Climate Investment Funds

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Meeting of the FIP Sub-Committee
Washington, D.C.
February 3 and 4, 2010

NOTE ON THE INDIGENOUS PEOPLES AND LOCAL COMMUNITIES DEDICATED INITIATIVE

Introduction

This note presents an overview of the process, now near completion, for the preparation of Terms of Reference for the development of a dedicated grant mechanism for indigenous peoples and local communities, as envisioned in paragraphs 38 – 40 of the FIP Design Document. In accordance with those paragraphs, representatives of indigenous peoples and local communities have developed a draft Terms of Reference, attached to this note as an Annex, for review by the FIP Sub-Committee. As set forth more fully in the note, it is anticipated that members of the Sub-Committee would provide comments on these draft Terms of Reference by February 17, 2010, so that, after an additional round of consultation with indigenous peoples and local communities, a final proposed Terms of Reference, including a budget proposal, may be submitted to the Sub-Committee for decision at its March 17, 2010 meeting.

Proposed Steps for preparation and approval of Terms of Reference for the Development of the Dedicated Initiative

1. Paragraph 38 of the *Design Document for the Forest Investment Program, a Targeted Program under the SCF Trust Fund,* calls for "a dedicated grant mechanism to be established under the Forest Investment Program (FIP) to provide grants to indigenous peoples and local communities in country or regional pilots to support their participation in the development of the FIP investment strategies, programs and projects."

2. Paragraph 40 of the Design Document provides that: "the operational principles and priorities, funding modalities and governance of the dedicated grant mechanism should be developed through broad, transparent consultation with indigenous peoples and local communities (and their designated organizations) across all forest regions, and should build upon lessons learned from existing mechanisms. The terms of reference (TOR) for the development of a proposal for a dedicated mechanism should be drafted by the indigenous peoples and civil society representatives selected to participate in the FIP design meetings (or a subset therefore), in consultation with indigenous communities and local communities, and a qualified consultant. A proposal for a dedicated mechanism should be submitted to the FIP-SC for review and approval."

3. This note outlines proposed steps to draft Terms of Reference for such a process. Such Terms of Reference should *not* be a proposed design of the dedicated initiative itself; rather, they should describe the process that would be used to develop the design of the special initiative.

4. Preparation of the TOR will be organized by a facilitator appointed by the CIF Administrative Unit. The facilitator will be responsible for ensuring consultations, primarily through virtual means, with the representatives of indigenous peoples, local communities and civil society that participated in the FIP design meetings (hereinafter referred to as "the representatives in the design process") and with other representatives as appropriate.

5. A preliminary discussion draft of the TOR (see Annex below) has been prepared by the facilitator on the basis of initial discussions between the facilitator and representatives in the design process. This discussion draft is intended as a starting point to solicit views, comments and contributions from as many representatives in the design process as possible. The following timetable is proposed to develop further the draft TOR (including a budget for the projected design process) for review and approval by the FIP Sub-Committee.

PRELIMARY PHASE (already completed):

6. August 24 – October 20: Informal discussions among representatives in the design process and facilitator regarding this proposal. Based on such discussions, the facilitator will prepare a preliminary discussion draft of the TOR (see Annex below). This note and the preliminary discussion draft TOR will be circulated by mail (no later than September 29) to the representatives in the design process. Comments will be invited, in writing or by discussion with the facilitator, by October 20, 2009.

7. October 28: Interim meeting of representatives in the design process defines the consultation process going forward for TOR, including self-selection of a working group by indigenous peoples and local communities.

8. October 20- December 10: Facilitator reviews and consolidates comments to the extent feasible to create a new, revised draft of the TOR for review and further consultations by representatives in the design process.

9. December 14: A meeting will be convened of self-selected representatives of indigenous peoples and local communities to develop TOR and the overall process.

10. December 22: Based on the meeting, the facilitator prepares proposed draft TOR.

11. Draft TOR circulated among indigenous peoples and local communities, including regionally, for comments. Facilitator incorporates comments in new draft TOR.

NEXT STEPS

12. February 2-15: FIP Sub-Committee reviews draft TOR and provides comments by mail.

13. February 16 – February 23: Facilitator revises draft TOR in accordance with comments received and circulates the new version to representatives of indigenous peoples and local communities for final comments, to be incorporated by facilitator.

14. March 3: Proposed TOR, including a budget proposal sent to FIP Sub-Committee for decision at its March 17 meeting.

15. Guided by the approved TOR, the process to design and implement the dedicated initiative would then begin.

Annex

DRAFT OF TERMS OF REFERENCE FOR DEVELOPMENT
of the
INDIGENOUS PEOPLES AND LOCAL COMMUNITIES DEDICATED GRANT INITIATIVE UNDER THE FOREST INVESTMENT PROGRAM

Background and Introduction

1. Section X of the *Design Document for the Forest Investment Program (FIP)* provides the following:

> " 38. The full and effective, continuous participation of indigenous peoples and local communities in the design and implementation of FIP investment strategies is necessary. This participation will be highly dependent on strengthening the capacity of these groups to play an informed and active role in national REDD processes in general and FIP processes in particular, as well as on recognizing and supporting their tenure rights, forest stewardship roles, and traditional forest management systems. A dedicated grant mechanism should be established under the FIP to provide grants to indigenous peoples and local communities in country or regional pilots to support their participation in the development of the FIP investment strategies, programs and projects. At the implementation stage grants to indigenous peoples and local communities should be an integral component of each pilot.
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> 39. The scope of activities eligible for support from a dedicated grant mechanism for indigenous peoples and local communities (and their designated support organizations) should include, *inter alia*, support for securing and strengthening customary land tenure and resource rights and traditional forest management systems of indigenous peoples and local communities; support, including capacity building as required, for the development of pilot project proposals by indigenous peoples and local communities and their implementation; and support for the involvement of indigenous peoples and local communities in monitoring and evaluation of forest activities, in conformity with relevant national laws and regulations.
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> 40. The operational principles and priorities, funding modalities and governance of the dedicated grant mechanism should be developed through broad, transparent consultation with indigenous peoples and local communities (and their designated organizations) across all forest regions, and should build upon lessons learned from existing mechanisms. The terms of reference (TOR) for the development of a proposal for a dedicated mechanism should be drafted by the indigenous peoples and civil society representatives selected to participate in FIP design meetings (or a subset thereof), in consultation with indigenous communities and local communities, and a qualified consultant. A proposal for a dedicated mechanism should be submitted to the FIP-SC for review and approval."

2. The purpose of these Terms of Reference is to provide the basis for a consultative process that will, during the year 2010, produce a full proposal for the dedicated mechanism. Recognizing the overall framework provided by the FIP, the proposal should describe the scope and objectives, governance, and operational procedures of the grant mechanism.

3. As agreed in the FIP Design Document, for the purposes of this document, "indigenous peoples and local communities" includes tribal communities and implies equal emphasis on the rights of men and women.

Principles for the Development of the Dedicated Grant Mechanism

4. The development process will be driven by wide consultation among representatives of indigenous peoples and local communities, with a view to arriving at broad consensus across geographically and culturally diverse groups living in forests potentially covered by the FIP.

5. Consultations will be undertaken and coordinated by indigenous peoples and local communities, through a working group of representatives constituted for this purpose and respecting indigenous and local institutions. The members of the working group will be selected by the participants in the global workshop to discuss the dedicated initiative (see paragraph 16 below).

6. The process will be open, transparent and carried out in a manner consistent with the way indigenous peoples and local communities, in other relevant contexts, develop consensus around significant initiatives. This includes respecting the multiple levels, local, regional and global, through which indigenous peoples and local communities are organized, and respecting distinct forms of organization (e.g., traditional and modern) and distinct voices (e.g., gender).

7. The creation of a proposed design document for the dedicated grant mechanism will be co-owned by indigenous peoples and local communities and reflect self-determination by indigenous peoples and local communities.

8. Forests are not just ecosystems, they are also vital to people's lives. Human rights and human dignity should therefore be imbedded, as a core perspective, in the design of the dedicated initiative.

9. The integration of activities of under the special mechanism with FIP pilot activities (as envisioned in the final sentence of paragraph 38 of the FIP Design Document) should be carried out without one controlling the other, and with full respect for the independent values and rights of indigenous peoples and local communities. Overall, the design and implementation of the initiative will respect the spiritual and cultural attachments to forests of indigenous peoples and local communities.

10. The working group should designate Co-Chairs, one a representative of indigenous peoples and the other a representative of local communities.

11. The working group will be supported by the CIF Administrative Unit and a facilitator. The role of the facilitator would be to support the work and to help assure an integrated overall process, connecting with stakeholders as appropriate. The Administrative Unit, possibly also with the involvement of regional or global partner organizations, would provide administrative support to the design process.

12. The process will be grounded in relevant provisions of the FIP Design Document and include and build upon a review of the experience of other relevant initiatives.

13. The dedicated mechanism will have its own dedicated governance structure. Governance modalities, including representation of indigenous peoples and local communities, will be worked out in the design process described below. Funds associated with the dedicated mechanism will be allocated separately from other FIP funds, and from other funding streams (for example, funding streams of MDBs and national governments).

Phases in the Development and Implementation of the Dedicated Mechanism

14. The consultative process to design the dedicated mechanism will itself be a significant program of capacity building with indigenous peoples and local communities, in accordance with the objectives of the initiative as set forth in paragraph 38 of the FIP design document. The process should thus be regarded as the first phase of activity of the mechanism itself, part of a three-phase program as follows:

> PHASE ONE: Development of a design document for the mechanism. This will include a deeper set of consultations, which may also lead to proposed revisions in the design process itself. The result of Phase One will be a final design document.
>
> PHASE TWO: Implementation of the dedicated mechanism in FIP pilot countries and regions, plus a broader "horizontal" knowledge-sharing dimension. This pilot phase will develop learning around the objectives of the special initiative that can be applied in phase three.
>
> PHASE THREE: Implementation beyond the pilot countries and regions, so the benefits are available across a wide range of activities.

Main Topics for Design Document

15. Topics for elaboration in the Design Document of the dedicated initiative will include (but not be limited to):

a. Scope and Objectives (building upon FIP Design Document)

b. Overarching Principles

c. Governance (including how administrative functions will be handled)

d. Scope of activities eligible for financing[1]

e. Operational procedures (including support modalities, such as partnerships among indigenous peoples and local communities and knowledge sharing networks)

f. Funding modalities (including application procedures)

g. Monitoring and evaluation (including feedback, grievance and compliance mechanisms, with appropriate connections to governance)

Basic Steps to Complete the Design Document

16. It is proposed that the following steps be followed in preparing the design proposal for the dedicated initiative. It is expected that this design process will be completed in 2010:

a. Throughout the process, written material regarding the design of the initiative will be made available on the internet in multiple languages: English, Bahasa, Dutch, French, Nepali, Portuguese, Spanish.

b. Until the working group is formed as envisioned in subparagraph 16g below, participants self-selected for the December 2009 meetings on the dedicated initiative will coordinate early planning, research and consultations, to be carried out by the facilitator, with support from the Administrative Unit.

c. Compilation of information on examples and models, with a focus on learning from relevant experience. Preparation for a series of meetings to ground the development of the dedicated initiative.

d. Caucus of indigenous peoples and local communities at the Partnership Forum, to hear preliminary results of research on relevant experience, to discuss the process as a whole and to set the stage for regional meetings. Those self-selected for the December meetings will further share progress on the dedicated mechanism design process and comments from their respective regions; the meeting will also be an occasion for cross-learning among all participants. The results from the caucus meeting will be shared in the respective regional meetings, described

[1] See paragraph 39 of the Design Document

below.

e. Regional meetings to review lessons of experience from similar initiatives, to discuss and make recommendations on the basic design of the dedicated mechanism, and to nominate representatives to the global workshop (see subparagraph 16f below). The regional meetings may have recommendations to make on possible improvements to the process going forward as it is described here. Four regional meetings are envisioned, one each in Africa, Asia, Latin America and the Pacific. Each meeting will be jointly organized by indigenous peoples and local communities, in an integrated manner. One self-selected representative of indigenous peoples and one self-selected representative of local communities in each region will co-lead the organization of each respective regional meeting and act as regional co-chairs. In selecting representatives to the global workshop, the regions will assure strong and equitable representation, across different sub-regions, of both indigenous peoples and local communities, and, in particular, of both women and men among such peoples and communities.

f. A global workshop will be convened with representatives from the regions as follows: ten representatives each from Africa, Asia and Latin America and five representatives from the Pacific. Based on the results of the regional meetings, and in light of experience with analogous initiatives, the workshop will develop recommendations on the main design points for the dedicated mechanism.

g. Participants in the workshop will form a smaller working group to coordinate the drafting of a design document for the dedicated mechanism, based on overall direction from the workshop. The working group would be voluntary and formed to assure good connections with indigenous peoples and local communities in forests where the FIP may potentially operate.

h. Based on the results of the workshop, the facilitator will prepare a preliminary draft proposal for review and comment by the working group. The facilitator will prepare as many drafts as necessary to reach initial consensus. This initial draft may include options and brackets where consensus is not feasible.

i. Once the working group has agreed on an initial draft proposal, the working group will coordinate a wide consultative process, involving, by electronic means, all participants in the workshop and other stakeholders, to gather comments on the draft proposal. The initial draft will be posted on the internet in multiple languages and distributed for comment across the regions by working group members.

j. Materials on the dedicated initiative (at whatever stage then reached) will be circulated for information and comment to the spring 2010 Session of the UN Permanent Forum on Indigenous Issues.

k. Based on the full range of comments and consultations, the facilitator, working in consultation with the working group, will prepare a revised draft proposal. The revised draft proposal will be posted circulated once again for further comment, and the process will continue until a broad consensus is reached.

l. Comments will be solicited from members of the FIP Sub-Committee throughout the process, with a view to achieving broad consensus.

m. Final proposal submitted to FIP Sub-Committee for approval.