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**CONCEPT STAGE**

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## I. Introduction and Context

### Country Context

Fiji has not been able to fulfill its economic potential and role as regional leader, despite being one of the largest and wealthiest countries in the Pacific. In fact, it is the second largest country in the Pacific and is centrally located, serving as a regional hub for transportation, business, and telecommunications, and as a home for important regional institutions<sup>1</sup> (see Figure 1). Fiji is also one of the most developed and diversified economies in the region – with a GNI per capita of US\$4,370 (2013). The dependence on sugar and garments has declined over time, with tourism becoming the leading sector and currently accounting for about 38 percent of GDP. Remittances also play an increasingly important role, having increased from very low levels during the 1990s to approximately 4.7 percent of GDP in 2013.<sup>2</sup> However, the growth rate over the last decade has been low due to political instability, external shocks and slow structural reforms.<sup>3</sup> Of the 837,271 population (2007 census) nearly half still lives in rural, often remote areas<sup>4</sup> with a poverty rate of 44 percent (compared to only 26 percent in urban areas). Dependence on subsistence agriculture and fisheries is still high, with agriculture making up only 10 percent of GDP but more than 70 percent of employment.

Economic growth has been constrained by the political instability of recent decades – resulting in three coups (1987, 2000, 2006) – due to entrenched social and economic divisions that often run along ethnic lines. In fact, Fiji's recent political history has to a large extent reflected the absence of a political settlement between its main ethnic communities. Most of the population is indigenous Fijians – collectively referred to as 'iTaukei'. 37 percent of the population is made up of Fijians of Indian descent (2007 census). Most are descendants of indentured laborers brought to Fiji to work on the sugar cane plantations during the British colonial period. These historic divisions of labor were reinforced following independence in 1970, with the increasingly well-educated Fijians of Indian descent gaining economic as well as political power. Both the 1987 and 2000 coups were triggered by perceptions of undue Indian influence over politics. Nonetheless, the last coup of 2006 led by Commodore Voreqe Bainimarama, an iTaukei, was different, as it overthrew an overtly anti-Indian

government. This most recent period of military rule saw relatively stable economic management, reductions in crime and corruption, and efforts to eliminate ethnically-based policies and institutions.

The elections of September 17, 2014 marked a step towards a successful democratic transition that could strengthen the reform process as well as progress towards sustainable and inclusive growth. Fiji First, Mr. Bainimarama's party, won an outright majority, receiving support across ethnic lines, providing a clear mandate for the newly elected government. To achieve long-term growth and poverty reduction, it will be critical that the new Government continues to build legitimacy across all ethnic groups and provides broad-based economic opportunities. This will involve economic diversification away from sugar, but also public investments and policy reforms that target vulnerable populations. The sustainability of this growth path will, in turn, depend on the careful management of the nation's natural resources that underpin key industries, such as tourism and sugar, and are an important source of income for the poor. Moreover, healthy ecosystems enhance the resilience of local communities to economic as well as environmental shocks; for example, forests provide food, water and shelter as well as flood and erosion control. Given that the frequency and/or intensity of extreme weather events is predicted to increase as a consequence of anthropogenic climate change,<sup>5</sup> sustainable natural resource management will be critical to avoid potentially large economic and social costs.

The "Fiji First Manifesto describes the vision of the new Prime Minister's party, committing itself to continue the policies initiated during the past several years. The Government of Fiji (GoF) aims to make Fiji the "most modern and advanced nation in the South Pacific" and to build on its efforts to create an "inclusive and economically strong Fiji" for all Fijians and to "move to a genuine democracy in our nation for the first time". The GoF will also be formulating a Five Year Development Plan over the course of 2015 to further prioritize and cost its initiatives. Under the direction of the Prime Minister and with the support of the ADB, a "Green Growth Framework for Fiji" was formulated and endorsed by Cabinet in July 2014 following an extensive consultative process. The Framework aims to guide the design of the Development Plan, recognizing the need to manage population growth and urbanization, unsustainable consumption and resource use, the infrastructure deficiency, and the impact of climate change and natural disasters. The Five Year Development Plan is expected to benefit from consultation with the public, development partners, private sector representatives, and NGOs.

Given Fiji's high vulnerability to the impacts of anthropogenic climate change,<sup>8</sup> the GoF identified 'no-regrets' options for key sectors, including forestry, that provide both climate mitigation and resilience benefits. In particular, the 2012 National Climate Change Policy identifies climate change impacts and areas for adaptation and mitigation for a broad range of sectors including forestry, agriculture, marine and fisheries, tourism and infrastructure. For forestry, improving land use planning processes that lead to sustainable forest management (SFM) and reforestation/afforestation were identified as 'no regrets' options, as they provide important climate resilience and mitigation benefits. The latter could potentially accrue through a future performance-based system from Reducing Emissions from Deforestation and Forest Degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries – or REDD+ – within the context of the international climate negotiations of the UN Framework Convention on Climate Change (UNFCCC). Similarly, agricultural practices, such as the use of fuel-efficient farming equipment, agroforestry, minimal soil tillage, reduced use of fertilizers and intensification of small scale commercial and subsistence agricultural activities can increase carbon sequestration and reduce emissions whilst enhancing climate resilience.

### **Sectoral and Institutional Context**

Fiji has large forest resources relative to its land area. More than half of the total land area, or about

1.1 million hectares, are covered with different types of forests.<sup>9</sup> Native forest of mainly indigenous species constitute the largest share of Fiji's forest resources, covering 47.5 percent of the total land area, while man-made forests of exotic softwood and hardwood plantations make up the remaining 5.5 and 2.9 percent respectively. The softwood plantations are mainly pine (*Pinus caribaea*) and are typically located in the leeward and grassland areas, where there is considerable potential for future expansion. In contrast, hardwood plantations largely focus on mahogany (*Swietenia macrophylla*) and have been established on logged over rainforest mainly in the East and Center of Viti Levu and Vanua Levu. Mangroves make up three percent of Fiji's forest<sup>10</sup> and are included in the national REDD+ program.

Fiji has historically modest rates of deforestation and forest degradation compared to other countries in the region, such as the Solomon Islands or Papua New Guinea. To date one historic land use change analysis has been carried out by the Applied Geoscience and Technology Division (SOPAC) of the Secretariat of the Pacific Community (SPC).<sup>11</sup> Using Landsat 1991 and 2001 and ALOS 2007 data, it shows that the overall forest extent increased slightly between 1991 and 2007. However this figure marks significant changes between different types of forest. That is, the significant drop in closed forest cover (148,471 ha) was offset by a doubling in open forest cover (190,180 ha) and substantial increase in plantations (65,132 ha). It is also important to note that wetlands have not been included in the National Forest Inventory so far, though they have experienced significant losses in recent years.

Downstream financing for REDD+ is not likely to be significant however upstream analytical and policy work will improve land management practices in forestry, agriculture and NRM more generally. The analysis of the multi-sectorial drivers of deforestation and forest degradation, forest governance and land tenure as well as the REDD+ strategy options will enhance the understanding of the social and environmental trade-offs associated with different land-use options. This technical and policy advice can in turn help strengthen sustainable land and forest management practices. Moreover, analytical work in monitoring, reporting and verification consistent with REDD+ requirements will improve the information base and future collection of data within Fiji. Such a system will assist in improving land management and investment decisions and will allow for a transparent assessment of performance and more efficient land use planning within a landscape under population, development, food security and climate adaptation pressures.

More than 80 percent of the total land area<sup>12</sup> is under communal ownership through traditional Fijian communal land owning units called mataqali, yavusa and itokatoka; however the mataqali is considered to be the dominant and most commonly referred to landowning entity. The remainder of the land is either private freehold or state-owned land. The iTaukei Lands Act recognizes and maintains communal ownership and provides the legal basis for community level decision-making about the use and conservation of natural resources on iTaukei land. This ownership is not transferable through land sales, but user rights can be transferred via land leases and licenses issued by the iTaukei Land Trust Board (TLTB).<sup>13</sup> The TLTB is the legal custodian and representative of all native land in Fiji and administers it for the benefit of the iTaukei owners. TLTB leases and licenses take precedence over community-level land use decisions.<sup>14</sup> The Land under this customary land tenure system is charted on iTaukei Land Commission (TLC) maps once they have been surveyed and are registered in the Register of iTaukei Land (RTL), known as the Vola ni Kawa Bula.<sup>15</sup> Leases and licenses are also documented in dedicated registers. Customary iTaukei land may also be submitted to the Land Bank with the Ministry of Lands and Mineral Resources for land to be leased.

Almost 90 percent of the total forest area is iTaukei land. Most softwood and hardwood plantations are grown on iTaukei land and thus require leases. Under these arrangements, the companies own the trees, but the iTaukei retain ownership of the land. Moreover, the Government owns a 90 percent share

in mahogany plantations and over 98 percent in pine plantations, and the remaining 12 percent is owned by indigenous landowners (i.e., iTaukei mataqali). Some long-term forestry leases have been challenged by customary landowners regarding the vagueness of leasing procedures and agreements. Landowners have at times also rejected continuation of leases. These land tenure arrangements are often perceived by the private sector as impediments to forest sector development. Competition for land is expected to increase even further, as foreign investors are increasingly interested in Fiji's natural resource sectors, most notably hydropower and mining. To formalize carbon ownership on iTaukei lands, the TLTB has expressed the need for a TLTB REDD+ policy and lease. This option will be further explored during the Readiness phase.

With forests covering so large a proportion of Fiji's land area, forest sector governance is important. However, this is challenging, as there are a large number of laws, policies and reform processes that are relevant to the forest sector and REDD+.16 The below focuses on five key components. A detailed analysis will be conducted during the Readiness phase to strategically integrate REDD+ objectives into all relevant policies and strategies.

- The Ministry of Fisheries and Forests (MoFF) has responsibility for most aspects of the forestry sector in Fiji, ensuring that forest resources are managed sustainably and are developed for the benefit of all stakeholders. Under the MoFF, the Forestry Department (FD) has the administrative responsibility for planning, monitoring and regulation of forest management. Its core roles and responsibilities include research and development, provision of extension services and training, forest law enforcement, monitoring and surveillance, provision of supporting infrastructure as well as the conservation and protection of forest resources.

- The Forest Decree of 1992 set up a Forestry Board, whose main tasks is to advise on preparation of the National Forestry Plan. The felling of timber extraction of forest produce and clearing of land is prohibited with respect to different categories of land unless authorized by the Conservator of Forests, usually by way of a license. Prior consent of the TLTB is required if a license is issued on iTaukei land. In addition, certain customary rights are preserved over iTaukei land, including hunting, fishing or collecting of fruits and cutting or removal of forest produce by any iTaukei in accordance with iTaukei customs unless the mataqali landowning group decides to have their lands designated as a nature reserve. A logging plan also needs to specify, for example, annual allowable cuts and reforestation requirements, while the Fiji Forest Harvesting Code of Practice (2010) provides the national approach for SFM.

- The National Forest Policy of 2007 is centered on the application of SFM principles and improving the livelihoods of forest communities. It aims to incorporate forest sector planning in an integrated land use and development planning and to protect the integrity of forest ecosystems and biodiversity as well as multifunctional SFM. In addition to promoting the forest industry, the National Forest Policy also fosters the involvement of resource owners in the management and utilization of their own forests.

- Fiji's REDD+ policy was approved in 2011 and is implemented within the framework of the National Forest Policy. Its overall objective is to enhance the national forest-based carbon balance by supporting and strengthening initiatives that address the drivers of forest-based carbon emissions and to encourage the drivers of forest-based carbon sinks. It outlines the framework for the development and implementation of REDD+ activities in Fiji, covering amongst others safeguards, the scope and scale of REDD+ activities and pilot projects, financing and governance as well as measuring, reporting and verification.

- The Environmental Management Act of 2005 established the National Environment Council (NEC), which is responsible to oversee the formulation and approval of the National Report and National Environment Strategy of 1992. It has a broad role of facilitating discussion of environmental issues and overseeing the implementation of International and Regional Treaties. The NEC also sets out directions for environmental impact assessment of proposed developments for ‘approving authorities’ and certain waste management and pollution control measures including a permit system.

Mitigation and adaptation are two key objectives under the National Climate Change policy of 2012 with forestry being one of the key sectors. Forestry and more specifically REDD+ has been recognized as a key sector which can contribute both to climate change mitigation and adaptation with cross-sectoral benefits. For example, mitigation measures such as forest conservation or reforestation will improve biodiversity conservation, watershed management, food security and waterway conditions. A healthy forest ecosystem will also enhance the resilience of forest communities by supporting their current consumption and by providing an opportunity to smooth income and accumulate assets over time. The REDD+ policy has thus been integrated into the ongoing policy and stakeholder discussions on economic development, land use and forestry and national climate change mitigation and adaptation policies and action plans. The National Climate Change Adaptation Strategy (NCCAS), currently in draft, will further articulate this link and will need to be formulated taking into account the national REDD+ policy and evolving REDD+ strategy.

The Climate Change Division is responsible for facilitating the implementation of the National Climate Change Policy. It was established in the Department of Environment (DoE) in 2009, but was moved to the Ministry of Foreign Affairs (MoFA) in 2011 to strengthen the political and national support for climate change activities in Fiji. The National Climate Change Coordinating Committee (NCCCC), which includes representatives from a range of government agencies, NGOs and academic institutions, provides direction and guidance to the Climate Change Division and coordinates climate change projects and activities across different government agencies. MoFA is also responsible for the National Carbon Trading Technical Team (NCTTT) that was set up in 2008 to establish carbon trading project in both voluntary and compulsory trading markets.<sup>17</sup> A policy guideline for the clean development mechanism has since been developed.

Fiji is a highly decentralized country that has four distinct systems that undertake subnational level governmental and administrative activities. First, the government administration is responsible for the supervision and coordination of all governmental services and development activities. It divides the country into four Divisions, 14 Provinces and 17 Districts, which are headed by Divisional Commissioners, Provincial Administrators and District Officers respectively. Second, the major urban centers are headed by Special Administrators and are administered by elected councils. Third, rural local public health authorities are in charge of all areas outside the jurisdiction of proclaimed cities, towns and Fijian villages. Lastly, the iTaukei Affairs Board governs all matters concerning the administration of iTaukei affairs. Fiji has 14 iTaukei provinces (Yasana), which are made up of sub-units called Tikina (similar to districts) that are further broken down into villages. Each of the 14 provinces is governed by a Provincial Council headed by a Roko Tui. The first three serve all ethnic groups, whilst the fourth serves the iTaukei people exclusively. To target the various levels of communities, the GoF proposes to set up divisional REDD+ working groups, which will represent all ethnic groups as well as stakeholders from government, the private sector, civil society and academia.

## REDD+ Readiness and the Forest Carbon Partnership Facility

The FCPF was established to help countries get ready for future systems of financial incentives for REDD+, but also helps countries strengthen their existing mechanisms to manage and develop their forests in a sustainable manner. Within the context of the international climate negotiations of the UNFCCC, performance-based payments from REDD+ will be based on (i) environmentally and socially sound policies and programs for REDD+, (ii) a credible and marketable reference level (forest carbon emission “baseline” scenario) and (iii) technically robust systems of forest monitoring and emissions reporting. Since its inception in 2008, the FCPF has developed a framework and processes for REDD+ readiness built on these three main pillars, which are applied and adjusted to different country contexts. The REDD+ Readiness activities also help strengthen existing forest policy and management systems, information and data, participatory methods as well as human and institutional capacity all of which will contribute to the sustainable management and development of forests.

The REDD+ process in Fiji began in 2009 with the first multi-stakeholder national REDD+ consultations funded by the SPC/Gesellschaft für technische Zusammenarbeit (GTZ) Pacific-German Regional Program on Adaptation to Climate change in the Pacific Island Region (ACCPIR)<sup>18</sup>. The National REDD+ policy was subsequently developed through a comprehensive multi-stakeholder consultation process considered by many as exemplary in the region. It helped build trust and consensus between the various stakeholders from different Government agencies, resource owners, national and international NGOs, the private sector and Council of Regional Organizations in the Pacific (CROP) agencies.<sup>19</sup> Following the endorsement of the REDD+ policy by the cabinet in 2010, the consultation process for the development of the REDD+ strategy has begun. The latter has involved focused workshop sessions on forest carbon rights, benefit sharing and drivers of deforestation and forest degradation.

In 2012 Fiji requested to join the FCPF as an observer and has since developed the required documentation for becoming a FCPF REDD+ Country Participant. Led by the FD, Fiji began developing its Readiness Preparation Proposal (R-PP) in December 2012 and validated the draft through a series of steering committee meetings and national stakeholder consultations, including different Government agencies, national and international NGOs, resource owners, the private sector, regional organizations, academia and development partners like United Nations Development Programme (UNDP) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The R-PP outlines the activities and work plan for the REDD+ Readiness process that will build upon the on-going REDD+ activities. In accordance with the FCPF framework and REDD+ Readiness processes, the R-PP was widely reviewed and assessed by the FCPF Facility Management Team (FMT), independent reviewers on behalf of the FCPF’s Technical Advisory Panel (TAP), and the FCPF Participants Committee (PC)<sup>20</sup>.

In December 2013, the FCPF PC authorized grant funding of US\$ 3.8 million to support the preparation of Fiji’s REDD+ strategy. This Readiness Preparation Grant, which makes up about 65 percent of the estimated budget for REDD+ Readiness, will fund key elements of the R-PP. In particular, it will support the development of the REDD+ strategy through a highly consultative and participatory process, which will carefully assess the environmental, social and economic impacts associated with different land use options and will be informed by a range of technical and policy studies. The Readiness Preparation Activities will also strengthen the existing implementation arrangement for REDD+ in Fiji by supporting the establishment and operationalization of a National

REDD+ unit as well assessment and strengthening of existing feedback, and grievance redress mechanisms (FGRMs) for REDD+. Lastly, the Readiness Preparation Grant will finance the set-up of an effective monitoring system for REDD+, including the development of Reference Emission Level/Reference (REL/RL), the design and set up of a Measurement, Reporting and Verification (MRV) as well as a safeguards information system. GoF and GIZ resources will complement these activities by funding broader capacity building and awareness raising activities.

The Readiness Preparation Activities will also support ‘no regrets’ activities by, for example, strengthening sustainable land and forest management and planning through technical work and policy advice. More specifically, the REDD+ Readiness process will provide the opportunity for broad-based strategic discussions of land use options for its forested and mixed agricultural lands, considering criteria such as: (i) revenue for government; (ii) benefits and livelihoods for communities; (iii) environmental and social sustainability; (iv) climate adaptation and resilience benefits; and (v) potential carbon benefits. Based on these discussions and associated technical and policy analysis, the Government will be better able to strengthen sustainable land and forest management practices and possibly attract funding to support some of the multi-sectorial solutions proposed under the REDD+ strategy related to SFM, agriculture and climate change resilience. Moreover, the technical work on MRV/REL will strengthen Fiji’s capacity to monitor and manage natural resources more generally through the extension of the national forest inventory beyond forest management purposes, enhancement of national databases and geospatial information regarding Fiji’s natural resource base. This data and information infrastructure could then be used serve other important purposes beyond REDD+, such as FAO FRA reporting, national land use planning and biodiversity reporting. In addition to these ‘no regrets’ options, the Readiness Preparation Activities will lay the foundation for Fiji to enter into an emissions reduction program in the future. However, given Fiji’s size and the fact that it is a low deforestation/high forest cover country, future REDD+ revenues are likely to be modest.

To inform the REDD+ strategy and associated ‘no regrets’ options, it will be critical to analyze the multi-sectorial drivers and underlying causes of deforestation and forest degradation in Fiji, which have not been comprehensively assessed to-date. A few analyses for REDD+ pilots or projects have been carried out, but no systematic assessment of the drivers of land use change and their underlying causes exists at the national level. The consultations conducted during the development of the R-PP identified agricultural expansion (both subsistence and commercial) and forest conversion for pasture lands and grazing as primary drivers of deforestation and forest degradation, followed by infrastructure development (for tourism and logging roads), energy production (mainly hydropower), urban expansion and forest fires (see Table 1). Given the country’s development objectives, however, pressures on forests are likely to increase further driven by a range of sectors, including agriculture, logging, mining, tourism, energy, transport and urban development.

The REDD+ strategy options to address the multi-sectorial drivers of deforestation and forest degradation will be further developed and consulted upon during the REDD+ readiness phase. During the R-PP preparation, a broad stakeholder workshop identified a first set of possible REDD+ strategy options, many of which had already been suggested for years but were never implemented (Table 2). Most address the multi-sectorial drivers of deforestation and forest degradation, e.g. by proposing to improve agricultural extension services as well as land use planning and infrastructure development. Some REDD+ strategy options also aim to improve the management of the forest ecosystems through the implementation of the National Biodiversity Strategy and Action Plan (NBSAP), community-based forestry activities, strengthened SFM, agroforestry, forest

conservation or carbon stock enhancement. Many of these activities are interrelated and mutually reinforcing and it will, hence, be important to fully assess and prioritize REDD+ strategy options during the REDD+ readiness phase. This process will be supported by the parallel implementation of the consultation and participation plan, which will help ensure that all relevant stakeholders can contribute to the discussion.

It is important to recognize that Fiji is already implementing many adaptation projects as well as REDD+ pilots that would serve as valuable lessons for informing the development of the national REDD+ strategy. These sites include the Emalu REDD+ pilot site and the Nakavu SFM research project in Viti Levu implemented by FD with SPC/GIZ support; an Afforestation/Reforestation project in Ra, Viti Levu, by Conservation International; and a REDD+ project in Drawa, Vanua Levu, supported by Live and Learn. In addition, new REDD+ related activities including the Ministry of Agriculture's coconut tree planting and adaptation projects, the SPC and EU reforestation program, UNDP-GEF's proposed Ridge to Reef program to preserve ecosystem services and enhance carbon stocks across six watershed areas, and potential pilots by Fiji Pine Trust and Fiji Mahogany Trust are underway. Furthermore, the diversity of government funded projects for both climate change and disaster risk reduction projects such as mangrove restoration, biogas, mini-hydro, reforestation and agroforestry would all contribute to the design of the REDD+ strategy.

### **Relationship to CAS**

Since the 2006 coup, the engagement of the World Bank Group (WBG) in Fiji was limited and largely governed by the Regional Engagement Framework FY2006-2009 for Pacific Islands. The latter focused on four overarching themes: (i) generating economic opportunities through greater global and regional integration; (ii) building institutional capacity and resilience to external shocks, including those associated with climate change and natural disasters; (iii) encouraging economic reform and private sector development; and (iv) improving health, education and social services. The objective of WBG's assistance to Fiji at that time was to help the GoF improve the country's growth prospects that had begun to recover in the aftermath of the 2000 coup, by helping to improve the business environment, remove regulatory barriers to business formation, and supporting telecommunications reform. However, most of the engagement was limited to trust fund financed grants and technical assistance with no new lending since the 2006 coup.

The democratic elections, which took place on September 17, 2014, paved the way for the WBG and other development partners to launch full engagement with the GoF. The "Fiji First" Party led by Voreqe Bainimarama, won an outright majority, receiving 290,000 votes (59 percent of the total). Although opposition leaders raised concerns, the 92-member Multilateral Observer Group (MOG) declared that the election was credible and broadly represented the will of Fijian voters. Many bilateral and multilateral partners had begun to re-engage with Fiji in the run-up to the elections, and are committed to strengthening their engagement following the MOG's endorsement of the election. The constrained country program and lack of presence on the ground have prevented the WBG from developing a deep relationship with the GoF and key stakeholders, making it difficult for the WBG to commit to medium-term objectives and results in Fiji.

The WBG proposes to prepare a Country Engagement Note (CEN) to outline a 24-month program (2015-2017) that would initiate support for Fiji as it emerges from military rule, while deepening its knowledge base and setting the stage to design a medium-term program to create broadbased and sustainable economic growth. The CEN will focus on (i) strengthening the foundations for inclusive private sector led growth; and (ii) protecting vulnerable populations. These themes are linked to Fiji's specific needs as well as to the WBG twin goals of boosting shared prosperity and eliminating extreme

poverty. Under the first theme, the WBG will focus on supporting the GoF to open avenues for growth and connect people to opportunities and services. Under the second theme, the WBG will assist the GoF to build resilience and protect vulnerable populations and resources from the impacts of natural disasters and other shocks.. The GoF is preparing its first Five Year Development Plan that would help guide a medium-term WBG strategic engagement.

The Readiness Preparation Activities are in line with the WBG's objectives of deepening its knowledge of Fiji and protecting vulnerable populations. More specifically, they will support the GoF in determining the best balance of land use options to promote sustainable and inclusive economic growth in Fiji. In particular, it will support the development of its REDD+ strategy through a highly consultative and participatory process and with the needed analytical work. A FGRM will be set up specifically for the REDD+ Readiness process to ensure vulnerable populations can effectively voice their concerns. The Readiness Preparation Grant will also finance the necessary analytical studies to analyze the social, economic and environmental trade-offs associated with different land use options and development paths, which will further enhance our understanding of the rural economy in Fiji.

## **II. Proposed Development Objective(s)**

### **Proposed Development Objective(s)**

The development objective of Grant is to assist Fiji to carry out the Readiness Preparation Activities by supporting the preparation of its REDD+ strategy through a participatory and inclusive process, the establishment of a national MRY system, and by producing technical work and policy advice to help strengthen sustainable land and forest management practices.

### **Key Results**

- Existing institutions for REDD+ are strengthened through an operational Fiji National REDD+ Unit and a FGRM;
- A National REDD+ strategy and the Environmental and Social Management Framework (ESMF) are developed and validated by a broad spectrum of stakeholders through the Strategic Environmental and Social Assessment (SESA);
- A robust monitoring system for REDD+ is put in place, including a preliminary national Reference Emission Level or Reference Level (REL/RL), a national Measurement, Reporting and Verification (MRV) system and a safeguards information system.

## **III. Preliminary Description**

### **Concept Description**

The R-PP Roadmap<sup>23</sup> includes all activities necessary for Fiji to achieve a state of REDD+ Readiness. The proposed Readiness Preparation Grant will provide US\$ 3.8 million over a period of four years (2015 to 2019) to finance a subset of those activities, focusing on the technical aspects of the R-PP Roadmap. Broader awareness raising and capacity building activities will be financed by the Government and GIZ (US\$ 0.6 million respectively).

The Readiness Preparation Grant will finance the main elements of the R-PP that will not only help Fiji develop its REDD+ strategy, but strengthen sustainable land and forest management practices through targeted technical work and policy advice. In particular, the Readiness Preparation Activities will aim to (i) strengthen existing institutions for REDD+ through the establishment and operationalization of a Fiji National REDD+ Unit and assessment and strengthening of existing FGRMs for REDD+; (ii) develop National REDD+ strategy and an Environmental and Social Management Framework (ESMF), which will be validated by a broad spectrum of stakeholders through the Strategic Environmental and Social Assessment (SESA) and be informed by several

analytical studies; and (iii) put in place a robust monitoring system for REDD+, including a preliminary national REL/RL, national MRV system and a safeguards information system. These activities will also strengthen existing forest policy, practices and management systems, information and data, participatory methods and human and institutional capacity, which will directly support sustainable land and forest management practices.

Table 3 below provides detail activities to be financed with the Readiness Preparation Grant. In addition, the table also shows other funding source from the GoF and GIZ to complement the proposed Readiness Preparation Activities in order for Fiji to successfully implement all activities required for REDD+ Readiness.

#### Component 1: Institutional Strengthening for REDD+ (US\$ 1.30 million)

The activities under this component include: (i) supporting the establishment and operationalization of the Fiji National REDD+ Unit, by providing them with human, technical and operational resources; and (ii) assessing the relevant existing FGRMs and arrangements at the national and decentralized levels, strengthening the existing FGRMs and, as necessary and appropriate, establishing a new FGRM, to address any relevant feedbacks and grievances related to REDD+. The institutional and human capacity building as well as technical support provided under this component will also help strengthen sustainable land and forest management practices. a) Sub-component 1.1: Establishment and operationalization the Fiji National REDD+ Unit (US\$1.10 million). The Fiji National REDD+ Unit will comprise of a technical adviser (with some management functions), two technical experts, one communications officer, one finance and administration officer, one project assistant and one driver. The GoF will fund the latter three personnel, while the Readiness Preparation Grant will support the remaining positions as well as the set-up and operational costs.<sup>24</sup> The technical advisor and experts will provide technical oversight and coordination of the REDD+ Readiness process, including the REDD+ strategy development, analytical work, REL/RL development and establishment of a MRV and safeguards information system. They will also provide technical support to on-going or upcoming REDD+ projects, especially in the design of project methodologies. The REDD+ unit will be based in the FD. The Communication Officer will coordinate the extensive consultations required for REDD+ Readiness and the development of the REDD+ strategy. Key tasks include: (i) ensure effective delivery of the consultation and participation plan; (ii) develop and implement the communication strategy/plan and outreach, which are culturally appropriate to fit the target audience; (iii) ensure the results of the consultations are properly documented and effectively disseminated to the relevant stakeholders using the right channel/medium of communication; and (iv) ensure the procedures for how these consultations influence REDD+ strategy development are followed. This sub-component will also cover expenses associated with the annual budget audit, monitoring and reporting and the mid-term million). Fiji recognized early on that the national REDD+ program needs to be operated in an inclusive manner with particular regard to transparent and effective communication and decisions across different sectors of Government. A stakeholder analysis was thus conducted early on and the multi-stakeholder National REDD+ Steering Committee (REDD+ SC) was set up. This sub-component aims to ensure broad stakeholder engagement and use of stakeholder feedback in shaping the REDD+ Readiness program by funding (i) an assessment of existing grievance mechanisms at the national and decentralized levels; (ii) assess the capacity of institutions and customary mechanisms that would handle grievances; (iii) support their strengthening specifically for REDD+; and (iv) establish effective FGRM.

#### Component 2: Development of a REDD+ strategy for Fiji (US\$ 1.19 million)

This component will support the GoF in further developing its REDD+ strategy building on the on-going processes in-country, which will help identify the best balance of land use options to promote sustainable and inclusive economic growth in Fiji. This will require developing a deep understanding

of the multi-sectorial drivers of deforestation and forest degradation, integrating social and environmental concerns into the REDD+ strategy and building broad-based support across all ethnic groups and relevant stakeholders. In particular, the activities under this component include: (i) supporting analytical work to prepare a REDD+ strategy; (ii) undertaking SESA and preparing an ESMF; and (iii) conducting consultation on key issues related to REDD+, including multi-sectorial drivers and underlying causes of deforestation and degradation, REDD+ strategy options, forest governance and land tenure, benefit sharing arrangement, SESA, and MRV. The policy and technical analysis produced under this component will also help strengthen sustainable land and forest management practices. It will also help inform possible future programs to implement some of the proposed REDD+ strategy options aimed at reducing emissions from deforestation and forest degradation, improving SFM, strengthening agricultural practices and enhancing climate change resilience. This component has three sub-components: a) Sub-component 2.1: Supporting analytical work to prepare a REDD+ strategy (US\$ 0.44 million). The current state of knowledge indicates that Fiji has modest rates of deforestation compared to other countries in the region, but that its forests are heavily degraded. A broad range of drivers and underlying causes were identified during the R-PP preparation phase, most notably agricultural expansion and conversion of forest to pasture lands and grazing. However, there has been no nationwide assessment of Fiji's deforestation and forest degradation processes and only an initial set of REDD+ strategy options has been identified. The Readiness Preparation Grant will thus fund several studies to (i) comprehensively assess the multisectorial drivers and underlying causes of deforestation and forest degradation in Fiji,<sup>26</sup> (ii) analyze forest governance and land tenure analysis, (iii) identify and prioritize REDD+ strategy options and (iv) analyze the economic, environmental and social costs and benefits associated with different REDD+ strategy options. b) Sub-component 2.2: SESA process and ESMF development (US\$ 0.31 million). To ensure that negative impacts of future performance-based REDD+ programs are eliminated or minimized, social and environmental concerns will need to be taken into account during the development of the REDD+ strategy. A Safeguards Working Group (SWG) has already been established by the National REDD+ SC to develop national REDD+ criteria and indicators, which will be important for managing the SESA and ESMF development. This sub-component will fund the strengthening of the SWG as well as the SESA process, which will assess the extent to which the proposed REDD+ strategy options address the environmental and social issues associated with Fiji's customary and present patterns of land use and forest management. Any identified gaps will be addressed throughout this process. In addition, the SESA will develop an ESMF that outlines the procedures for managing potential environmental and social impacts resulting from REDD+ implementation including guidance for the preparation of future environmental and social safeguard instruments. c) Sub-component 2.3: Consultation on key issues addressed under the FCPF (US\$ 0.44 million). Inclusive and participatory consultations are at the heart of the REDD+ readiness process. This sub-component will fund consultation on key issues addressed under FCPF, including on (i) the multi-sectorial drivers and underlying causes of deforestation and degradation; (ii) forest governance and land tenure; (iii) the identification of strategy options; (iv) potential benefit sharing arrangements and mechanisms, (v) the SESA, and (vi) MRV including safeguards and multiple co-benefits. Outreach efforts are anticipated to be substantial given a widely dispersed population and a rich and strong tradition on consultation and participation across all layers of society in Fiji.<sup>27</sup> GoF and Fiji will fund broader awareness raising and outreach programs.

Component 3: Establishment of a monitoring system for REDD+ (US\$ 1.65 million)

The activities under this component will put in place a robust monitoring system for REDD and will include designing and developing: (i) a REL/RL, (ii) a MRV system, and (iii) a safeguards information system. The monitoring system established under this component will also provide important information and data that can be directly used in the management and development of the forest sector more broadly. The activities developed under component 3 will enable Fiji to access results-based

finance should it choose to. More importantly, it will strengthen its capacity to monitor and manage natural resources more generally through the extension of the national forest inventory beyond forest management purposes, enhancement of national databases and geospatial information regarding Fiji's natural resource base to inform land development and planning and developing technical skills. It will thus be critical to carefully sequence the technical work so that it will be able to inform the development of the REDD+ strategy. The activities planned under this component will build capacity and develop data and information infrastructure that can serve other important purposes beyond REDD+, such as FAO FRA reporting, national land use planning and biodiversity reporting. This technical work will build on ongoing capacity building and awareness activities of GoF and GIZ.<sup>28</sup> Specifically the grant will aim to draw on existing remote sensing data, ground based measurements, capacity and infrastructure, in a coordinated way, to design, build and operationalize a National MRV system. Such a system will allow Fiji to routinely assess its natural resource base, which is central to meet broader climate change objectives. a) Component 3.1: Design and development of a REL/RL (US\$ 0.58 million). The development of a REL/RL for Fiji will measure the level of net emissions and removals resulting from land cover changes during a historical reference period. Projections of different development scenarios will be generated taking national circumstances into account. The outputs from this component will inform the development of the REDD+ Strategy for Fiji (Component 2). Funding for this component will include: (i) technical and hardware support, particularly for the DoF; (ii) GIS-based data analysis and management support; (iii) collection, analysis and aggregation of activity data (land use and land cover change); (iv) collection and analysis of emission factors for all land use categories; (v) assessment of carbon pools; and (vi) development of national RL and alternative scenario. b) Sub-component 3.2: Design and development of a MRV system (US\$ 0.87 million). This sub-component will support the design and establishment of a national MRV system building on existing IT infrastructure. It will provide funding to: (i) design and establish institutional framework for National Forest Monitoring System; (ii) establish a database and integration tool to estimate GHG emissions and removals in the forestry sector; (iii) transparently document the MRV system; and (iv) conduct capacity building for MRV. c) Sub-component 3.3: Design and development of a safeguards information system (US\$ 0.20 million). This sub-component will support the development and establishment of a comprehensive monitoring system for non-carbon impacts of REDD+, including safeguards as well as co-benefits that integrates with the MRV system (component 3.2). It will be critical to integrate this new monitoring system as much as possible with existing information and data management system. The activities under this component will thus review existing monitoring institutions regarding safeguards and then build a safeguards information system. Communities can play an important role in monitoring adherence to safeguards and will thus be supported through capacity building activities to fulfill this function.

#### IV. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	X		
Natural Habitats OP/BP 4.04	X		
Forests OP/BP 4.36	X		
Pest Management OP 4.09	X		
Physical Cultural Resources OP/BP 4.11	X		
Indigenous Peoples OP/BP 4.10	X		
Involuntary Resettlement OP/BP 4.12	X		

Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	

## V. Financing (in USD Million)

Total Project Cost:	3.80	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>Financing Source</b>		<b>Amount</b>	
Borrower		0.00	
Readiness Fund of the Forest Carbon Partnership Facility		3.80	
Total		3.80	

## VI. Contact point

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