

CLIMATE INVESTMENT FUNDS

FIP/SC.3/5
March 3, 2010

Meeting of the FIP Sub-Committee
Manila, Philippines
March 17, 2010

**TERMS OF REFERENCE FOR THE DEVELOPMENT OF A DEDICATED GRANT MECHANISM
FOR INDIGENOUS PEOPLES AND LOCAL COMMUNITIES**

Proposed Decision by the FIP Sub-Committee

The FIP Sub-Committee having reviewed document FIP/SC.3/5 *Terms of Reference for the Development of a Dedicated Grant Mechanism for Indigenous Peoples and Local Communities*, approves the proposed terms of reference for the development of the mechanism. The Sub-Committee invites the SCF Trust Fund Committee to approve by mail the budget required to support the development of the initiative (US\$548,000) so that the consultative process may be carried out as early as possible.

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.

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.

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 simultaneously: (a) build capacity among indigenous peoples and local communities in accordance with the dedicated mechanism’s goals and (b) produce a full proposal for the dedicated mechanism. Therefore, these Terms of Reference should be understood *not* as a proposed design of the dedicated initiative itself, but rather as a

framework for such a consultative process. Thematic topics outlined in these Terms of Reference are intended to indicate areas for the consultative work to develop, but not to prejudge the results. Recognizing the overall framework provided by the FIP, the proposal should describe the scope and objectives, governance, and operational procedures of the grant mechanism. The work envisioned by these Terms of Reference would be carried out in the balance of 2010 and the first half of 2011.

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 16h below and also 16b).

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). Representation will be by self-selection, by indigenous peoples and local communities respectively.

7. The process to create 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 design process will elaborate upon the relationship between the dedicated mechanism and FIP activities at the regional and country level in the selected FIP pilots, bearing in mind: (a) the importance of securing land tenure and resource rights and (b) that the integration of activities 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, for purposes of the design process, two Co-Chairs, one a representative of indigenous peoples and the other a representative of local communities.

11. The working group will be supported by a facilitator and by the CIF Administrative Unit through an outside contractor. 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 outside contractor, such as Stakeholder Forum (which played a role in helping civil society, indigenous peoples and private sector select representatives to the 2010 CIF Partnership Forum), would handle, in consultation with the working group, organization and logistics for the meetings and workshops envisioned for the design process. Global or regional partner organizations designated by the working group may be invited to participate in the meetings.

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. Governance modalities of the dedicated initiative, including a dedicated governance structure with representation of indigenous peoples and local communities, will be worked out in the design process described below. The design will also address funding modalities, including how 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 One is projected to be completed in June of 2011.

PHASE TWO: Implementation of the dedicated mechanism in FIP country and regional pilots, plus a broader “horizontal” knowledge-sharing dimension to be financed by the initiative. Phase Two will develop learning around the objectives of the special initiative that can be applied in phase three.

PHASE THREE: Knowledge sharing beyond the FIP pilots, so the lessons are available across a wide range of activities.¹

These phases may be elaborated upon or modified as a result of the consultative design process.

Main Topics for Design of the Dedicated Initiative

15. Subject to revision as a result of the design process itself, topics for elaboration in the proposal for 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 financing²
- 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 with appropriate connections to governance)
- h. Grievance and compliance mechanisms, as appropriate.

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 June of 2011:

- a. *March 2010 – June 2011:* 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, and Spanish. To

¹ This proposed conception of Phase Three keeps within the boundaries of the FIP Design Document, which limits capacity building and implementation grants to “indigenous peoples and local communities in country or regional pilots.” There is also considerable interest among indigenous peoples groups and local communities in extending the capacity building and implementation grants in Phase Three to locations beyond the FIP pilots, should funding for this purpose be available.

² See paragraph 39 of the Design Document

assure an open and transparent process, meetings, and comments provided between meetings as part of the consultations, will be documented.

- b. *March 2010 – September 2010:* Until the working group is formed as envisioned in subparagraph 16h 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. For the planning and organization of the meetings envisioned below, these participants will advise the outside contractor retained for this purpose by the Administrative Unit.
- c. *March 21, 2010 – April 30, 2010:* Compilation of information by the facilitator on examples and models, with a focus on learning from relevant experience. Preparation, by the outside contractor, for a series of meetings to ground the development of the dedicated initiative. *Completion Date: April 30, 2010.*
- d. *March 17-19, 2010:* Representatives of indigenous peoples and local communities in attendance at the Manila Partnership Forum will be invited to a caucus meeting: (i) to hear a status report on the dedicated mechanism including relevant results of the March Trust Fund Committee and Sub-Committee meetings; (ii) to discuss the process as a whole; (iii) to suggest relevant experiences to be included in the compilation of examples and models to follow; and (iv) to set the stage for regional meetings. Those self-selected for the December meetings who are in attendance at the Partnership Forum 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 in subsection 16f below.
- e. *April 19 – 30, 2010:* Basic material on the dedicated mechanism, including these Terms of Reference, will be circulated for information and comment at the spring 2010 Session of the UN Permanent Forum on Indigenous Issues.
- f. *July – August, 2010:* Four 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 16g below). The regional meetings may wish to make recommendations 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 open to regional 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 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. Invitations for the meetings and logistical arrangements

would be handled by the outside contractor engaged by the Administrative Unit; the contractor would act on the advice of the coordinating group of regional representatives of indigenous peoples and local communities.

- g. *September 2010:* 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.
- h. *September 2010:* 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.
- i. *September 2010:* 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.
- j. *October 2010 – March 2011:* 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. 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. This process will result in a consolidated revised draft proposal prepared by the facilitator and, once again, posted on the web for further comments.
- k. *April 2011:* The revised draft proposal will be circulated for comments by members of the FIP Sub-Committee in advance of the Sub-Committee's April 2011 meeting, enabling a process similar to the Sub-Committee's review of the draft TOR in February 2010. Note that drafts will be available to, and comments welcomed from, members of the FIP Sub-Committee throughout the process, i.e. well before this formal step, the aim throughout being to achieve broad consensus. The specific step noted here is intended as a prelude to a formal decision by the FIP-SC, as described in step 16n below.

- l. *April-May 2011:* The revised draft proposal will be circulated for information and comment to the spring 2011 Session of the UN Permanent Forum on Indigenous Issues.
- m. *May – June 2011:* Based on the full range of comments and consultations, the facilitator, working in consultation with the working group, will prepare a final proposal. The working group will complete consultations as needed to assure broad consensus on the final proposal.
- n. *June 2011:* Final proposal submitted to FIP Sub-Committee for approval by mail.

Annex: Proposed Budget for the Development of the Dedicated Grant Mechanism

Total (US\$)

4 Regional Meetings

Regions: Latin America, Africa, Asia, Pacific

Sample Locations: Panama City , Tunis, Manila, Port

Moresby

20 representatives at each meeting (except 10 at Port Moresby)

Travel (20 round trips per meeting within the same continent)	112,000
Per Diem (4 days, 20 people per meeting, 10 for Pacific)	32,700
Hotel Costs (3 nights per person/100 USD)	30,600
Conferencing facilities	8,000

Global Workshop

Travel costs (35 representatives x US\$ 3000/roundtrip)	105,000
Per Diem (2 days, 35 people)	11,200
Hotel Costs (3 nights x US\$ 120)	12,600
Conferencing facilities	3,000

Facilitator

60 days at \$728	43,700
Per Diem (5 meetings x 6 days x US\$ 100/day)	18,000
Hotel Costs (5 meetings x 6 days x US\$ 120/day)	21,600
Graduate Student Researchers (200 hours at \$25/hour)	5,000
Travel Costs	15,000

Document Translation Services		
40 pages, 6 languages	(translation charged at \$100 per hour)	
	(estimate 5 pages per hour/ 8hours per language)	4,800
Conference Organization		
Logistics for 4 regional meetings and a global meeting		75,000
	Subtotal	498,200
	Contingency (10%)	49,800
Total		548,000