Quality-of-governance standards for carbon emissions trading

Developing REDD+ governance through a multi-stage, multi-level and multi-stakeholder approach

IGES Discussion Paper

No. FC-2012-02

IGES Institute for Global Environmental Strategies

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From top: Chelibeti Community Forest User Group (CFUG), Chitwan District; Baghpani CFUG and Sheetalupakha CFUG, both Gorkha District. Background photo: Himalayas from Gorkha District.

Foreword

Climate change is a global and cross-sectoral issue. Yet despite the many dimensions of climate change that are tackled at the global policy level, there continues to be no integrating approach to governance. The problem is made more difficult by the institutional framework at the global level, which is often compartmentalized. Concerns about institutional effectiveness have been voiced at numerous negotiations. Parties to the United Nations Framework Convention on Climate Change (UNFCCC) adopted in the Cancún Agreements (Decision 1/CP.16) at the 16th Conference of Parties in 2010 social and environmental safeguards on REDD+ that "should be promoted and supported," including "transparent and effective national forest governance structures."

Improving governance requires a systematic approach that identifies areas to be addressed, devises and implements suitable responses, monitors results, and continuously adapts and learns. This can be achieved through a common framework or standard for measuring quality of governance, which can be applied independently of the different roles for social, environmental, economic and governmental stakeholders and donor agencies.

The Institute for Global Environmental Strategies (IGES) has collaborated with Griffith University and the University of Southern Queensland (USQ) on action research in Nepal, with the purpose of developing standards for the quality of governance of programmes and projects related to the sustainable management of forests and to reducing GHG emissions via policy instruments and market mechanisms such as REDD+.

This report presents the preliminary results of the action research in Nepal, a country that has been a pioneer in community-based forest management. I would like to congratulate the authors for succeeding in bringing together this report. I anticipate that it will be useful to the various stakeholders that participate in the design of REDD+ at the project level, as well as in the preparation process of national REDD+ readiness.

Hideyuki Mori

IGES President

March 2013

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The authors would also like to thank Dr Henry Scheyvens at IGES for kindly providing his thoughts on an earlier draft of the report and reviewing the final draft.

Any omissions and errors are entirely the responsibility of the authors.

Acronyms

ANSAB	Asia Network for Sustainable Agriculture and Bioresources
CCBA	Climate, Community and Biodiversity Alliance
CFUG	Community Forest User Group
CO_2	Carbon dioxide
FAO	United Nations Food and Agriculture Organisation
FCPF	Forest Carbon Partnership Facility
FMS	Forest management system
G8	Group of Eight
GHG	Greenhouse gas/ gases
IGES	Institute for Global Environmental Strategies
ITTO	International Tropical Timber Organisation
MoV	Means of verification
MRV	Measurement, reporting and verification
NGOs	Non-governmental organisations
PC&I	Principles, criteria and indicators
PGAs	Participatory governance assessments
REDD+	Reducing Emissions from Deforestation and Forest Degradation and conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
REDD+ SES	REDD+ Social and Environmental Standards
SEPC	Social and Environmental Principles and Criteria
SMF	Sustainable management of forests
TIAR	Transparency, inclusiveness, accountability and resources
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
USD	United States dollar
USQ	University of Southern Queensland
WSSD	World Summit on Sustainable Development

Executive Summary

- Governance is an important concept for addressing social problems and opportunities but needs to be properly understood. Governance refers to the whole of public and private interactions to solve problems and to create opportunities in modern society and can be defined as the dynamic interplay between civil society, business and the public sector.
- For the emergence of a global carbon market it is necessary to develop common governance and regulatory structures. Ensuring good governance is particularly important for the development of a financial mechanism for REDD+. Transparent and effective national forest governance is needed to encourage investments in REDD+, to ensure that REDD+ delivers real and long-term emissions reductions, to promote accountability and transparency, to develop credible monitoring and reporting on REDD+ safeguards and to change behaviour and solve the problems underlying deforestation and forest degradation.
- Parties to the United Nations Framework Convention on Climate Change (UNFCCC) have recognised the importance of good governance for REDD+. "Transparent and effective national forest governance structures" is one of the social and environmental safeguards adopted in the Cancún Agreements in 2010. However, development, operationalisation, and institutionalisation of a forest governance definition may need to be country-driven and respond to specific country conditions, priorities, requirements and opportunities.
- Despite specificities of national forest governance definitions and monitoring systems, any governance system as a viable system shares some key elements. Quality of governance can be assessed through a normative hierarchical framework of principles, criteria and indicators (PC&I) for evaluating quality of governance in the arena of sustainable development. Such a comprehensive analytical framework also provides the basis for the development of a standard that can guide governments in ensuring the required support and promotion of transparent and effective national forest governance structures.
- REDD+ can benefit from independent standards of good governance that can be applied for certification of governance within proposed REDD+ activities. Such standards would provide markets with better quality assurance, i.e. that the proposed REDD+ activities can be implemented and that the projected climate benefits are credible. Independent good governance standards would provide consistency in the evaluation of governance across REDD+ projects and policies that are under development. The success of REDD+ will depend on governance arrangements that are broadly representative of interests (i.e. inclusive), verifiably responsible (i.e. transparent and accountable), effective in terms of deci-

sion-making processes and capable of implementing programs that deliver emission reductions at scale.

- Existing REDD+ programmes, policies, procedures and standards include some strong language and requirements on "meaningful" stakeholder participation, but these are counter-balanced elsewhere by language that does not mandate consultation. The degree to which civil society and other non-state actors, such as indigenous people, are able to participate meaningfully is complex and varies between countries. While some initiatives include "participatory governance assessments" (PGAs), which are currently being trialled, existing standards have not been developed through genuine multi-stakeholder processes, in the sense of stakeholders providing the contents of the standards as active participants throughout all stages of the process. Due to their highly generic character, existing standards also lack the details for their operationalisation in a local and national context. Locally-specific quality-of-governance standards have the advantage that they make it easier for all participants to determine what they require for REDD+ policies and projects before they are developed.

- IGES, Griffith University and the University of Southern Queensland launched the Action Research Project to Develop a National Quality-of-governance Standard for REDD+ and the Forest Sector in Nepal, which is presented in this discussion paper. Rather than making the stakeholders the subject of "participatory" governance assessments, the Project has tested a unique approach to develop a voluntary standard specifically for REDD+ quality-of-governance through a multi-stakeholder, multi-level and multi-stage process. The action research has facilitated a genuine multi-stakeholder process in the context of the existing community forest management regime of Nepal as the initial target country. Participating stakeholders have elaborated broadly accepted generic principles, criteria and indicators of good governance into a standard that makes sense to them. The multi-stakeholder, multi-level and multi-tier approach has ensured that all major stakeholder groups have had the opportunity to identify what they felt is needed to ensure good governance. Particular emphasis was placed on facilitating the involvement of marginalised groups who seldom have the opportunity to participate in such processes. The approach creates governance standards that are likely to have a high degree of local ownership and relevance.

- The process of developing a voluntary national quality-of-governance standard in Nepal through online surveys, key informant interviews and multi-stakeholder forums and field consultation, has provided an innovative and field-tested approach to standards development. The active involvement and participation of a diverse range of stakeholders demonstrated that many key groups and individuals were able to experience the value of developing such a standard in a collaborative environment, which fostered meaningful

participation, and resulted in productive deliberation around a whole series of core governance challenges including inclusiveness, equality, transparency, accountability, decision-making and implementation.

- A draft of the quality-of-governance standard for the forest sector in Nepal has been completed. Its content is based on direct input and consensus from a diverse range of stakeholders represented in the surveys, interviews and workshop. An informal advisory group, which was formed at the workshop, has taken up the task of overseeing the development of the draft standard.

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1. Introduction

The use of the term "governance" in public management has moved away from being synonymous with "government" (or the way the government was ruling) to newer interpretations. In part, this reflects a movement in decision and policy-making arenas away from the formal frameworks of the state, towards mixed public and private networks (Zouwen, v.d. 2006). In this sense "governance" can be defined as the "dynamic interplay between civil society, business and public sector" (Ruggie 2003). Governance thus refers to the whole of public and private interactions to solve societal problems and to create societal opportunities. This includes, the formulation and application of principles that guide these interactions (Kooiman et al. 2005: 17).

Today's problems and opportunities in society require a multi-stakeholder approach that goes beyond the government's sole responsibility for governance. This new approach needs to address the increasing complexity arising from multi-actor, multi-level (local, national, and international) and multi-meaning nature of governance: different stakeholders may have different values, interests and views (van Bodegom et al. 2008). Therefore, multi-stakeholder processes and social learning are required for governance to effectively steer and improve societal situations.

The term "governance" is to a large extent non-normative, as the concept does not refer to any particular type of governance system. The terms "good governance" and "poor" or "weak" governance, in contrast, are normative and are about quality. All governance theorists identify a range of governance attributes, which deliver "good" governance: e.g. transparency, accountability, interest representation, inclusiveness, resources, etc. These attributes can be located in a hierarchical framework as outlined in the paper.

This discussion paper focuses on the need for good governance in carbon emissions trading and how the development of standards through *multi-stage, multi-level* and *multi-stakeholder* processes can contribute to ensuring good governance in carbon policy or project. A governance standard, which is developed through a multi-stakeholder process at different levels (local, national and international) and in several stages, provides legitimacy to the emissions trading scheme. Current efforts to ensure better governance of emissions trading are a good start, but they need far greater levels of stakeholder involvement. Emissions trading schemes, including REDD+ arrangements, are open to abuse in the absence of externally verifiable standards that are endorsed by all the key stakeholders.

After providing a definition of governance the paper discusses how governance matters for emissions trading and REDD+ in particular. Subsequently it presents the objectives, research questions and methodology of the study, as well as a hierarchical framework of principles, criteria and indicators to evaluate governance quality. The paper then identifies the need for developing governance standards through a multi-stakeholder, multi-level and multi-stage approach. Finally, it illustrates this approach

presenting the development of a draft voluntary national quality-of-governance standard for REDD+ through action research in Nepal.

A draft version of the standard for consultation in English is provided in the appendix of this paper. A draft version in Nepali is available at: https://www.dropbox.com/s/dnfr6xn5gg1r5mi/ConsultationDraft_Nepali.pdf

2. Why does governance matter for emissions trading and in REDD+?

Emissions trading is a market-based approach used to control pollution by providing economic incentives for achieving reductions in the emissions of pollutants (Stavins 2001). Carbon trading, which refers to the trading of emissions of six major greenhouse gases – among them carbon dioxide (CO_2) – is a market-based instrument aimed at mitigating climate change (Perdan et. al 2011: 6040). While trading schemes differ in size, scopes and designs, and are either voluntary or mandatory, they all share a common premise: emission reductions should occur where the cost of reduction is the lowest, thus lowering the overall cost of combating climate change (ibid.)

Compared with conventional approaches to pollution mitigation, emissions trading systems place even higher demands on their institutional and regulatory architecture (Greenspan 2006: 29). At a systemic level, carbon markets are highly sensitive to uncertainties or changes in the regulatory framework (Mehling 2009:11). With the growing number of carbon projects in voluntary markets it has become clear that a variety of types and combinations of governance mechanisms, structures and stakeholders working across spatial and temporal scales are required for markets to function effectively and result in emissions reductions (Ingram 2008: 8). Good governance plays a key role in managing the risks of carbon markets for sellers and buyers.

For the emergence of a global carbon market it is necessary to develop common governance and regulatory structures. If emissions trading systems are integrated internationally by engaging in a common system, domestic regulators cede some degree of control over their system (Jaffe and Stavins 2007: 18-20). Changes in the operation or features of emissions trading in one jurisdiction will have consequences for the price discovery and market operation in all other jurisdictions (Flachsland et al. 2009: 1643). Arrangements for the creation of international markets must therefore include mechanisms to ensure the sustained compatibility of joint systems over time (Mehling 2009: 11). Although emissions trading primarily relies on market forces, it also depends on strong governance in the definition of mitigation objectives and their enforcement (Hahn and Hester 1989: 111).

Ensuring good governance is particularly important in the development of a global financial mechanism for Reducing Emissions from Deforestation and Forest Degradation and conservation, sustainable management of forests and enhancement of forest carbon

stocks in developing countries (REDD+). The concept of REDD+ is still evolving, but Parties to the United Nations Framework Convention on Climate Change (UNFCCC) have agreed that REDD+ will be part of the future global climate framework. While negotiators are still to agree on the funding arrangements for REDD+ activities, most countries appear to be of the view that carbon markets will make an important contribution to REDD+.

REDD+ thus seeks to at least partly correct the market failure underlying deforestation (i.e. the failure of markets to value most forest ecosystems services) by putting a value on the role that forests play in stabilising climates. REDD+ aims to deliver performance-based payments to forest owners and managers in developing countries who protect and/or enhance forest carbon stocks. However, millions of people live in and next to forests worldwide, and their involvement in REDD+ development, implementation and governance is key to its success.

Governance in the forest sector or "forest governance" refers to legislative and institutional arrangements for policy and planning, implementation, monitoring and improvement in the forest sector, i.e. the norms, processes, instruments, people and organisations that regulate and oversee how people interact with forests (Kishor et al 2012). Good forest governance enables progress to be made toward the sustainable and equitable development and use of forests services and goods (Broekhoven et al. 2012). Transparent and effective national forest governance is needed to:

- Encourage investments in REDD+
- Ensure REDD+ delivers real, long-term net emissions reductions, without compromising rights and proper process
- Promote responsibility (accountability & transparency)
- Develop credible monitoring and reporting on REDD+ safeguards (safety measures)
- Change behaviour and solve the problems underlying deforestation and forest degradation.

Poor forest governance, on the other hand, is associated with:

- Weak coordination across sectors and levels of government (WRI 2009)
- Low levels of transparency, accountability, participation, fairness and effectiveness
- Capture of benefits by elites
- Badly designed property rights
- Conflict over forest resources
- Unplanned forest conversion (WRI 2009)
- Denial of access to forests and forest resources = poverty and vulnerability (Menzies 2007)
- Restricted market access
- Market and government revenue losses of an estimated USD 10-15 billion per year globally (ITTO 2010)
- Financial mismanagement
- Corruption, particularly that related to the allocation of forest-use rights
- Illegal logging and organised crime.

Poor governance in the forest sector is one key underlying factor or driver of deforestation. Weak governance structures often contribute to situations where poverty, corruption and conflict are more prevalent (Broekhoven et al. 2012). Poor accountability and transparency increase the risk of corruption, which is a threat to the effectiveness of any carbon policy or project. Where key interests are not represented in decision-making information that is critical to sustainable resource management is lost and the lack of ownership can reinforce existing unsustainable practices/behaviour. Where agreements on emissions trading and carbon policies or projects are poorly implemented, opportunities for lasting solutions to curbing emissions are reduced.

Thus tackling poor governance in the forest sector is a prerequisite for achieving investment in long-term forest management or any broader environment or development aims. This has been recognised by international organisations and processes, such as the United Nations Food and Agriculture Organisation (FAO) and World Bank, which jointly funded an initiative to develop indicators for good forest governance (FAO et al 2011), the United Nations Forum of Forests (UNFF 2007), the International Tropical Timber Organisation (ITTO 2010) and the G8 (UK Government 2005).

The UNFCCC has also recognised the importance of good forest governance for REDD+. In the Cancún Agreements (Decision 1/CP.16) the 16th Conference of Parties (COP 16) to the UNFCCC adopted in 2010 social and environmental safeguards on REDD+ that "should be promoted and supported." "Transparent and effective national forest governance structures" is one of them (Appendix I, 2.(b)).

However, the UNFCCC does not provide any definition of governance. Therefore, the development, operationalisation, and institutionalisation of a forest governance definition may need to be country-driven and respond to specific country conditions, priorities, requirements and opportunities. A governance standard can guide governments in ensuring the required support and promotion of transparent and effective national forest governance structures.

3. Objectives, research questions and methodology

The objective of this paper is to outline and discuss the testing of a process to develop a quality-of-governance standard that can promote good governance in the development and implementation of REDD+, or indeed any carbon policies and projects. The key features of this standard's development process are that it is multi-stage, multi-level and multi-stakeholder.

The main research questions are: (1) How can we ensure consistent and comprehensive governance in REDD+ development and implementation? (2) In lieu of an agreed definition of good governance, could common principles be used and elaborated to reflect national circumstances?

The primary methodology of the standard's

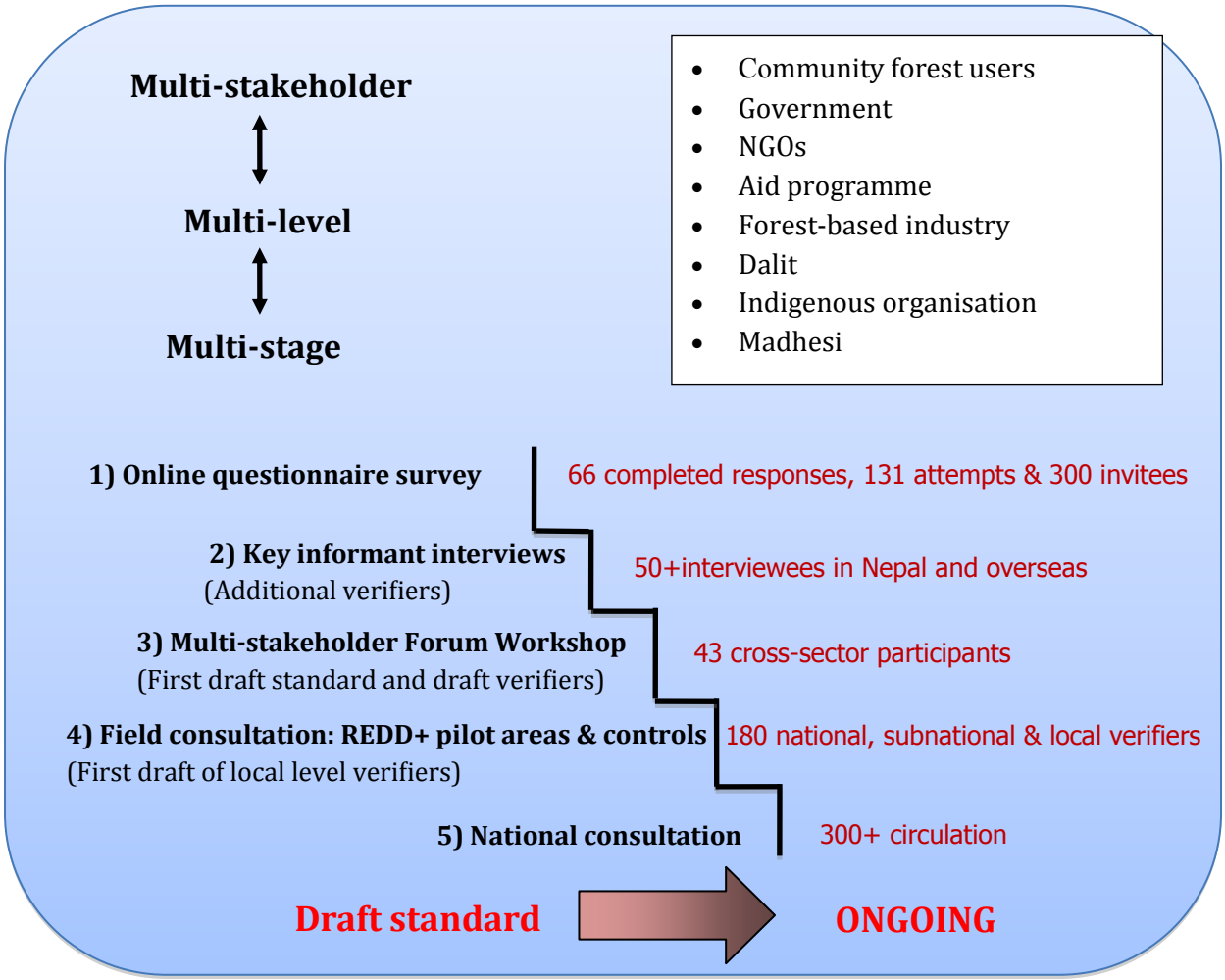

Figure 1: Methodology for drafting and testing a governance standard for REDD+ and the forest sector in Nepal

development project has been action research involving key forest sector and REDD+ stakeholders in a selected developing country. The study has combined a multi-stakeholder approach with a bottom-up multi-level and multi-stage process (Figure 1).

The multi-stakeholder approach ensures the representation and involvement of all key sectors of forestry and REDD+ in the standard development. The key stakeholders typically include government, forest user groups, other civil society organisations, minorities and international aid programmes. These stakeholders are engaged throughout the five stages of the project:

- Online questionnaire survey
- Key informant interviews
- Multi-stakeholder Forum Workshop
- Field consultations in REDD+ pilot areas and controls
- National consultation.

The stages, which will be presented in the outline of the case study, can be summarised as follows: The first stage consists of an online questionnaire survey involving as

many representatives of the various sectors as possible. The purpose of the online survey is twofold: 1. to create a stakeholder database and 2. to have participants assess the quality of governance of the forest sector and/or REDD+ based on a 1-5 scale and through qualitative statements. In the second stage, key informants are recruited from the participants of the questionnaire survey, and from sectors that are underrepresented in the online survey, such as forest users without internet access. In the third stage a Multi-stakeholder Forum Workshop invites participants to elaborate the first draft of the quality-of-governance standard. The fourth stage involves a series of field trials that aim to test and refine the draft standard for a particular forest management regime before a generic standard can be developed. Finally, the standard content that has been developed throughout the process is circulated to all stakeholders for further refinement. This will then form the basis for any formal standards development that may ensue.

4. Evaluating governance quality using a hierarchical framework of principles, criteria and indicators

Quality of governance can be assessed through a normative hierarchical framework of principles, criteria and indicators (PC&I) for evaluating governance in the arena of sustainable development. Such a framework was developed by Cadman (2009, following Lammerts van Beuren and Blom 1997). Despite specificities of national forest governance definitions and monitoring systems, any governance system as a viable system shares some key elements.

Two key principles of governance can be distinguished (Figure 2): Participation ("governance as structure") and deliberation ("governance as process") (Pierre and Peters 2000, Cadman 2009). The meaning of these two principles can be elaborated by four criteria: interest representation, organisational responsibility, decision-making and implementation.

Principles and criteria are not usually capable of being measured directly, but are formulated to determine the degree of compliance. They are consequently linked to indicators, which are hierarchically lower, and which represent quantitative or qualitative parameters. Cadman (2011) distinguishes 11 indicators to examine the degree to which they are achieved in a given institutional policy context (Table 1). The placement of these attributes within the framework allows for a top-down analysis of principles via criteria and subsequently to indicators. In order to develop standards suitable for evaluating forest management under REDD+, the project expanded on this existing research to develop actual verifiers to assist in the evaluation at the forest management unit level.

The viability of any governance system will be largely determined by whether it can achieve "legitimacy" (Figure 2). Legitimacy can be defined as "a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman 1995). As legitimacy depends on the ability to engage stakeholders in a meaningful dia-

logue in which they feel ownership, multi-stakeholder processes have gained recognition as valid mechanisms to develop and implement social and environmental responsible management practices towards sustainable development. From the Rio Declaration (UNCED 1992) through the Millennium Development Goals (UN 2000) to the World Summit on Sustainable Development (WSSD) Plan of Implementation (UN 2002), multi-stakeholder processes and partnerships involving the State, the business sector, social and environmental NGOs and other civil society actors became a common call in interna-

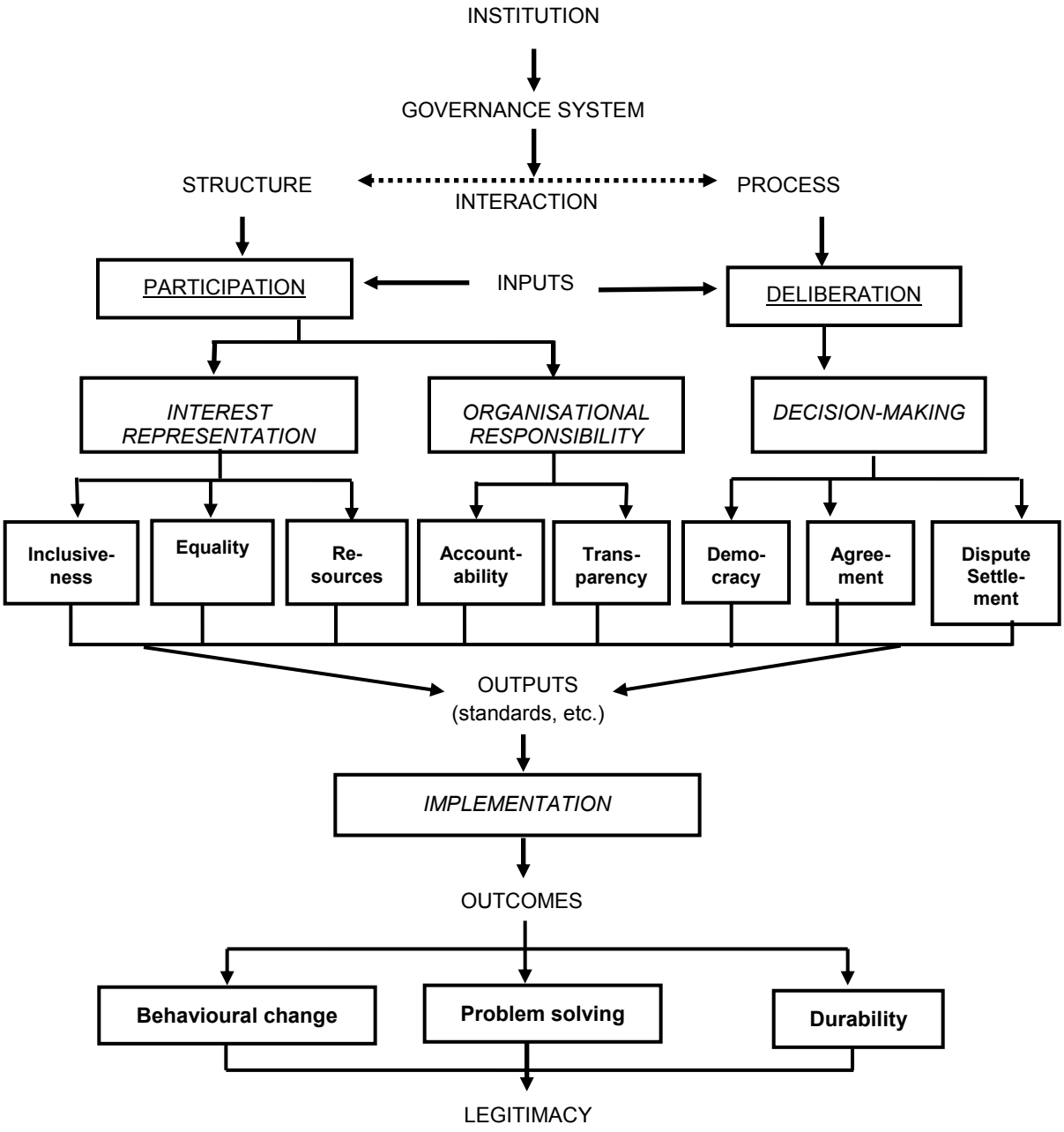

Figure 2: PC&I within the normative institutional model of governance (Cadman 2011).

tional environmental policy to forge sustainable development (Vallejo et al. 2004).

5. Why a standards approach?

Improving governance requires a systematic approach that identifies areas to be addressed, devises and implements suitable responses, monitors results, and continuously adapts and learns. This can be achieved through a common standard for measuring quality of governance, which can be applied independently of the different roles for social, environmental, economic, and governmental stakeholders and donor agencies.

REDD+ would benefit from independent standards of good governance that can be applied for certification of governance within proposed REDD+ activities. Such standards would provide markets with better quality assurance, i.e. that the proposed REDD+ activities can be implemented and that the projected climate benefits are credible. Independent good governance standards would provide consistency in the evaluation of governance across REDD+ projects and policies that are under development.

Ultimately, the success of REDD+ and of carbon markets will depend on governance arrangements that are broadly representative of interests (i.e. inclusive), verifiably responsible (i.e. transparent and accountable), effective in terms of decision-making processes and capable of implementing programs that deliver emission reductions at scale.

6. But don't we have standards already?

The need for a comprehensive analytical framework or standard to diagnose, assess and monitor forest governance in countries is widely recognised among those dealing with forest governance, particularly at the international level and by nongovernmental

Table 1: Best practice normative framework of principles, criteria and indicators (PC&I) for evaluating governance quality (Cadman 2011)

	Criterion	**Indicator**
"Meaningful participation"	*Interest representation*	Inclusiveness
		Equality
		Resources
	Organisational responsibility	Accountability
		Transparency
"Productive deliberation"	*Decision making*	Democracy
		Agreement
		Dispute settlement
	Implementation	Behavioural change
		Problem solving
		Durability

organisations. This has motivated a number of initiatives to develop such standards. This is positive, but also creates risks of duplication of efforts, contradictory outcomes and confusing messages for the countries and organisations that apply these standards.

A number of social and environmental standards for REDD+ are under development. These include:

- Guidance on Strategic Environmental and Social Assessment including the Environmental and Social Framework, an initiative by the Forest Carbon Partnership Facility (FCPF) and World Bank
- Social and Environmental Principles and Criteria (SEPC) facilitated by UN-REDD
- Revised Draft Guidelines for the use of REDD+ Social and Environmental Standards (REDD+ SES) facilitated by the Climate, Community & Biodiversity Alliance (CCBA) and CARE International.

The effort that these initiatives have put into the development of criteria to ensure certain elements of good governance should be acknowledged. However, definitions in use are inconsistent and incomplete, and the implementation of current 'standards' may undermine safeguards to protect rights as well as policy/project effectiveness. Inconsistencies include acknowledgement of different governance definitions in different documents. For example:

"Accessibility, people's participation, transparency, accountability, rule of law, predictability, justice and sustainability" (CCBA/CARE 2010, p. 9)

"Equity, fairness, consensus, coordination, efficiency, transparency, accountability, effectiveness, responsiveness, participation, the rule of law, and many others" (UN-REDD 2012, Glossary, p. 9)

Existing REDD+ programmes, policies, procedures and standards include some strong language and requirements, but these are counter-balanced elsewhere by language that does not mandate consultation. The degree to which civil society and other non-state actors, such as indigenous people, are able to participate meaningfully is complex. They have a seat at the table in various high level venues (such as the UN-REDD Policy Board). Here, decisions must be reached by consensus, and in this sense it could be argued that non-state actors are equal to state interests. To determine whether this is tokenistic or genuine requires an examination of consultation at the country level. Here, participation ranges from the meaningful as UN-REDD found to be the case in Cambodia (UN-REDD 2011a: 7) to the problematic as in Papua New Guinea (UN-REDD 2011b: 17).

One of the problems at the national level is that governments come from widely varying levels of understanding of, and support for, involvement of non-state interests. A second is that the formation of the programme and its design may be prejudicial to interests that were not properly consulted. Building trust, ownership and participatory capacity in this situation may be challenging. A third dimension is the extent to which countries are committed to consultation and/or have the capacity to do so. In Panama indigenous people withdrew from the National Programme because full and effective (i.e. meaningful) participation did not take place (Lang 2013).

There have been two global level policy responses to such problems. One was the agreement on the social and environmental "safeguards" at COP 16 in Cancún, which included the requirement for "the full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities" (UNFCCC Decision 1/CP.16 Appendix I, 2.(c)), as a mechanism to avoid negative impacts arising from REDD+ (i.e. perverse outcomes). This has led to requirements for stakeholder consultation (FCPF and UN-REDD 2012: 12). Another response has been the rise of "participatory governance assessments" (PGAs), a number of which are currently being trialled, and which aim at undertaking consultations to identify the costs and benefits of REDD+ to stakeholders, and develop safeguards in response (UN-REDD 2011c). At present, it can only be concluded that "full and effective participation" of non-state interests in UN-REDD is contested terrain: despite some positive signs, there are also negative counter-indicators.

The poor and marginalised groups, especially women and minority groups, do not have the resources to attend meetings, often in capital cities, or overseas, nor do they have the capacity to air their concerns through such formal arenas. This means that key elements may be missing from standards that are developed through processes that do not ensure sufficient representation of these groups. Stakeholder-driven governance, and related bottom-up standards development, by contrast, provide all interests with an opportunity to have their say in how REDD+ policies and projects are designed and implemented – from the beginning.

While providing a basis for integrating social and environmental concerns in REDD+, these standards will also require adaption and "translation" from generic principles to operational statements that can be implemented in a given political, cultural, socio-economic and ecological national context, as a comparative study conducted for the Tanzania Forest Conservation Group revealed (Campese 2011: 13). The principal reason for the gap between the content and applicability of these standards is that they have been developed largely within UN-REDD and FCPF; some stakeholders assisted, but very large numbers of key interests have been unintentionally excluded from these processes. This also applies to the comparatively more detailed REDD+ SES, which can include country specific indicators drafted by stakeholders (ibid). But indicators do not go down to a scale sufficient for evaluation at the most relevant level – the forest, and forest communities on the ground.

Site and context specific verifiers are required to evaluate REDD+ governance quality at the local, sub-national and national levels. Locally-specific quality-of-governance standards have the advantage that they make it easier for all participants to determine what they require for REDD+ policies and projects before they are developed.

7. Action Research Project to Develop a National Quality-of-governance Standard for REDD+ and the Forest Sector in Nepal

The aim of the action research project in Nepal has been to test the concept of develop-

ing a national quality-of-governance standard for REDD+ and the forest sector through a multi-stakeholder, multi-level and multi-stage process. The standard is intended to provide guidance on processes to strengthen forest sector and REDD+ governance, which will not only contribute to emissions reductions through better management and more sustainable forest use, but also provides the foundation for transparent data gathering, analysis and management essential to establish a credible national measurement, reporting and verification (MRV) system for forest carbon.

The specific objectives of the action research are to:

- Investigate the strengths, weaknesses and gaps in governance systems of sustainable management of forests (SMF) and REDD+ by collaborating with existing institutions and stakeholders in the forest sector at all levels;
- Actively involve existing institutions and stakeholders in formulating specific governance standards, following international best practice and participatory decision-making by means of a pilot study in a relevant developing country (Nepal);
- Analyse the process and outcomes of the research, and determine the feasibility of applying such standards across the SMF and REDD+ policy arena, at the national, regional and global levels.

a) Why in Nepal?

The research project is located in Nepal for the following reasons:

- Nepal has about three decades of successful experience of Participatory Forest Management Systems (Community FMS, Leasehold FMS, Collaborative FMS, Religious FMS and Bufferzone FMS). These systems have been widely able to reduce the deforestation rate and – to a lesser degree – forest degradation. They have institutionalised multi-stakeholder mechanisms, which the action research could start from and build upon.
- The country's REDD+ strategy is aligned with the National Development Strategy.
- Piloting on different aspects of REDD is underway which provide good lessons for readiness.
- The research team has a well-established connection with the Nepalese Government and other stakeholders, which has not only prepared the ground for progressing in the development of the standard but also raises the likelihood of adoption of the standard.

The Project followed the multi-stakeholder, multi-level and multi-tier approach to standards development outlined earlier. It has progressed through the following five stages:

b) Stage One: Online survey (July - September 2011)

The main objectives were to foster collaboration with project participants, including forest stakeholders from Nepal, and to identify their attitudes, perspectives and recommendations regarding the structures and processes of governance relevant to forest man-

agement and REDD+. Key stakeholders were recruited from the environmental, social and economic sectors, and included state (i.e. governmental) and non-state (i.e. non-governmental, and other) interests in the forest sector.

The views of stakeholders were first collected by use of the online survey tool SurveyMonkey (www.surveymonkey.com). Interested parties were contacted by email, telephone, Skype, social media and through face-to-face meetings. In order to gain the maximum number of survey participants, the survey was conducted anonymously. The questionnaire asked participants to provide a rating for their perceptions regarding the governance quality of forest management in Nepal, using the framework of principles, criteria and indicators (PC&I) developed by Cadman (2011). Opportunities for substantive comment were also provided and the comments received were used to develop verifiers to evaluate (measure) governance quality in the field.

The online survey contacted approximately 350 individuals directly; others were contacted indirectly through participants recruited into the survey. Of the initial 131 respondents who commenced the survey, 66 individuals fully completed the survey, a response rate of approximately 19%.

c) Stage Two: Interview survey (September - November 2011)

In-depth interviews with key informants from all sectors related to forest governance in Nepal were conducted. Four researchers conducted a total of 52 interviews. Thirty-eight of these were face-to-face interviews conducted in Nepal, while the other key informants were interviewed in other countries either directly or via Skype (recorded sessions). All informants were directly related to forestry sectors in Nepal. Interviews were anonymous.

d) Stage Three: Multi-stakeholder Forum Workshop: Development of verifiers (November 2011 – February 2012)

The draft content for the governance standard was developed through a national stakeholder workshop co-organised by the Asia Network for Sustainable Agriculture and Bioresources *(*ANSAB), IGES and USQ, and convened in Kathmandu from 13-14 December 2011. The workshop gathered 43 participants who discussed the verifiers identified through the online survey. These represented very diverse stakeholders (Figure 1), including marginalised groups, namely forest users, *Dalits* (designation for a group of people traditionally regarded as “untouchable”), indigenous people and women, who all participated actively.

The workshop developed 180 verifiers for 11 indicators. On the basis of their relevance for the different administrative levels in Nepal, verifiers were further classified into national level, regional level and local level. Participants of the Multi-stakeholder Forum were asked to rank all indicators on a 1-10 scale (1 least important and 10 most important). The highest ranked indicators were “transparency”, “inclusiveness”, “accountability” and “resources” (TIAR). The workshop also reached agreement on creating an informal advisory group to oversee standards

development.

These highly positive outcomes exceeded expectations. Given the presence of diverse stakeholders – from marginalised groups to high-ranking government authorities and donors – the Multi-stakeholder Forum was thought to be very sensitive to run. There was a huge chance for the conversation to derail. However, the facilitator of the workshop, with a good reputation in both government and non-governmental sectors, successfully involved participants in a fruitful discussion. On one occasion, a single word was discussed for over 20 minutes. Participants took the development of the draft standard seriously, as if they assumed the standard would be implemented at a future point.

e) Stage Four: Ground-testing of verifiers: Field consultation (September-November 2012)

To refine the standard, researchers selected a total of 16 out of the 180 verifiers that participants at the Multi-stakeholder Forum workshop had agreed on. Four verifiers with the strongest relation to the local level were selected for each of the TIAR, the four indicators that participants at the workshop ranked the highest.

These 16 verifiers were tested in the REDD+ pilot project areas of Chitwan and Gorkha districts. While Chitwan district is in the lowlands (known as "Terai") of Central Nepal, Gorkha is located to its northwest in the hill area. The objective of the field testing was to develop means of verification (MoVs) for the selected 16 verifiers.

Prior and during the field surveys, a series of discussions were held with the staff from District Forest Offices (DFO) and the Federation of Community Forestry User Groups (FECOFUN), which are the key REDD+ stakeholders in both districts. These discussions were helpful in identifying issues and developing four selection criteria. According to the four criteria four CFUGs were selected from each district for half-day workshops. In each district, this included the CFUGs which (1) received the highest payment from the REDD+ carbon fund; (2) received the lowest payment from REDD+ carbon fund; (3) was led by indigenous people; and (4) was led by women. In the case of Gorkha district, researchers were able to include all four types of CFUGs, whereas in Chitwan the CFUG which received the lowest payment could not provide the time. Therefore, another CFUG was selected, which had also received relatively lower (fourth lowest out of the 16 CFUGs) payment and was also actively involved in project implementation.

In addition, in order to know the perception of CFUGs outside the REDD+ pilot area, three workshops were organised with Dudhkoshi CFUG (Chitwan), Rajdevi CFUG and Jalbire CFUG (both Gorkha).

In the first field survey researchers visited four Community Forest User Groups (CFUG) in the REDD+ project area of Chitwan district (Figure 3): Chelibeti (a CFUG comprising only female members); Nibuwatar (a CFUG led by indigenous people); Janapragati (a CFUG with mixed socio-economic composition and one of the most active CFUGs in the REDD+ pilot project); and Kankali (one of the most active CFUGs in forest management).

In the second field survey in Gorkha district four REDD+ pilot CFUGs were visited（Figure 4): Laxmi (comprising and led only by female members), Ludhi Damgade (received the highest payment from the carbon fund), Baghpani (led by indigenous people), and Sheetalupakha (received the lowest payment from the carbon fund) were selected for the study.

Although the sample size looks small, they can be considered representative of the CFUGs in a given district for three reasons: (1) most of the community forests in the REDD+ piloting areas of the districts show homogeneity in climatic, topographic and edaphic conditions, and vegetation types; (2) the culture, value and norms and the social settings in the areas are similar; and (3) the lifestyle and livelihoods, including the way of thinking towards the forests, are also similar.

A half day workshop with each CFUG was conducted. All the participants in each workshop were asked to discuss and provide 1-3 unanimous means of verification for each verifier. The workshops ensured active participation of women, *Dalits* and the poorest and other marginalised communities in the development of the standard under the Project.

The results provided by the field testing in Chitwan and Gorkha districts comprised more than 280 MoVs of the selected verifiers. Preliminary consultation with local

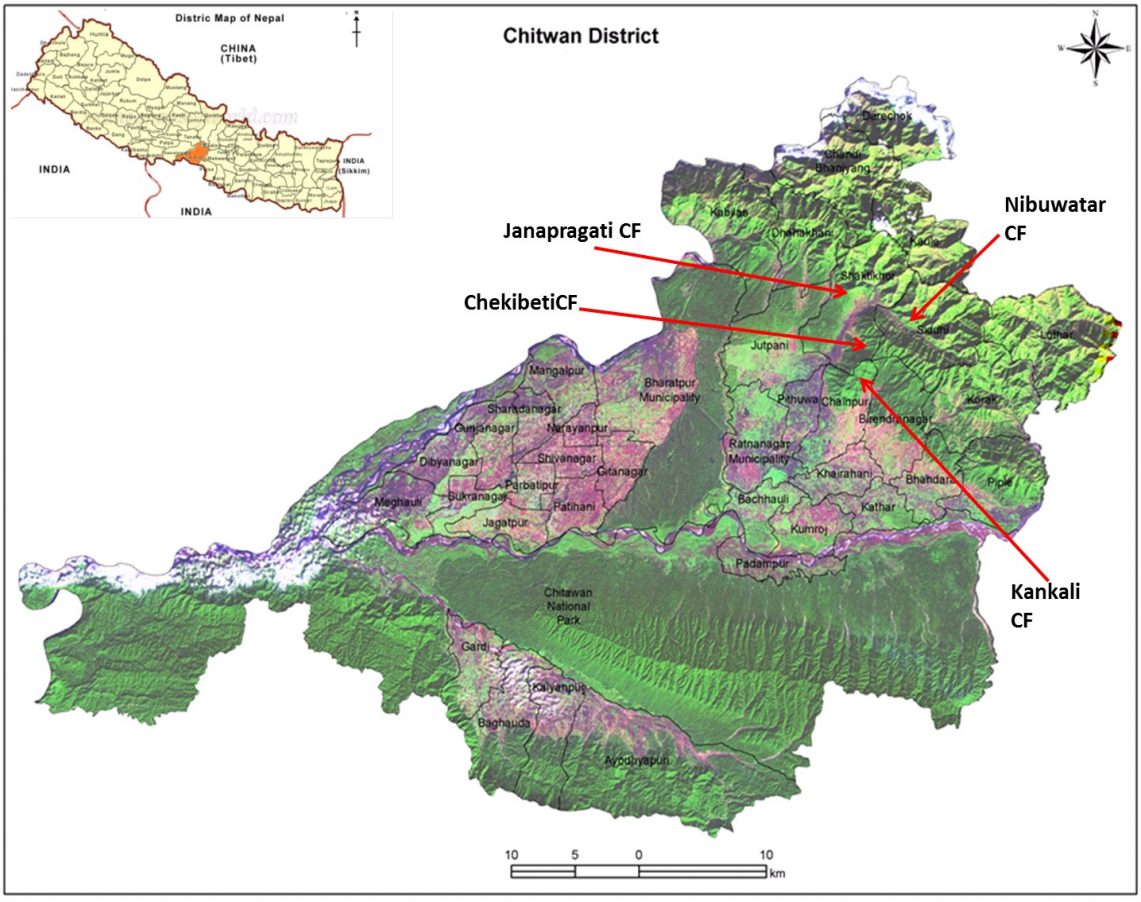

Figure 3: Location of the studied CFUGs in Chitwan district (Department of Forests, Nepal)

stakeholders found that that the testing adequately incorporated local perceptions regarding the developed verifiers. The MoVs can be used for evaluating both the effectiveness of REDD+ (quantitatively) and the governance quality in the community forestry regime in Nepal. The research team plans to expand the scope of the field testing in 2013 to a control group of CFUGs in a third district outside the REDD+ pilot area.

f) Stage Five: National stakeholder consultation (September-December 2012)

The standard content developed throughout the process has been circulated to all participating stakeholders to receive comments for further refinement. This consultation will form the basis for any formal standards development that may ensue. An informal advisory group, which was formed at the workshop, has taken up the task of overseeing the development of the draft standard.

8. Preliminary conclusions

Governance is an important concept for addressing social problems and opportunities but needs to be properly understood. Governance refers to the whole of public and private interactions to solve problems and to create opportunities in modern society and can be defined as the dynamic interplay between civil society, business and public sector.

For the emergence of a global carbon market it is necessary to develop common gov-

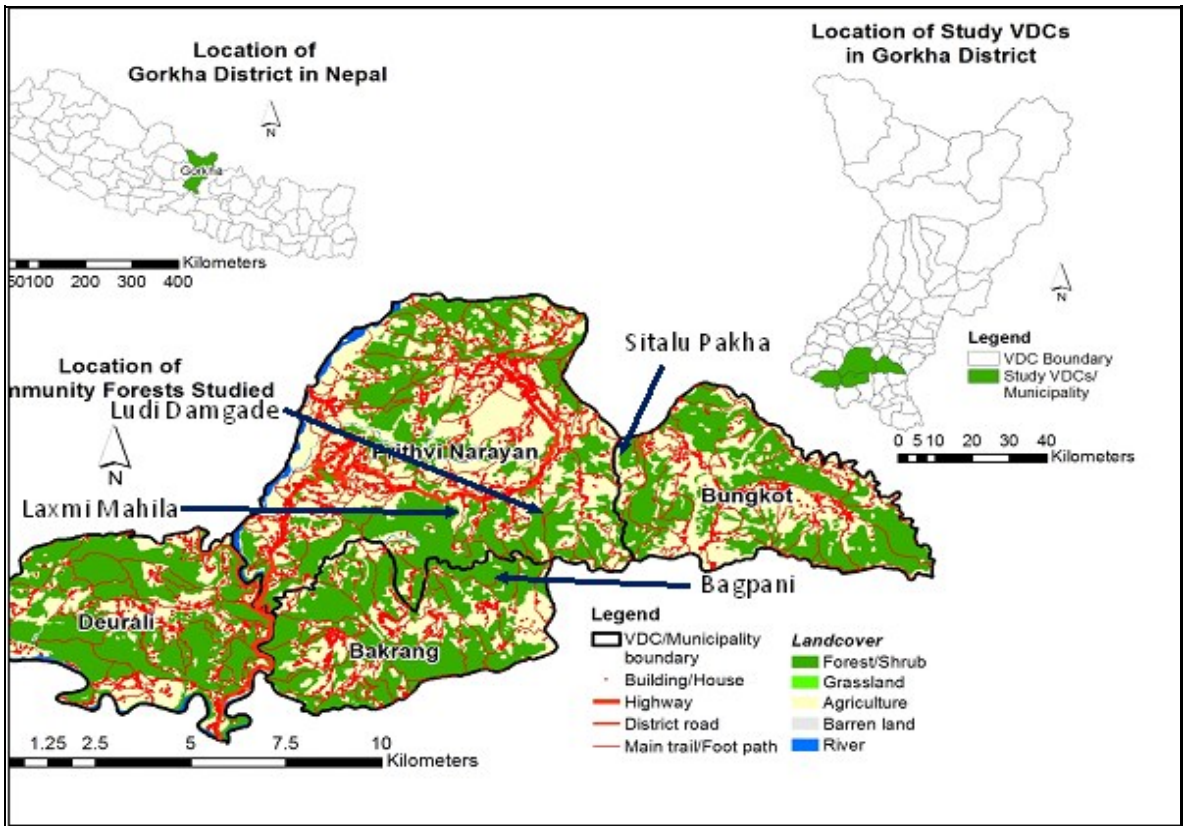

Figure 4: Location of the studied CFUGs in Gokha district (Department of Forests, Nepal)

ernance and regulatory structures. Ensuring good governance is particularly important for the development of a financial mechanism for REDD+. Transparent and effective national forest governance is needed to encourage investments in REDD+, to ensure that REDD+ delivers real and long-term emissions reductions, to promote accountability and transparency, to develop credible monitoring and reporting on REDD+ safeguards and to change behaviour and solve the problems underlying deforestation and forest degradation.

Quality of governance can be assessed through a normative hierarchical framework of principles, criteria and indicators (PC&I). The need for a comprehensive analytical framework or standard to assess, monitor and report on forest governance in REDD+ countries is increasingly recognised at the international level, including the UNFCCC.

Several initiatives have developed governance standards for REDD+ but they were not developed through genuine multi-stakeholder processes, in the sense of stakeholders providing the contents of the standards as active participants throughout all stages of the process. Due to their highly generic character, they also lack the details for their operationalisation in local and national contexts. Moreover, multiple standards could cause confusion, while inadequacies could result in harm, rather than create good.

IGES, Griffith University and USQ thus launched the Action Research Project to Develop a National Quality-of-governance Standard for REDD+ and the Forest Sector in Nepal. Rather than making the stakeholders the subject of "participatory" governance assessments, the Project has tested a unique approach to develop a voluntary standard specifically for quality of governance in REDD+ and the forest sector. The *multi-stakeholder, multi-level* and *multi-tier* approach has ensured that all major stakeholder groups have had the opportunity to identify what they felt is needed to ensure good governance. Participating stakeholders have elaborated broadly accepted generic principles, criteria and indicators of good governance into a standard that makes sense to them. Particular emphasis has been placed on facilitating the involvement of marginalised groups who seldom have the opportunity to participate in such processes. The approach creates governance standards that are likely to have a high degree of local ownership and relevance.

The process of developing a voluntary national quality-of-governance standard in Nepal through online surveys, key informant interviews and multi-stakeholder forums, has provided an innovative and field-tested approach to standards development. The active involvement and participation of a diverse range of stakeholders demonstrated that many key groups and individuals were able to experience the value of developing such a standard in a collaborative environment, which fostered meaningful participation, and resulted in productive deliberation around a whole series of core governance challenges including inclusiveness, equality, transparency, accountability, decision-making and implementation.

Governance standards for the forest sector may not be applicable to all forest management regimes. Therefore, "site and forest

management regime specific standards" need to be developed first, i.e. prior to generic standards. Specific standards have the advantage that they make it easier for all participants to determine what they require in a given local or national context before policies and projects are developed.

The national draft quality-of-governance standard developed under the Project is intended to provide guidance on processes to strengthen forest sector and REDD+ governance in Nepal. It aims to contribute to emissions reductions through better management and more sustainable forest use, but also provides the foundation for transparent data gathering, analysis and management essential to credible national forest sector MRV.

The standard is based on verifiers that were developed at the national level and tested at the local level, and thus cannot be used in other countries. The framework and methodology used, however, can be applied for the development of governance standards anywhere in the world.

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Appendix:
Draft National Quality-of-governance Standard for REDD+ and the Forest Sector *(Draft 1 March 2012)*

This document consists of public consultation material related to the development of an informal, draft, voluntary governance standard for the forest sector in Nepal, focusing on REDD+. The document is the result of a consultation process of Nepalese stakeholders in the forest sector. Professional assistance to prepare this draft was sought from One World Standards.

Principles, Criteria & Indicators

Principle 1: Meaningful participation

Criterion 1.1: Interest representation

Indicator 1 Inclusiveness

All stakeholders (including community representatives) are effectively represented in the design and implementation of REDD+ programmes

Indicator 2: Equality

REDD+ programmes treat all stakeholders equally.

Indicator 3: Resources

a) Capacity building: There are sufficient human, technical and financial resources available to implement REDD+ programmes effectively

b) Benefit sharing: The benefits of REDD+ programmes are shared equitably amongst poor stakeholders and other actors

c) Other

Criterion 1.2 Organisational responsibility

Indicator 4: Accountability

REDD+ policies and programmes are accountable to stakeholders at the international, national

and local levels

Indicator 5: Transparency

REDD+ policies and programmes are transparent at the international, national and local levels

Principle 2: Productive deliberation

Criterion 2.1: Decision-making

Indicator 6: Democracy

Democratic mechanisms are developed by REDD+ for Carbon pricing and finance which recognise poor disadvantaged and rural communities

Indicator 7: Agreement

Equitable and effective mechanisms for reaching agreement are in place at all levels of REDD+

Indicator 8: Dispute settlement

Equitable and effective mechanisms are in place for resolving local disputes and grievances

Indicator 9: Behavioural change

REDD+ policy processes are designed to address underlying issues relating to forest policy and management

Criterion 2.2 Implementation

Indicator 10: Problem solving

The REDD+ programme resolves key issues in order to address community needs

Indicator 11: Durability

Durability of the REDD+ programme is supported through:

a) Establishment and maintenance of an enabling environment

b) Adaptive management

List of Indicators with associated verifiers

N = national; SN = Sub-national; L = local

2011-12
1. Inclusiveness
1. Evidence exists of continual improvement in stakeholder representation. (National, Sub-National, Local)
2. Consultation of key stakeholders is inclusive of all interests, and occurs across the interest base. (N, SN, L)
3. Evidence exists that decisions are made inclusively. (N, SN, L)
4. All stakeholder interests are included in REDD+ structures and decision-making processes. (N, SN, L)
5. Forest-related laws and by-laws make provisions for the inclusion of stakeholders in forest management and planning. (N)
6. Forest dependent communities are included in forest management and planning. (N, SN, L)
7. Different interest groups participate in forest management and planning and are represented within institutions and programmes at all levels, on the basis of gender, caste, class, ethnicity, ethnic origin, income, and geographical location. (N, SN, L)
8. Government and donors are also included. (N, SN)
9. Academics and youth are also included. (N, SN, L)
10. Inclusiveness is demonstrated in qualitative (representation of sectors) as well as quantitative (numerical) terms. (N, SN, L)
11. Diverse stakeholders are included in forums at all levels. (N, SN, L)
12. The roles and responsibilities of different stakeholder groups are clarified and consulted with other stakeholders. (N, SN, L)
13. Forest management and planning is inclusive of affected populations. (L)
14. Appropriate venues for participation are developed relevant to the sectors included (source indicators).
15. All affected interests are included in decision-making and implementation relating to forest management and planning. (N, SN, L)
16. Benefit sharing arrangements are developed through inclusive methods of multi-stakeholder consultation. (N, SN, L)

17. REDD+ community forest management projects demonstrate principles of sustainable forest management and include community representatives. (SN, L)
18. Arrangements in place to include distant users. (N, SN, L)
19. Inclusiveness of *Dalit*, Indigenous, Women, *Madhesi* is ensured starting from project proposal preparation phase. (SN, L)
20. Assurance of rights of all stakeholders including *Dalit*, indigenous, women, *Madhesi*, and poor. (N, SN, L)
21. Evidence for clear roles and responsibilities of all stakeholders exists. (N, SN, L)
22. Leadership on issues should be taken by concerned stakeholders: evidence exists that *Dalit*, women, ethnic, indigenous, *Madhesi*, poor's and government agencies are informed. (L) AND/OR [Leadership for the issue should be taken by related stakeholders themselves: proof of knowingness exists among all stakeholders including *Dalit*, women, ethnic, indigenous, *Madhesi*, and poor's. (L)]
23. Evidence exists that all stakeholders including *Dalit*, women, ethnic, indigenous, *Madhesi* and poor are capacitated and empowered. (N, SN, L)
24. Proof of involvement of formal instittutions (District Development Committee, Village Development Committee etc,) and informal institutions (clubs, women groups, *Dalit* groups, cooperatives etc) during project implementation. (L)
2. Equality
The benefits from REDD+ mechanisms and programmes are shared equally [equitably] amongst poor stakeholders and other actors
1. Funds allocated to support livelihoods and creating incentives for sustainable management of forests are shared distributed equitably. (L)
2. Evidence exists of the equal treatment of all stakeholders. (N, SN, L)
3. REDD+ treats the diverse voices and interests in society equitably. (SN, L)
4. Equality amongst stakeholder is proportionate to the degree of interest and level of contribution. (S, SN, L)
5. Benefits derived from forest management are distributed equitably, on the basis of the rights held, the degree of interest, and forgone use of forest products. (L)
6. Forest management and planning and benefit distribution prioritizes addresses the needs of the poor. (L)
7. Evidence exists that right and access to resources of all stakeholders including *Dalit* women, indigenous, *Madhesi* and poor's are ensured equitably. (L)
3. Resources (benefit sharing, capacity building)
Resources are made available to community groups to fund capacity building for REDD+

1. Funds are available from national and international public and private sources to build capacity of stakeholders in forest management and planning and REDD+, including the poor, under-privileged, technical and research communities, civil society and government. (N, SN, L)
2. Stakeholders are educated and informed of their rights and responsibilities under REDD+. (N, SN, L)
3. Forest management and planning is allocated sufficient numbers of trained field professionals and technical experts to function effectively. (SN, L)
4. Funds are allocated to enhancing social capital. (N, SN, L)
5. Benefit sharing targets poor and under privileged communities. (L)
6. Benefit sharing is proportionate to the degree to which interests are either directly of indirectly affected. (N, SN, L)
7. The development of cost- and benefit sharing arrangements occurs with the participation of all stakeholders. (SN, L)
8. Capacity building to enhance participation targets the poor and under-resourced. (L)
9. Opportunities are provided for diverse interests to share their knowledge with other stakeholders. (N, SN, L)
10. Resources are allocated to address concerns raised by ethnic communities, women, and *Madhesi*. (N, SN, L)
11. Stakeholders associated with forest management and planning and REDD+ are provided with the necessary training and infrastructure to fulfill their roles. (N, SN, L)
12. Resources are allocated to address concerns raised by *Dalits*. (N, SN, L)
13. Proof of acceptance of Paris declaration. (L)
14. Evidence exists that technologies are updated as per international standards. (N, SN, L)
15. Benefit is shared among all stakeholders including *Dalit*, women, ethnic, indigenous, *Madhesi*, and poor. (N, SN, L)
16. Poor and marginalized people should be provided monetary benefits not less than their daily wages while participating in different project related activities. (L)
17. Enabling environment exists for research on current issues.
18. Provisions of Pre- starter fund is in place at a low interest rate. (N, SN, L)
19. REDD+ project proposal should include at least 1000 hectare and this threshold should be placed in national REDD+ policy. (N, SN, L)
20. Persons or organizations for certifying forest carbon should be available within the country. (N, SN, L)

21. Benefit sharing mechanism exists based on contribution, investment, and roles of concerned stakeholders and resource condition. (N, SN, L)
22. Existence of autonomous functional organizations (government or non-government) at local level with technicians and experts to develop proposal and monitoring. (SN)
23. Evidence exists that activities of REDD+ other than reduced deforestation and forest degradation are also implemented. (N, SN, L)
24. Government of Nepal should have clear and concrete framework to generate financial resources for forest carbon fund. (N, SN, L)
25. Evidence exists that benefits generated from REDD+ are used in alternative means for reducing deforestation and forest degradation. (N, SN, L)
26. Benefits are shared as per national policy and guidelines.
27. Clear revenue and tax collection provision on funds generated from carbon trade.
4. Accountability
Government institutions to be made key accountable- donors made accountable to meet government plans and programs
2. Clear policy, act, regulations, and guidelines are documented and plans are developed, made accessible to all, and operated (in changing context). (N, SN, L)
1. Institutional structure and linkages (upward and downward) is established. (N, SN, L)
10. Ownership of the program/project at community level and all stakeholders. (L)
5. Clear job description to all stakeholders/positions is developed, shared, made accessible and monitored. (N, SN, L)
12. Power delegation (through election, legally binding…). (N, SN, L)
3. Provisions for sanction are placed if representatives do not work according to the constituency's interests. (N, SN, L)
7. Provision of award and penalty developed. (N, SN, L)
6. Independent multi-stakeholder represented monitoring body (to monitor, roles, responsibilities, and performance) is formed. (N, SN, L)
11. Public auditing provision. (SN, L)
9. Upward and downward reporting systems developed. (N, SN, L)
8. Complaint box and response mechanism developed. (N, SN, L) [see dispute settlement]
4. Act upon grievances. (N, SN, L) [see dispute settlement]
5. Transparency

1. Donors fund to be channelized through RED book.
2. Government roles ownership to be clarified on how the budgets will be spent. (N)
3. REDD+ cell to update the information on database available and stakeholders working in REDD+ in their website – look at the finances, programs and data updated. (N)
4. Exposure of resource bag (budgets) to all stakeholders through a. Public hearing and notice board. (L) b. Public media (electrical and printed). (N)
5. Citizen charter for services provisions and procedures. (L)
6. Goals, objectives, expected outcomes and target beneficiaries of the project made clear in local language and accessible to all. (N, SN, L)
7. Mechanism for getting updated information. (N, SN, L)
8. Timely information to all stakeholders about program and projects. (N, SN, L)
9. Provisions of the citizen's report (score) cards. (L)
(cross ref to new agreement section)
6. Democracy
Democratic mechanisms are developed by REDD+ for
a. Carbon (Pricing and Finance) and
b. Which recognize poor (disadvantaged and rural communities)
1. Democratic practices for REDD+ should be defined based on social, cultural, and political context following stakeholder's prevalent practices. (SN, L)
2. Democratic processes exist at local level and such processes should represent choice and voice of poor and disadvantaged. (SN, L)
3. Evidence exists that democratic rules of procedure provide for equal access to all parties. (N, SN, L)
4. Democratic mechanisms are in place for buyers and sellers to establish carbon prices, and carbon accounting methods adopted should be uniform. (N, SN, L)
5. Evidence exists of the democratic participation of forest dependent communities, including poor and illiterate in policy formation. (SN, L)
6. Evidence exists that all the stakeholders are pre informed about the issues which will be discussed during meetings or other forums. (L)
7. Evidence exists in the document that voices of all the stakeholders and right holders are incorporated during the decision making process. (SN, L)
8. Evidence exist that all the stakeholders and right holders have pre discussed agendas and shared outcomes within concerned institutions and organizations while representing in forums related to sustainable forest management and REDD+. (N, SN, L)

9. Decisions are made by the right holders to implement REDD+ and the market mechanism to be adopted.
7. Agreement
Effective methods for reaching agreement are (in place at all*) levels of REDD+
1. Mechanisms are in place for reaching of agreements. (N, L)
2. Evidence exists of the reaching of agreement by consensus. (N, SN, L)
3. Evidence exists that active participation process in reaching agreements occurs at all levels including local communities. (N, L)
4. Mechanisms for reaching agreements cover all aspects of forest management and planning, capacity building, carbon pricing and related institutions. (SN, L)
5. Evidence exists that decisions are reached after sufficient discussions. (N, SN, L)
6. Agreements and selection of bilateral and multilateral programs and projects are made based on national REDD strategy. (N, SN, L)
7. Provision of insurance in place against natural calamities, prior to making agreements related to sustainable forest management and REDD. (N, L)
8. Dispute Settlement
Local stakeholders are made aware of dispute settlement mechanisms
Effective action is taken to ensure processes are in place for local to settle disputes
1. Evidence exists that disputes related to forest and land tenure are identified and analysed. (N, SN, L)
2. Mechanisms in place, where possible, to address and settle disputes related to forest management and land tenure, and manage grievances. (N, SN, L)
3. Existing mechanisms are continuously improved based on nature of dispute, and conflicts across existing legal framework are harmonized. (N, SN, L)
4. Where legal provisions for dispute settlement are weak or lacking evidence exist that efforts for improvement are in place. (N, SN, L)
5. Mechanism to settle dispute cover the range of REDD+ related issue areas, including monitoring reporting and verification, baselines and reference scenarios. (N, SN, L)
6. REDD+ related provisions are incorporated in regular forest management and planning. (L)
7. Dispute settlement mechanisms solve conflicts include provisions of mediation. (N, SN, L)
8. Dispute settlement mechanisms solve conflicts equitably based on social justice, with due consideration to all parties, and acceptable for all. (SN, L)
9. Dispute settlement takes socially justifiable local norms, values, resources, and experiences into consideration. (L)
11. Institutional structure for dispute settlement exists, and external support and facilitation are available to parties in dispute where required. (N, SN, L)

9. Behavior Change
REDD+ policy process develop alternatives forest uses
REDD+ policy process contribute incentives to local people and other actors
1. Incentive mechanisms are in place to reduce deforestation and forest degradation. (N)
2. Alternative resources to compensate lost assets are available to the community, and are distributed equitably. (N, L)
3. Transfers and postings of the personnel are done according to acts and regulations. (N)
4. Financial and non financial incentive mechanism based on contribution exists for plantation in private lands. (N)
5. Provision of Payment for Ecosystem Services (PES) and its sustainability are in place in watershed areas. (N)
6. Strategy to control and manage forest encroachment is prepared and implemented. (N)
7. Political commitment to conserve forests. (N)
8. Monitoring and Evaluation system is developed and in place. (N, SN)
9. Impediments to participation in sustainable management of forests are identified and removed. (SN)
10. Evidence exists that personnel affiliated and working with institutions/organizations related to forest are aware and committed to REDD+. (SN)
11. Demand and allocation of forest area for development of infrastructures reduced. (SN)
12. Democratic procedures are adopted during decision making processes. (SN)
13. Meaningful participation of poor, women, ethnic community, indigenous people, and *Madhesi* are ensured in institutional structures. (SN)
14. Stakeholders identify the causes of deforestation, develop responses, and implement them. (SN)
15. Financial and non-financial incentive mechanisms are implemented effectively. (L)
16. Evidence of continuous monitoring and evaluation. (L)
17. Provisions of REDD+ are incorporated and adopted in operation plan and constitution of community forest. (L)
18. Alternative energy is promoted and used. (L)
19. Evidence exists that forest resources are diversified and forest products are well utilized. (L)
20. Appropriate species and technologies are identified/developed for and used in marginalized areas. (L)
21. Usufruct of forest dependent communities are ensured in constitution and operation plan of community forest. (L)

22. Compensation for maintenance of forests, including community forests, exceeds cost associated with forgone assets. (L)
23. REDD+ pilot programs create incentives, including the creation of new forest resources. (L)
24. Local ownership of forest resources is increased. (L)
25. Afforestation and replanting is increased to expand small forest area. (L)
10. Problem Solving
REDD+ forest strategies address community needs
1. Ownership of forest and its resources are made clear. (N)
2. REDD+ creates sufficient incentives for forests to be conserved. (N)
3. Alternative sources of livelihood are made available to forest dependent communities. (N, L)
4.The drivers of deforestation and degradation are identified, and responses are developed. (N, SN, L)
5. REDD+ as a mechanism for reducing deforestation and forest degradation is incorporated in forest management and planning. (N, L)
6. REDD+ is linked to forest management and resource utilization policies. (N)
7. Protected areas are incorporated into forest management and planning. (N, SN)
8. REDD+ and forest management and planning policies are compatible with other governmental policies. (N)
9. Governmental and political leadership support REDD+. (N, SN, L)
10. Forests beyond community forests are included in REDD+ programs. (N, L)
11. Methodological issues regarding baselines and accounting methods are resolved. (N)
12. Stakeholders understand the benefits of REDD+. (SN, L)
13. Evidence exists for increased level of deliberation amongst stakeholders within the forest sector. (SN)
14. Carbon leakage on state forest lands is avoided. (SN, L)
15. Evidence exists that the problems of women, ethnic communities, dalits, forest dependent communities, under- privileged and marginalized communities are identified and addressed. (L)
16. Benefits generated from all types of forest management are shared by the local communities as well as distant users. (L)
17. Alternative forest resources are available to local communities to meet their demands of forest products. (L)
11. Durability
National forest processes in Nepal combat climate change and

REDD+ political mechanism are sustainable
1. Enhanced capability and institutional arrangements exist for monitoring and evaluation. (N, SN, L)
2. Market identified for carbon trading. (N)
3. Benefits sharing mechanism in place for the benefits accrued from national forest. (N, L)
4. REDD agreements are evaluated and revised regularly (time period). (N, SN, L)
5. REDD+ program and projects subjected to regular analysis to ensure sustainability. (N)
6. REDD activities in Nepal are promoted on the national level and internationally. (N)
7. Lessons learned from REDD+ programs are applied to new projects in state and private forest. (N,L)
8. Finances to implement REDD+ are made available on a long run basis. (N, L)
9. Political support from Nepalese Government is ongoing. (N, L)
10. Identification and participation of different stakeholders is ensured at different levels (SN, L)
11. Forest is certified for REDD+. (L)

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