) then aims to develop anti-corruption solutions for the timber supply chain in partnership with timber industries and governments, advocate for legislation on the need for

¹³⁴ http://www.euflegt.efi.int/item_detail.php?item=project&item_id=26

¹³⁵ *Analysis of Corruption in the Forestry Sector: Risk assessment of corrupt practices; Risk management through monitoring of anti-corruption tools*, Transparency International 2010.

corporate due diligence in timber purchasing, and improve government procurement procedures. Target countries are Australia, Canada, EU member States, Japan, Russia and the US.

Preventative Anti-Corruption (PAC) measures for REDD+ and CDM

The PAC project (2010-2012) aims to ensure transparency and integrity in payments made under REDD+ and the CDM. It will work with governments and parties involved in the REDD+/CDM and donor communities to ensure anti-corruption measures are considered in negotiations on payment mechanisms, and develop the capacity of local beneficiaries and civil society organizations to monitor REDD+ and the CDM. The project will be implemented in the same ten countries as the FAAA.

Forest Governance Integrity Outreach (FGOI), Americas and Africa

The final component of the FGI Programme is an outreach project aimed at replicating and adapting the work in Asia Pacific in other forest-rich countries in the Americas and Africa where governance systems need to be strengthened.

2.6 Multi-sectoral Forest Protection Committees: enforcing forest law and tackling illegal logging in the Philippines¹³⁶

The first Multi-sectoral Forest Protection Committees (MFPCs) were set up in 1992 under a World Bank natural resources sector adjustment loan to provide the Department of Environment and Natural Resources (DENR) with support in its efforts to enforce forest law and combat illegal logging. The MFPCs were multi-stakeholder institutions funded through the national government and included members of central and local government, law enforcement agencies, NGOs and the media. Their role was to carry out surveillance and monitoring activities both of concessions and community-based forest management activities. Findings of compliance or non-compliance were then reported to the enforcement authorities within the DENR.

The tasks of the MFPCs (according to the World Bank's Manual of Operating Procedures) were to assess existing forest protection operations, identify critical areas, carry out forest surveillance and monitoring, apprehend and confiscate illegal products, and carry out information and education campaigns.¹³⁷ The MFPCs did not have enforcement powers themselves but included agencies that did (the DENR, the military and police). Various MFPCs organised joint enforcement operations at local level such as setting up road checks to stop illegal logging.

The experiences of more than 300 MFPCs formed during the programme were varied. Some were more successful than others depending on the level of financial and logistical resources available. Where resources and support were abundant, the MFPCs were successful in reporting and stopping illegal logging. Whilst at first many stakeholders were unwilling to engage with non-governmental actors, this position changed as the benefits of cooperating with them became evident. In fact, it was observed that successful MFPCs commonly combined determination on the part of the local government to enforce forest laws with the presence of active NGOs, media and religious groups.

When World Bank funding stopped in 1999, many MFPCs found it difficult to perform any tasks that required financial input thus limiting their ability to carry out their monitoring and enforcement obligations. In addition, the advances made in stopping illegal logging operations and the transport of

¹³⁶ David Brown *et al*, *Legal Timber: Verification and Governance in the Forest Sector*, London: ODI, 2008.

¹³⁷ R. Cruz and M. Tapia, *A Review of Multi-Sectoral Forest Protection Committees in the Philippines*, ODI Forest Briefing 7, March. London: ODI, 2005.

illegal forest products became difficult to sustain as the MFPCs were not able to provide meaningful assistance for forest-dependent communities in developing viable alternative sources of livelihood. The limited success and sustainability of the MFPC programme can also be attributed to institutional failures; the role of MFPC field staff was not sufficiently clear. A lack of adequate training and education created tension between the DENR and some MFPCs who were uncertain as to whether they should be monitoring the activities of DENR personnel as part of their mandate. Other MFPCs are reported to have been wholly controlled by various interests groups, to the point of becoming directly involved in illegal logging activities. As a model of decentralised forest sector verification, the MFPCs worked where there was strong local support, clear mandates and understanding of the roles and responsibilities of all stakeholders, adequate capacity building in order to ensure consistent understanding of the system design and a mechanism for long-term financial support from national government.

As of 2008, the number of active MFPCs was indeterminate due to the inactivity of the National Federation of MFPCs responsible for facilitating the coordination of all the Committees in the country. In 2005, the DENR indicated its willingness to renew its commitment to the MFPC programme. It proposed the allocation of about \$15,000 annually per Committee and planned to support the reactivation of 97 MFPCs nationwide between 2005 and 2010.

ANNEX 3: Initiatives addressing governance for multi-sectoral REDD+ activities

3.1 Country-Led Governance Assessments and Mongolia case study (UN-REDD)

The UN-REDD Programme proposes to offer support to governments to implement country-led, multi-stakeholder governance assessments, followed by support to governance reforms for REDD+.¹³⁸ An assessment, intended to be driven through a partnership of national stakeholders, will span different phases of readiness and build on the ‘governance situation analysis’ and mapping of stakeholders that many REDD+ countries have already undertaken in initial readiness plans. The aim is to identify governance weaknesses and priorities, i.e. to establish a ‘governance baseline’, that will inform policy reforms. Assessments may be subsequently repeated to measure the effectiveness of reforms and enable national stakeholders to monitor performance. Assessment of the uptake of these reforms would be undertaken while countries transition from grant to performance-based funding, with the aim of ensuring that sound governance systems are in place for a fully-fledged REDD+ mechanism. The assessments are intended to be a component of an overall, broad-based MRV system capable of providing accurate, complete, comparable and transparent information that reflects the governance reality on the ground.

In order to achieve local ownership and embed the assessments in national development processes, it is proposed that an assessment will be undertaken by a country on its own initiative and implemented and sustained by national actors who lead the work. A central feature will be active participation of local and national stakeholders in key steps of the assessment process, including civil society organizations (CSOs) and indigenous peoples’ representatives as well as state actors. An explicit focus on indigenous, marginalized and vulnerable groups – including the poor, smallholders and women - is proposed. Support for carrying out country-led assessments will be conditioned on inclusive participation.

An 11-step process has been outlined to develop and implement the assessments (see Figure 4 and below). Step 5 involves deciding on a broad-based team, guided by a steering committee, which will coordinate the research and the assessment frameworks and indicators. It is proposed to develop universally acceptable ‘governance for REDD+’ indicators through a transparent, participatory, and inclusive process, taking into account governance ‘thresholds’ in a phased approach to readiness. Technical assistance and self-assessment tools tailored to assist countries with measuring their progress against REDD+ phases will be available for countries participating in the UN-REDD Programme. The assessments will be informed by emerging normative guidance provided by existing initiatives on monitoring governance for forests and REDD+. Emphasis will be on the process of developing indicators, based on what stakeholders value, rather than on the indicators themselves, and the process of establishing an information management system that reinforces domestic accountability over time.

¹³⁸ *Country-Led Multi-stakeholder Governance Assessments, 2010-2015*. UN-REDD Programme Working Draft, March 2010.

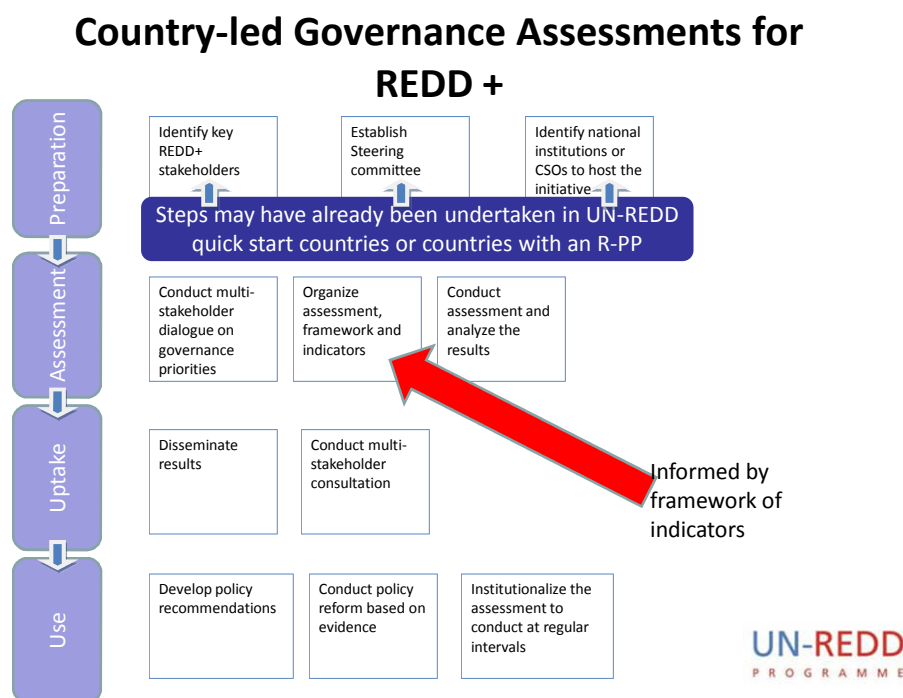


Figure 4: Process Proposed for Country-led Governance Assessments

Emphasis will be placed on capacity building. Anticipated activities include:

- Supporting government counterparts in organizing multi-stakeholder workshops on REDD+ governance indicators during the preparation of their national development plan
- Supporting capacity building in data standardization
- Supporting coordination between the ministries engaged.

Capacity development will have two components: (1) providing training and guidance to national stakeholders, including statistical offices, government, and civil society, on the production and application of governance-related data; and (2) ensuring that the processes themselves further develop the capacities of local stakeholders to understand, participate in, and use governance assessments. In particular, this would include capacity assessment as part of a governance assessment for REDD+, as well as training. Depending on the capacity assessments, this may include, for example, training for civil society and forest-dependent communities in conducting and reporting REDD+ governance assessments.

Steps proposed for country-led governance assessments¹³⁹

Step 1: Identify key REDD+ stakeholders. Stakeholders should include indigenous peoples and other forest-dependent communities, local governments, ministries of REDD+-related sectors, in particular forestry, agriculture, and finance, and others depending on context, such as mining, trade, and tourism, as well as multilateral and regional organizations.

¹³⁹ *Country-Led Multi-stakeholder Governance Assessments, 2010-2015*. UN-REDD Programme Working Draft, March 2010.

Step 2: Establish a steering committee. The REDD+ governance steering committee may include external partners and should retain some overlap with the national REDD+ committee.

Step 3: Identify national institutions to host the initiative. The host could be an institution or CSO.

Step 4: Conduct multi-stakeholder dialogue on governance priorities. In countries where the UN-REDD Programme is already active, it will build on existing channels and processes that have been built during the elaboration of national UN-REDD Programmes.

Step 5: Decide who will coordinate the research and the assessment frameworks and indicators. This role will be carried out by a broad-based team guided by the steering committee. The team's primary role would be to promote and facilitate the coordination of different local stakeholders involved in the assessment process. UN-REDD will provide normative guidance, ensuring that universally acceptable governance indicators are selected and generated through a transparent, participatory, and inclusive process. Step 5 will be informed by the governance situation analysis included in UN-REDD National Programme documents (NPDs) and the FCPF Readiness Preparation Proposals (R-PPs).

Step 6: Conduct the assessment and analyze the results. This will involve the collection of data and assessment of the results and will need to be carried out in a transparent manner. Support may be offered by UN-REDD to countries that need to be equipped with required statistical and assessment capabilities, including capacity building in cases where institutionalized procedures to collect data from a variety of sources and a public national database to store this information are weak or non-existent.

Step 7: Disseminate results. An example of an indicator of progress will be a set number of public events spanning all forested regions of a country to disseminate the results, and/or the establishment of a website.

Step 8: Conduct multi-stakeholder consultation.

Steps 9 and 10: Develop and implement recommended governance policies for REDD+. UN-REDD will support reforms that ensure successful REDD+ processes which engage local stakeholders and improve livelihoods.

Step 11: Institutionalize the assessment to conduct at regular intervals. Once policies are implemented, assessment can be repeated at agreed-upon intervals to identify areas of progress and weakness.

Case Study: Assessing the state of democratic governance in Mongolia¹⁴⁰

Beginning in 2004, the Government of Mongolia with assistance from UNDP embarked on a process of conducting a democratic governance assessment as a follow-up to the Fifth International Conference of New or Restored Democracies (ICNRD-5) which was hosted in Mongolia in 2003.

The Mongolian assessment was a full-scale and comprehensive process that included consultations with civil society, country contextualization of methodology, capacity development of local research institutions and political institutionalization of governance indicators.

¹⁴⁰ <http://gaportal.org/publication/millennium-development-goal-9-indicators-and-state-of-democracy-mongolia>

Approximately 130 indicators were developed, including a set of satellite indicators designed to capture the national characteristics of democratic governance in Mongolia. The first round of results was published in 2006¹⁴¹ and provided a legitimate evidence base to formulate a National Plan of Action to Consolidate Democracy in Mongolia. This Plan of Action identified the most urgent governance challenges and the reforms needed to overcome them. After extensive national consultations around the assessment results and the proposed Plan of Action, it was formally adopted by the Mongolian Parliament.

The selection of indicators in Mongolia was the result of a highly participatory process led by the Government and an independent research team, and supported by UNDP. Consultative meetings with international experts (such as International IDEA, Human Rights Centre at the University of Essex, UK and the Centre for the Study of Developing Societies, New Delhi) also played an important role in refining the conceptual framework for the assessment and the methodology for collecting data.

In addition to strong media coverage and numerous awareness-raising events, the highly participatory Mongolian assessment methodology included the following components:

- Over 100 participants of a national conference on ‘Democracy in Mongolia – Challenges and Opportunities’ were interviewed to clarify key issues related to the research
- Over 1000 citizens in 6 aimags and 6 districts of Ulaanbaatar were given a governance questionnaire
- 36 focus group discussions were held and 12 free dialogues for data collection were organized in 6 aimags and 6 districts
- The questionnaire used for surveying public opinion was also used to study and compare the opinion of parliament members
- Other methodologies used included UN-Habitat’s Urban Governance Index (to measure the quality of urban governance in Mongolia’s capital, with a particular focus on the urban poor) and a Civil Society Index based on a methodology developed by CIVICUS.

‘Satellite’ indicators reflecting Mongolia’s specificities along with ‘core’ indicators reflecting the general attributes of democratic governance (drawn from the IDEA’s State of Democracy Assessment framework) have become a methodological novelty of the Mongolian Assessment. Satellite indicators, for instance, were developed to account for the predominant importance of social relations, traditions and customs over the rule of law in Mongolian society, given the country’s small and partially nomadic population unevenly dispersed over a large territory.

One method used to ensure that the governance assessment would be pro-poor and gender sensitive was the use of focus group discussions with vulnerable subsets of the population, including herders, gold diggers (‘ninjas’), migrants, unemployed men and women, etc.

The second phase of the project (2007-2008) aimed to institutionalize the Democratic Governance Indicators (DGIs) for enhancing the evidence base for policy making.

¹⁴¹ Government of Mongolia and UNDP, *Democratic Governance Indicators: Assessing the State of Governance in Mongolia, Ulaan Baatar* 2006 <http://www.un-mongolia.mn/icnrd5/dgi.htm>

Indicators are means rather than an end, and they will be useful as a tool for promoting governance reforms only to the extent that are well-embedded in a country's long-term political process.

In this context, a subset of the 130 DGIs were selected by the local research institute, in consultation with various stakeholders, and approved by the Parliament to measure progress in achieving the 9th Millennium Development Goal (MDG) adopted by the Mongolian government on human rights, anti-corruption and democracy (MDG 9 has 3 targets and 12 indicators).

The institutionalization of an independent monitoring and reporting system on the implementation of MDG 9 points to the real impact of the governance assessment on democratic governance in Mongolia: the opening of formal channels to direct assessment results in national policymaking processes in a systematic and sustainable manner. The results compiled by this monitoring system are also published in a chapter on MDG 9 in the statistical yearbook prepared by the National Statistical Office, and are shared and discussed in nationwide dialogues on MDG 9-related issues.

The democratic governance assessment in Mongolia can make a significant contribution towards consolidating democracy and developing a culture of evidence-based decision-making. The bottom-up approach adopted by the national Steering Committee ensured that public opinion from diverse social groups would be reflected throughout the assessment process. Finally, the several national consultations and the active involvement of the local media were very effective in raising public awareness on governance issues. Such transparency and inclusiveness in the assessment process will make it possible for Mongolia's governance indicator system to perform its most important function: to serve as a critical accountability mechanism for local stakeholders, especially for marginalized groups, and to provide upward internal rather than external pressure for reform.

3.2 REDD+ Social and Environmental Standards (CCBA and CARE International)

REDD+ Social and Environmental Standards are being developed for use by governments, NGOs and other stakeholders in designing and implementing REDD+ programmes that respect the rights of indigenous peoples and forest dependent communities and generate significant social and biodiversity co-benefits. Facilitated by the Climate, Community and Biodiversity Alliance (CCBA) and CARE International, they are being developed through an inclusive process engaging governments, NGOs and other CSOs, indigenous peoples' organisations, international policy and research organisations and the private sector. Each draft of the standards, which aim to be benchmarks for quality, is approved by a Standards Committee representing a balance of interested parties. Consultation meetings have been held with stakeholders in three pilot countries – Ecuador, Nepal and Tanzania. Testing the use of the standards is planned for Phase 2 due to start in April 2010.¹⁴²

The standards consist of three elements:

- Principles: these provide the key objectives that define good social and environmental performance of REDD+ programmes and are the main framework for the standards
- Criteria: for each principle a set of criteria define the minimum requirements related to processes, impacts and policies
- Indicators: these provide the information to show if the criteria are met.

¹⁴² *Social and environmental standards for REDD and other forest carbon programs*, CCBA/CARE International, Nov 2009. www.climate-standards.org/REDD+

Eight principles were identified at a conference in Copenhagen in May 2009 with the aim of finalising the standards for testing by March 2010:

1. Rights to land, territories and resources are recognised and respected
2. The benefits of the REDD+ programme are shared equitably among all stakeholders and rights holders
3. The REDD+ programme contributes to sustainable livelihoods and poverty alleviation for forest-dependent peoples
4. The REDD+ programme contributes to broader sustainable development and good governance objectives
5. Biodiversity and ecosystem services are maintained and enhanced
6. All relevant stakeholders and rights holders are able to participate fully and effectively in the REDD+ programme
7. All stakeholders and rights holders have timely access to appropriate and accurate information to enable good governance of the REDD+ programme
8. The REDD+ programme complies with applicable local and national laws and international treaties and agreements

With the exception of principles 3 and 5, all are related to promoting good governance. The principles and their corresponding criteria are generic, while the indicators will be developed on a country specific basis, tailored to different countries' situations. An international review will then assess and ensure consistency between the indicators among countries. As a preliminary guide, however, generic indicators have been identified. The following example is taken from the most recent version of the draft standards:¹⁴³

Principle 7: All stakeholders and rights holders have timely access to appropriate and accurate information to enable good governance of the REDD+ programme.

Criteria: 7.2: Rights holders and stakeholders have the information that they need about the REDD+ programme, provided in an appropriate and timely way, to participate fully and effectively in programme design, implementation and evaluation, including information about potential social, cultural, economic and ecological risks and opportunities, legal implications, and the global and national context.

Indicators:

- 7.2.1 Rights holders and stakeholders know what information is available about the REDD+ programme and how to access it.
- 7.2.2 The most effective means of dissemination of information about the REDD+ programme are identified and used for each rights holder and stakeholder group.

¹⁴³ 15 January 2010.

- 7.2.3 Rights holders and stakeholders have access to relevant information about the REDD+ programme, including the results of monitoring and evaluation, potential social, cultural, economic and ecological risks and opportunities, legal implications, and the global, national and local context.
- 7.2.4 Indigenous peoples and local communities have access to relevant information they need about the REDD+ programme in a form they understand.

Different options are under consideration for ‘monitoring, reporting and verification’. They range from self assessment by government with no reporting and verification (the least transparent and accountable option) to independent monitoring involving public reports with verified comments and independent third party verification (the most transparent and accountable option). Different approaches may be taken depending on the aims of the standards and interests of the users, which could include: defining best practice guidelines for REDD+ policies and measures; assessing the process of development of REDD+ policies and measures; and assessing the quality and impacts of their implementation.

3.3 Independent Monitoring of REDD+ (Global Witness)

The FCPF and the FIP anticipate the need for establishing participatory systems for independent monitoring of REDD+ at national level. Based on experience and lessons learned from 10 years of implementing IFM in poor governance scenarios, Global Witness has developed recommendations on designing national systems for independent monitoring of REDD+ (IM-REDD)¹⁴⁴ and is currently preparing more detailed proposed minimum standards. The following key elements of a national system modelled on IFM are recommended:¹⁴⁵

- *Participation and transparency.* IM- REDD systems need to be transparent and participatory, bringing all actors together. A trust building process is an essential preliminary step, as is building a peer review mechanism – a multi-stakeholder reporting or review panel – that opens spaces for discussion, and validates and takes ownership of the monitor’s reports.
- *Mandate and monitor.* It is essential to achieve a good design from the outset. IM-REDD would need the same ‘official but independent’ status as IFM, made explicit through a contract with the relevant national authority. A set of minimum standards would be required to ensure the quality of monitoring systems, and a system of prioritisation in place to assess which issues require more immediate action. Independent monitoring providers should have a proven track record of independence, credibility, rigour and objectivity. Ultimately, one or more national or local civil society organisations would be expected to undertake this role.
- *What should be monitored.* IM-REDD should aim to monitor and inform REDD+ implementation by providing evidence-based information on: 1) policy and regulations, including application of safeguards; 2) transparency, engagement and accountability; 3) enforcement; 4) goods and services; and 5) revenue, benefit distribution and rights. A set of key questions have been developed to illustrate what IM-REDD should address (see table 5 below).

Global Witness considers that IM-REDD should be run in parallel with the national REDD+ monitoring system but incorporated into the REDD+ implementation framework in a similar way to

¹⁴⁴ *Building Confidence in REDD: Monitoring Beyond Carbon.* Global Witness 2009.

¹⁴⁵ *Ibid.*

the FLEGT Legalist Assurance Systems. It is recommended that, like IFM, IM-REDD should be centred on field investigations, preferably conducted with the forest authority, with regular reports identifying systemic failures and recommending solutions along with periodic assessment of the implementation of recommendations. Global Witness proposes IM-REDD should build on existing systems where IFM already operates and on the findings of feasibility studies where these have been conducted (e.g. in Tanzania). IM-REDD systems are recommended to be established as early as possible to inform REDD+ design and implementation, but once the national systems for monitoring and MRV are fully established, the monitor could work more intermittently on the basis of spot checks. To make the overall IM-REDD system more robust and effective, a mechanism for coordination and information sharing is proposed, starting with a single IM-REDD website hosted by an international organization.

Table 5: Key monitoring questions for IM-REDD¹⁴⁶

	REDD+ implementation	Examples of key monitoring questions
Policy and regulations	New policy and regulatory frameworks required to regulate and implement REDD+, and enable application of safeguards	Are ownership, access and use rights clear? Are they being implemented as intended? How are conflicts being resolved? Are policies to address all drivers of deforestation and forest degradation in place and implemented, including those beyond the forest sector? Are safeguards adequately addressed? Are policies consistent with relevant international conventions and agreements and are they being complied with?
Transparency, engagement and accountability	Access to information through proactive provision of information by authorities, and stakeholder engagement in decision making processes; authorities held accountable; cross-sectoral engagement; engagement of enforcement agencies	What are the information flows? Who is informed? Who is participating in the REDD+ process? Are stakeholder engagement rules credible and working as intended? Are other relevant sectors and enforcement agencies engaged?
Enforcement	Compliance with established frameworks	How are the rules being implemented? Are safeguards being applied and adhered to? What are the obstacles to implementation? Which breaches occur, where and by whom? Does non-compliance result in legal cases against violators?
Goods and services	Provision of goods and services under REDD+: reduced emissions, stored carbon, ecologically sustainable timber and non-timber forest products, biodiversity, water and soil conservation, cultural and spiritual values, etc.	Which are being produced, and by whom? How are they quantified and valued? How are they being traded?

¹⁴⁶ Ibid.

Revenue, benefit distribution and rights	Equitable distribution within and among countries; respect of rights	Who is paying what to whom, for what products and services? Is money reaching the intended beneficiaries? What rules exist for taxes on these products and services? Are these being implemented? Are rights respected?
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3.4 Global Comparative Study on REDD+ (CIFOR)

The Centre for International Forestry Research (CIFOR) is undertaking a four-year programme (2009-2012) to assess first-generation REDD+ processes and policies (i.e. pre-2012), generating lessons learned to improve second generation activities.¹⁴⁷ The goal is to influence REDD+ design and implementation at global, national and local scales, including methods for community-based monitoring. The programme aims to work in at least nine countries in Latin America, Africa and Asia over the four-year period. Work is being initiated in six countries during 2009-2010 - Bolivia, Brazil, Cameroon, Indonesia, Tanzania and Vietnam – and will start in DRC, Nepal and Peru in 2010-2011.

The work is divided into four interrelated and simultaneous components:

Component 1: analysing REDD+ policies and processes. Comparative analyses of national policies and processes are being undertaken using country profiles, analysis of media discourse, policy network surveys and scoring of strategy content as regards their likelihood to secure effective, efficient and equitable (i.e. 3E) outcomes. The aim is to identify decisive factors or conditions that allow similar countries to ensure desirable outcomes.

Component 2: observing and documenting the implementation of project activities and their impacts. Research is being conducted at initially 20 to 30 REDD+ project sites in the first six countries. It involves collecting data before and after implementation of study interventions to see changes in carbon stocks, human welfare and other relevant outcomes, and will include not just impact evaluation on the outcomes of REDD+ but also process evaluation on how REDD+ is implemented. Where feasible, the research design will include comparisons between REDD+ project sites and comparable sites that are not part of REDD+ ('control sites'). Less detailed data will be gathered at a larger number of sites and a global database on REDD+ created and posted on a website. The main product in the first year will be a practitioners' manual on how to learn from REDD+. The manual is intended as a tool to help measure progress towards 3E outcomes and make course corrections during REDD+ implementation.

Component 3: developing reference levels and monitoring systems. Methods and tools will be designed and tested with the aim of improving approaches to monitoring carbon stocks and changes, and assessing emission reference levels and REDD+ schemes. A bio-economic modelling framework is being developed to enable countries to model future deforestation and determine likely future ranges of emissions with transparent assumptions about known drivers of deforestation. Component 3 will develop community based measurement methods to facilitate participation of local stakeholders in the process.

Component 4: sharing the results of the research. CIFOR is aiming to serve as a focal point for sharing knowledge about REDD+. One of the planned activities is to develop an online learning community through an interactive website. The key goal is to provide REDD+ policy makers and

¹⁴⁷ *Learning from REDD: A Global Comparative Study*, CIFOR, 11 Dec 2009.

practitioners with knowledge about what works in policy formulation and implementation to help them achieve the 3E outcomes.

ANNEX 4: Governance, monitoring, reporting and verification in relevant non-forest Initiatives

4.1 The Extractive Industries Transparency Initiative: stakeholder oversight and compliance validation¹⁴⁸

The Extractive Industries Transparency Initiative (EITI) process evolved from a first statement of Principles at the EITI Conference in 2003. It is a coalition of governments, companies, civil society, investors and international organisations with a participatory approach to decision-making at both international and national level. The Initiative recognizes that countries rich in natural resources such as oil, gas, metals and minerals have tended to under-perform economically, have a higher incidence of conflict, and fail to develop the necessary accountable governance structures to ensure that citizens benefit from their resources. It therefore aims to mitigate these impacts by encouraging greater transparency in the way that resources are managed by government and the private sector. Specifically, the initiative requires countries wishing to join to establish a stakeholder-endorsed national action plan in order to disclose and reconcile information about the value and scope of resource extraction rights and activities in the country on a regular basis. Implementation is overseen internationally by a multi-stakeholder Board and at national level by a multi-stakeholder group, both including civil society. Thirty one countries are currently implementing the EITI with another three in negotiations to join. Seventeen of these countries are participating in either or both of the FCPF and UN-REDD.

In addition to reporting, the EITI requires that Candidate countries complete an additional Validation within two years to assess whether they have achieved EITI Compliance. Once a country is Compliant, it must undergo Validation at least every 5 years, or on request. The national multi-stakeholder group selects the Independent Validator and oversees the Validation process. The aim of Validation is to evaluate national EITI implementation with multi-stakeholder oversight, verify achievements with reference to the EITI global standard, and identify opportunities to strengthen the institutions or process. The EITI secretariat provides a list of accredited validators and guidance on procurement to ensure that the process is independent and credible.

Through Validation, countries that demonstrate their compliance with EITI (or demonstrate substantive progress toward achieving this goal) receive international recognition for their efforts and achievements. If Validation is not completed, or if the Validation shows that there has been no meaningful progress toward achieving EITI Compliance, the EITI Board will revoke that country's Candidate status.¹⁴⁹

Validators' reports go initially to the national multi-stakeholder group, the government and the EITI Board. If these groups are content with the Validation Report, it is published and conclusions and suggestions acted upon. If there is disagreement regarding the Validation process, then this is dealt with in the first instance locally, with the EITI Board as arbitrator in case of serious dispute.

The EITI is endorsed by the UN, G8, G20, AU, EU, World Bank, IMF, African Development Bank, Asian Development Bank, the Inter-American Development Bank, the European Bank for Reconstruction and Development, and the European Investment Bank. In addition it is supported by

¹⁴⁸ Drawn from EITI website (www.eitransparency.org) and Guidelines for Validation 2009, available at: <http://eitransparency.org/document/validationguide>

¹⁴⁹ Guinea is currently suspended.

the governments of Australia, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, Qatar, the United Kingdom and the United States; many through a multi donor trust fund managed by the World Bank.

EITI's institutional arrangements combine multi-stakeholder engagement in decision-making at international and national level, and in national reporting, with a regular Independent Validation process with stakeholder oversight, as well as an explicit emphasis on donor coherence. Thus they provide many lessons for REDD+ institutional arrangements, and may represent a useful approach for countries wishing to report credible data on REDD+ activities and donors looking for a 'light touch' international mechanism to increase both domestic and international accountability without undermining country-led processes.

4.2 Low tech enforcement and financial transfers

Rapidly developing new technologies could provide useful tools for participatory law enforcement in the forest sector, but the cost of cutting edge options is often high, limiting their use in developing countries. In light of this a number of low tech marine enforcement initiatives have proved successful in the fisheries sector in the last decade, while recent financial and communications developments across Africa could prove highly relevant to establishing and monitoring low cost REDD+ payment mechanisms.

In Guinea in 2000, with UK funding for two years, staff from the National Centre for Fisheries Surveillance and Protection (CNSP), which can only afford to make six or seven patrols a month, trained local fishermen to use GPS and radios. Paying their own fuel costs, the fishermen took turns to patrol the coastal zone. When they spotted trawlers, they would call one of the surveillance stations to send a patrol boat to carry out an arrest. Despite limited capacity (the patrol boats could not go out at night when most incursions occur) the project had a significant deterrent effect. By 2002, illegal incursions by industrial trawlers into inshore fishing grounds covered by the project dropped by 60%; collisions and loss of life and equipment all decreased. The project also fostered more trust between the fishermen and the CNSP, and resulted in more efficient searches at sea. Its entire budget was only US\$20,000. Unfortunately, when funding ended surveillance activities decreased, equipment was not repaired and trawlers began to return.¹⁵⁰

In the Philippines, a low cost low tech system has been developed without external funding. Over 900 fishermen coordinate through text messages using mobile phones donated by Filipino sources, alerting the authorities when they observe illegal dynamite and trawl fishing.¹⁵¹ Unfortunately, local communities' efforts are hampered by an ineffective and apparently corrupt judicial system.¹⁵² In the nine years up to January 2007, 600 Chinese nationals were arrested for marine or terrestrial poaching but only one case – the December 2005 arrest of 17 poachers caught with 54 marine turtles – led to a conviction. Even in this case the group was subsequently given a Presidential pardon, demonstrating the central importance of high-level political support for achieving improvements in law enforcement.¹⁵³

¹⁵⁰ *Pirates and profiteers: how pirate fishing fleets are robbing people and oceans*, Environmental Justice Foundation, 2005.

¹⁵¹ Vincent, A., *Use your thumbs - text messaging is changing the face of marine conservation*, Conservation Magazine, vol. 8, no. 3, Jul-Sep 2007.

¹⁵² *Poaching now 'organised crime'*, The Manila Times, 13 Jan 2007.

¹⁵³ *Ibid.*

Outside the law enforcement sector, the rapid spread of mobile communications networks is revolutionising access to financial services for poor people across Africa and Asia, offering low cost transparent, secure services for high-volume, low-value transfers.

In 2006, the only communications device with more users in developing countries than in developed countries was the mobile phone. With a grant from the DFID, Vodafone's affiliate in Kenya, Safaricom, started a pilot project in 2005 to develop services for extending the provision of micro-finance to people whose income is small, cyclical or irregular. The initiative was known as MPesa. The word 'pesa' is Swahili for money and the prefix M was adopted to signify the use of mobile technology. Customers can credit their phone account with airtime which can then be redeemed for cash, used to re-pay a loan or to pay monthly bills. At the time, it was estimated that 90% of Kenya's 37.9 million population had no access to, or did not trust, the country's traditional financial institutions. MPesa was rolled out in Kenya in April 2007 with a first year target of half a million customers. By February 2009 it had 5.8 million customers.

More recently, South Africa's MTN announced plans for a fully-fledged bank account on mobile phones, with an optional credit card. The service will be extended to the 20 countries where MTN operates, including Uganda, Nigeria, Cameroon and Ivory Coast, which combined have over 90 million mobile phone users.¹⁵⁴ However, while countries like Kenya, South Africa and much of North Africa are approaching 100% mobile penetration, in a number of key REDD+ countries such as DRC and the Central African Republic it is substantially lower. For example, in 2009 ownership in DRC was estimated at around 15% with less than half of the country covered by receivers.

Challenges to further expansion of mobile infrastructure include high levels of illiteracy, fiscal disincentives and concerns about investment in countries with endemic corruption and a high risk of government instability.

The expansion of mobile phone based financial services has also recently attracted philanthropic backing. For example, in 2009 the Bill and Melinda Gates Foundation made a grant of US\$12.5m to the GSM Association, which represents 750 mobile phone networks in the developing world, to target the rapidly growing 1.7 billion people in the emerging markets who have a mobile phone but are not currently involved in the formal economy or accessing traditional financial services.

Each of these systems present potentially useful models for participatory monitoring of REDD+ activities, but according to an expert in the marine sector, donors prefer to fund high tech solutions leaving little funding available for low tech options that would potentially be more appropriate for developing countries.¹⁵⁵ In addition to facilitating accountability and participation in the REDD+ sector, there is a growing consensus around the evidence that increasing access to mobile phone technology has a substantial poverty alleviating/development benefit in poor communities.

Low tech systems are particularly relevant to:

- Monitoring and reporting on safeguards relating to negative impacts on vulnerable people/forest dependent communities
- Monitoring and reporting on illegal activities which may undermine REDD+ national/regional strategies or projects

¹⁵⁴ Africa Business Report, BBC World News - Saturday, 22 August 2009

¹⁵⁵ Helene Bours, Environmental Justice Foundation. Personal communication.

- Identifying degradation/ground truthing satellite data
- Making/monitoring financial transfers for activities undertaken at the micro level
- Demonstrating the importance of strong, functional institutions across government (e.g. judiciary) if REDD+ control systems are to perform effectively.

In the context of REDD+ reporting it may be necessary to establish technical options for aggregating data in addition to making standard person-to-person or person-to-institution transfers, in order to identify patterns or trends and report systematically at the national level.

4.3 African Peer Review Mechanism and Kenya case study¹⁵⁶

The African Peer Review Mechanism (APRM) is unusual in that it opens countries to outside scrutiny, challenging issues around sovereignty. Part of the New Partnership for Africa's Development (NEPAD), it was launched in 2003 by the African Union (AU) to improve governance in countries that sign up voluntarily. Thirty African countries have now signed up, 12 have been through the first review, and seven (Algeria, Benin, Ghana, Kenya, Rwanda, South Africa and Uganda) have presented implementation progress reports on their national Plan of Action. Of these, Ghana, Kenya and Uganda are engaged in REDD+ through UN-REDD and/or the FCPF.

Countries agree to adhere to a set of principles in ways that are measurable and to engage in self-assessments, national programmes of action (POA), peer reviews by a fellow state, and further self-assessments to monitor implementation of POAs. Performance is assessed in four thematic areas: 1) democracy and political governance, 2) economic governance and management, 3) corporate governance, and 4) socio-economic development. The POA is intended to fix governance gaps identified in the self assessment report.

The APRM requires broad public participation, presenting an opportunity for civil society and business to contribute to evidence-based policy-making. The initial self-assessment is based on a detailed questionnaire. Created to ensure consistency across countries, it includes environment, agriculture, land and property rights. The assessments therefore provide a source of information and lessons learned for REDD+ governance initiatives. The questionnaire is currently being improved and modalities elaborated to enhance participation of civil society. In some countries (Benin, Ghana and Kenya), participatory monitoring of the implementation of POAs has been conducted at district and regional level along with opinion surveys to gauge public perceptions of the success of the APRM.

Case study: Kenya¹⁵⁷

Kenya was one of the first countries to sign onto the APRM in 2003, together with Rwanda, Ghana and Mauritius. Its self assessment was peer reviewed in The Gambia,¹⁵⁸ and a progress report detailing successes and challenges in implementing the APRM was produced in 2007. Under the thematic area, 'democracy and good political governance', one of the activities identified in the progress report was the need for developing a land policy. Since the report's publication, a land policy, which has long been fought for in Kenya, has been passed and contains several provisions

¹⁵⁶ Ross Herbert and Steven Gruzd, *The African Peer Review Mechanism – Lessons from the Pioneers*, SAIIA, 2008; Adotey Bing-Pappoe, *Reviewing Africa's Peer Review Mechanism – A Seven-Country Survey*, Partnership Africa Canada, Mar 2010.

¹⁵⁷ Information for this case study was provided by Maurice Odhiambo Makoloo, Institute for Law and Environmental Governance (ILEG), Kenya, May 2010.

¹⁵⁸ The Country Review Team for Kenya was headed by Dr. Graca Machel.

relevant to REDD+. While not a direct result of the APRM, the process helped to provide impetus to the policy. However, Kenya's overall experience with the APRM reflects the evolving political landscape in the country and a number of impediments encountered in its implementation mean that the peer review has so far failed to achieve its aim of greater accountability and good governance.

Kenya signed onto the APRM shortly after a new government, into which several leading civil society figures migrated, replaced a repressive regime in power for 24 years. In the new administration's first year, there seemed to be a genuine desire to put Kenya on a path to good governance, with the public and civil society organizations willing to participate. However, since the APRM self-assessment largely addressed the situation prior to regime change, the new government was not overly challenged by the process.

A semi-independent National NEPAD Secretariat was formed in 2003 under the Ministry of Planning and National Development and later mandated to serve as the NEPAD Secretariat for the East African region. As part of the APRM implementation, Kenya initiated a series of stakeholder-sensitisation processes, with briefings and information sessions for media, business, government and civil society representatives. An interim APR Focal Point was designated and the inaugural APRM Consultative Forum held in 2004, with working groups in each of the four thematic areas. Several respected organisations such as the Kenya National Commission on Human Rights, the African Centre for Economic Growth, the Kenya Association of Manufacturers and the Capital Markets Authority were represented in the Forum along with members of academia, the youth and student groups.

However, the process was considered 'government-heavy' and lacked explicit ways to assure ownership and buy-in at all levels of government, private sector, the civil society and the public. Although there was a fair degree of involvement on the part of civil society organizations and the private sector, most of the information on the APRM was disseminated through the media only after the report had been completed. Timely information and sustained media engagement from the beginning would have enabled citizens to appreciate what was being done and provided sufficient notice to concerned stakeholders. Moreover, the process was costly and funds were channelled through government. If support had been given directly to civil society it could have better ensured their active and constructive participation in the process.

Another impediment concerned access to information. The continued enforcement of the Official Secrets Act made it difficult to access information held within the government. This affected information dissemination and prevented civil society from being able to independently verify information in the self assessment report.

Recent events in Kenya, following the disputed general election at the end of 2007, have underscored the disconnect between government and the public. The APRM report, produced before the post-election violence, noted the role of prominent members of the ruling party and high ranking government officials in fuelling 'ethnic clashes', and complained that many involved had not been investigated or prosecuted while some continued to serve as senior officers, ministers, or members of parliament. When the violence erupted in December 2007, it was clear that had some of the issues brought out by the report been dealt with the violence might have been avoided.