

# Pro-Poor REDD – How will we Know?

## Social Impact Assessment of Land-based Carbon Activities

Forest Trends, The Climate, Community and Biodiversity Alliance (CCBA), Rainforest Alliance and Fauna & Flora International (FFI)

### Introduction

It is widely accepted that well-designed climate change activities in the forestry, agriculture, and land use sectors are essential components of climate change mitigation. When designed sensitively, these projects can also generate important 'co-benefits' – they can protect biodiversity and generate positive socio-economic impacts that support the sustainable socio-economic development of rural communities.

This briefing presents an initiative to support the cost-effective design of land-based carbon projects by developing a user-friendly manual for cost-effective social impact assessment of multiple-benefit carbon projects. The initiative is being developed by a partnership of Forest Trends, the Climate, Community and Biodiversity Alliance, Rainforest Alliance, and Fauna and Flora International, who combine expertise and experience in carbon finance, standard setting, auditing, and project development.

The social impact assessment (SIA) manual is being developed to accompany the Climate, Community and Biodiversity (CCB) Standards, the most prominent and widely respected standards for the co-benefits of land-based carbon projects. It aims to help project developers monitor the socio-economic impacts of their projects, and meet the verification requirements of the CCB or other comparable Standards. The concepts described in this manual will be relevant to a wide range of site-level land-based carbon activities, whether designed for compliance or voluntary markets. (We believe that sub-national activities will continue to have an important role in a future REDD + architecture).

### Rationale and objectives

Policy and market interest in land-based mitigation activities are motivated by both emissions reductions goals and a desire to provide social and environmental co-benefits. Buyers of offsets in the voluntary market are currently expressing a willingness to pay significant premiums for credits that result in co-benefits. But in order to maintain this market advan-

### **Box 1. Key issues and challenges for cost-effective Social Impact Assessment (SIA)**

Credible SIA involves providing answers to two key questions – what needs to be measured and how should it be measured? The answer to the ‘what to measure’ question is closely tied to the concept of ‘attribution’ or causality, and the selection of indicators. The CCB and other standards require projects to demonstrate ‘additional’ and ‘net positive community impacts’. This involves showing that the social benefits of a project are (a) greater than in the without project scenario, and (b) caused by the project rather than by other external factors – or in other words, that they would not have happened anyway.

Approaches to SIA in various sectors are increasingly turning towards use of the ‘causal model’ or ‘theory of change’ approach as a cost-effective way of establishing causality, as opposed to expensive ‘quasi-experimental’ approaches which present challenges in the selection and monitoring of control groups. A causal model involves making explicit (at the project design stage) the ‘cause and effect’ linkages between project activities, outputs, outcomes and impacts, selecting indicators based on these linkages, and then measuring the indicators over time to check if the theorized cause and effect linkages are substantiated in reality (and thus whether the project theory proves to be correct).

The ‘how to measure’ question relates mainly to data collection methods, especially measurement of the indicators. This question may be easier to answer since there is considerable guidance on appropriate data collection methods (for example, Catley et al, 2007). Cost-effectiveness can in general be improved by developing a strong project monitoring and evaluation (M&E) system at the design phase; by using the causal model approach; by using participatory data collection methods; by applying the principle of ‘appropriate imprecision’; and via the participation of local NGOs or universities.

Other challenges for SIA include:

- Identifying negative and unexpected social impacts
- Defining an acceptable level of quality for SIA
- The lack of research on poverty and other social impacts of land-based carbon projects

tage, multiple-benefit carbon projects must credibly demonstrate that they generate real benefits for local people and the environment. In particular, market confidence rests on assuring carbon offset buyers that they are getting what they are paying for (additional ‘net positive community impacts’), as well as the assurance that the projects are not resulting in negative social or community impacts.

Considerable methodological guidance exists for measuring the social and environmental impacts of development projects and other land management activities, but no clear guidance currently exists for carbon project developers on how to choose and apply appropriate and cost-effective methods. Our initial analysis found that many land-based carbon projects, although they are still at the design or early implementation stage, seem to be struggling with the challenge of conducting cost-effective SIA, and would greatly benefit from this type of guidance. The challenge of SIA can be summed up as one of how to combine credibility and economy, in view of the already high transaction costs facing land-based carbon projects. Without appropriate guidance, these projects could lack the evidence needed at the verification audit to meet the CCB Standards’ requirement that the social or community benefits are ‘real and additional’ (Box 1).

Thus the main objective of this initiative is to provide clear and accessible methodological guidance to project developers on how to undertake cost-effective social impact assessment. Sub-objectives include to:

- Maximize the socio-economic benefits of land-based carbon projects – good practice SIA will likely result in improvements in project design that in turn will increase positive social impacts;
- Strengthen and deepen the application of the CCB Standards - the guidance is being tailored particularly to the CCB Standards, but will also be applicable to other standards for multiple benefit carbon projects;
- Making SIA methods accessible to non-specialist project developers (although some external advice or facilitation is always advisable);
- Contribute to effective adaptive project management

and improved levels of stakeholder engagement. This will contribute to project sustainability and carbon permanence objectives;

- Contribute to the (currently sparse) empirical body of research on the socio-economic effects of land-based carbon projects;
- Develop a core set of indicators for land-based carbon projects to supplement project specific indicators.

Although this study focuses on socio-economic impacts, we believe that guidance on the analysis of biodiversity and other environmental impacts is also very important (see Box 2), but additional resources would be needed to undertake this properly.

### Activities, timeline and funding

The project partners, with the support of a social impact assessment specialist consultant, are currently working on a provisional SIA Manual for land-based carbon projects, aiming to complete it in early 2010. This builds on earlier work by Forest Trends (Richards, 2008) as well as existing and recent literature (SAPA Initiative, 2009). It will then be 'field tested' during 2010 in four or five projects at an advanced design stage or early implementation stage. This will lead to modification and consolidation of the Manual for publication and dissemination in late 2010 or early 2011.

This initiative is mainly funded by World Bank PROFOR with initial support from USAID. However, there is still a need for modest additional funding to support the field testing stage and final outputs. Development of user guidance for assessing biodiversity impacts would also require financial support.

### Structure of the provisional SIA Manual and Toolbox

In order to make it user-friendly, the provisional SIA guidance will be structured in two parts – a core Manual of procedures, and a Toolbox of methods. Following an introduction to the principles and theory of social impact assessment, the core Manual guides the user through the process of applying SIA procedures to the CCB Standards.

### Box 2. The focus on social rather than biodiversity impacts

This initiative does not belittle the importance of biodiversity or wider environmental benefits, but focuses on social rather than biodiversity benefits because:

- Market confidence, at least in the voluntary carbon markets, currently seems more sensitive to social criticism (e.g., carbon-poverty trade-offs) than concerns about biodiversity impacts;
- Biological impacts may be easier to track due to a larger research base and well established participatory/cost-effective biodiversity monitoring methods (Ekstrom, 2008);
- Biodiversity impact assessment methods may be better understood by project developers who tend to be from an environmental or science background rather than a social sciences one;
- There is a natural synergy between REDD projects and biodiversity, although trade-offs between afforestation/reforestation (A/R) projects and biodiversity are likely;
- Insufficient resources to tackle both social and biodiversity impacts.

These procedures include: stakeholder identification and involvement; description of the project's relevant original conditions; identification of project issues and impacts; mitigation and enhancement measures; development of a monitoring plan and selection of indicators; and analysis and reporting of results.

The Toolbox section presents a range of approaches, methods or tools that could be used in cost-effective SIA. For the "What to measure" question, these include the causal model, the sustainable livelihoods framework, and the Social Carbon Methodology; for the "How to measure" question, they include Participatory Impact Assessment (PIA) based on ranking and scoring methods (Catley et al, 2007), the Basic Necessities Survey (BNS), Quantitative Participatory Assessment (QPA) and Participatory Economic Valuation (PEV). The Toolbox will also present summaries of a range of indicator sets, and a checklist of likely social impacts.

## Links to other initiatives

In order to avoid unnecessary duplication and 'reinventing the wheel', the project partners are exploring links with complementary or synergistic initiatives, including:

- The Social Assessment of Protected Areas (SAPA) Initiative coordinated by UNEP-WCMC, CARE International, IIED and WCPA-CEESP/IUCN;
- CIFOR's Global Comparative Study on REDD;
- The World Bank BioCarbon Fund;
- The Conservation Measures Partnership, which has developed the Miradi software package to facilitate an integrated project design approach to conservation projects including causal models;
- An Overseas Development Institute (ODI) study of the social impacts of carbon projects in Uganda.

## References

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SAPA Initiative, 2009. Rapid Methodologies to assess social impacts of protected areas. Draft Report prepared by Overseas Development Institute for the Social Assessment of Protected Areas (SAPA) Initiative

## Footnotes

<sup>1</sup> The Forest Carbon Offsetting Survey 2009, EcoSecurities, Oxford UK.

## The Partners

**Forest Trends** has 10 years experience promoting sustainable land use management and conservation based especially on payments for ecosystem services. The extensive Forest Trends and Katoomba Group network includes leaders from forest industry, environmental groups, finance, donors, and community conservation.

**The Climate, Community & Biodiversity Alliance (CCBA)** is a partnership of international NGOs seeking to foster the development of forest protection and restoration activities around the world that deliver significant climate, community and biodiversity benefits.

**Rainforest Alliance** works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior. It works with people whose livelihoods depend on the land, helping them transform the way they grow food, harvest wood and host travelers.

**Fauna & Flora International** was founded in 1903 and is the world's longest-established international conservation organisation. Operating in more than 40 countries worldwide, FFI works to protect threatened species and ecosystems, choosing solutions that are sustainable, based on sound science and take account of human needs.

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