

Local Engagement for Rights-Based, Equitable and Effective Natural Climate Solutions

Good Practice Guidelines



The Landscapes and
Livelihoods Group

GUIDANCE DOCUMENT

Local Engagement for Rights-Based, Equitable and Effective **Natural Climate Solutions**

Good Practice Guidelines

Prepared by **The Landscapes & Livelihoods Group (TLLG)**

With technical and financial support from **The Nature Conservancy (TNC)** via the African Forest Carbon Catalyst (AFCC)

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Cover photo – **Pascaline Youl/Tiendrebeogo, of SEMUS** (Solidarité et Entraide Mutuelle au Sahel) facilitating a community meeting for Scoping a forest conservation and livelihoods project in Passoré Province, Burkina Faso.

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A note on Indigenous Peoples & local communities

Our commitment

Indigenous Peoples hold inherent rights to self-determination and to their lands, territories, and natural resources. This guidance is built on the principle that Indigenous Peoples and local communities must be at the centre of any project that affects them - not merely as stakeholders to be consulted, but as rightsholders who have the right to define the terms and processes through which they engage.

No project should proceed without a Free, Prior and Informed Consent (FPIC) process that is designed in accordance with the preferences and decision-making processes of Indigenous Peoples and local communities themselves. This guidance is intended as a practical tool in service of that commitment.

Feedback and improvements

This is a Version 1 of this guidance, and we are actively seeking peoples' views on the guidance. Please do contact TLLG if you have recommendations and suggestions for improvements, sending an email to info@landscapesandlivelihoods.com.

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Acronyms

Acronym	Definition
AFCC	African Forest Carbon Catalyst
CCBS	Climate, Community and Biodiversity Standards
CES	Community Engagement Strategy
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
FPIC	Free, Prior and Informed Consent
GoTs	Glossary of Terms
GPAs	Good Practice Areas
GRM	Grievance Redress Mechanism
HCV	High Conservation Value
HWC	Human Wildlife Conflict
ICVCM	Integrity Council for the Voluntary Carbon Market
IUCN	International Union for Conservation of Nature
NCS	Natural Climate Solutions
NTFP	Non-Timber Forest Product
PDD	Project Design Document
SEP	Stakeholder Engagement Plan
TLLG	The Landscapes and Livelihoods Group
TNC	The Nature Conservancy
ToC	Theory of Change
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
VCS	Verified Carbon Standard

Part 1

Good Practice Areas

Local Engagement for Rights-Based, Equitable and Effective Natural Climate Solutions



1. Background to this Guidance

1.1 Natural Climate Solution (NCS) foundational principles

Integrating equity into the design of a nature-based carbon project ('hereafter carbon project') is crucial for ensuring these projects generate long-lasting protection, restoration and sustainable management of land and natural resources. Carbon projects are a type of Natural Climate Solution (NCS), and Ellis *et al.* (2024) define five foundational principles that provide a working definition of NCS based on the existing literature. According to these principles, NCS projects should be:

- **Nature-based** – resulting from human stewardship of ecosystems, and not moving ecosystems further from their natural state,
- **Sustainable** – sustaining biodiversity, climate adaptation services, and production of food, fibre and wood,
- **Climate-additional** – providing durable climate mitigation that would not happen without human intervention, and not being used to for readily abatable emissions,
- **Measurable** – with conservative accounting that is quantified in terms of cumulative effects on radiative forcing and avoids double counting, and with uncertainty ranges greater than the estimated climate mitigation flagged as emerging, and
- **Equitable** – respecting human rights and indigenous self-determination.

This guidance builds on this fifth foundation principle, equity.

1.2 The Challenge

Carbon project design aims to comply with the legislation of the country they are in, the carbon standards to which the project will be validated, and other relevant international standards. This presents project developers and project proponents with a complex array of requirements to meet.

In addition to these legal and technical compliance requirements, there is an increasing awareness among proponents of NCS of the importance of embedding equity - including rights-based approaches - in project design and implementation.

Existing guidance that explains what is required of projects is often arranged along thematic or topic-based lines, with separate guidance on human rights, Free, Prior and Informed Consent (FPIC), and stakeholder engagement, for example. Project developers and project proponents, and particularly engagement teams working with local stakeholders, find it challenging to integrate these disparate aspects of guidance into their day-to-day engagement activities. While project engagement teams are often highly skilled in facilitation, language skills, and knowledge of context, they face difficulties in planning and implementing a systematic set of stakeholder engagements that embed equity and rights-based approaches into the project design and operations, integrate disparate thematic guidance, meet requirements of different carbon standards, and yet remain practical and accessible for local stakeholders.

As a result, teams lack practical guidance. While a range of stakeholder engagements are conducted during the design of carbon projects, this does not always result in communities', rightsholders' and other

local stakeholders' rights being respected, proper evidencing of decision making, a cohesive process to establish of local management plans and benefit-sharing agreements, or completion of key project documents, such as the Project Design Document (PDD). Furthermore, duplications, and omissions become common-place, and can result in time-consuming and expensive corrective actions at validation, a logical breakdown of the project, and stakeholder fatigue.

Added to this challenge, commercial timeframes for project design are rarely matched with the time it takes to engage local stakeholders effectively or conduct a robust FPIC process. Top-down planning processes can result in time pressure on project teams and local stakeholders, who might cut corners to meet these timelines. Furthermore, access to financial resources is often quite limited in the early stages of a project, when the concept is not yet clear, and the number, types, and costs of engagements are unknown. This can result in under-budgeting for engagements, resulting in fragmented or weak engagement later in the process. Figure 1 illustrates how this guidance aims to address these five inter-connected challenges.



Figure 1: Challenges addressed by this guidance

1.3 Scope and purpose of this guidance

Developed with this challenge in mind, this document, titled 'Local Engagement for Rights-Based, Equitable and Effective Natural Climate Solutions', provides guidance on the fifth foundational principle of NCS Projects, equity, to enable project developers and project proponents to implement what is referred to here as "good practice" engagement. These good practices have been arranged into "Good Practice Areas" (GPAs) based on commonly grouped themes and activities. Good practice refers to project practices and actions that both meet, and where necessary, go beyond the minimum compliance requirements in national legislation and carbon standards. These are practices and actions that aim to establish a higher bar of excellence with real potential to embed equity into project design and operations, and as such, to contribute to a more sustainable and long-lasting initiative.

This guidance has been developed for carbon project developers ('project developers'), and carbon project implementing organisations ('project proponents'), to guide their stakeholder engagements in projects that work or affect the land and/or natural resource rights of Indigenous Peoples, communities, rightsholders, and other local stakeholders.

The guidance has two parts:

- **Part 1:** Introduction to the concept of Good Practice Areas (GPAs) (Section 2.1), the concept of equity (Section 2.2), engagement of local stakeholders for projects that work with or impact groups including *Indigenous Peoples¹, communities, rightsholders and other local stakeholders*. Part 1 outlines the Good Practice Areas, including 'what' the good practice entails and 'why' it is important. The purpose of Part 1 of the guidance is to raise awareness of these GPAs among carbon project developers, project proponents, and engagement teams.
- **Part 2:** Illustration of how engagement can be planned for project design and operations, including manageable phases of engagement, each with clear purpose and outputs. Part 2 also introduces "Engagement Activities" that can be conducted during each phase, in order to demonstrate good practice, and to build up the information and decisions needed for local stakeholders to develop meaningful local plans, benefit-sharing agreements, and to produce information for key project documents such as the Project Design Document (PDD). The purpose of Part 2 is to provide practical steps on the types of Engagement Phases and Engagement Activities that can be usefully conducted during the project design, particularly for engagement teams who are working directly with these groups. These practical steps help with planning and budgeting engagement activities as part of the project design and engagement strategy planning and implementation.

A summary of what this guidance includes is shown in **Figure 2**, including Part 1 and Part 2, the glossary of terms, and Annex 1.

¹ See glossary of terms for a definition of Indigenous Peoples. Note that this guidance also refers to communities, rightsholders, and other local stakeholders. However, Indigenous Peoples have specific and inherent rights under international law, for example, under the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP, 2007). The term 'communities' is used throughout this guidance, recognizing that in some contexts, these communities are Indigenous Peoples, and in these cases, their internationally recognised rights, as well as their entitlements under carbon standards, would have to be upheld by the project. The term communities is used as an umbrella term due to the familiarity of this term among engagement teams working on NCS projects.

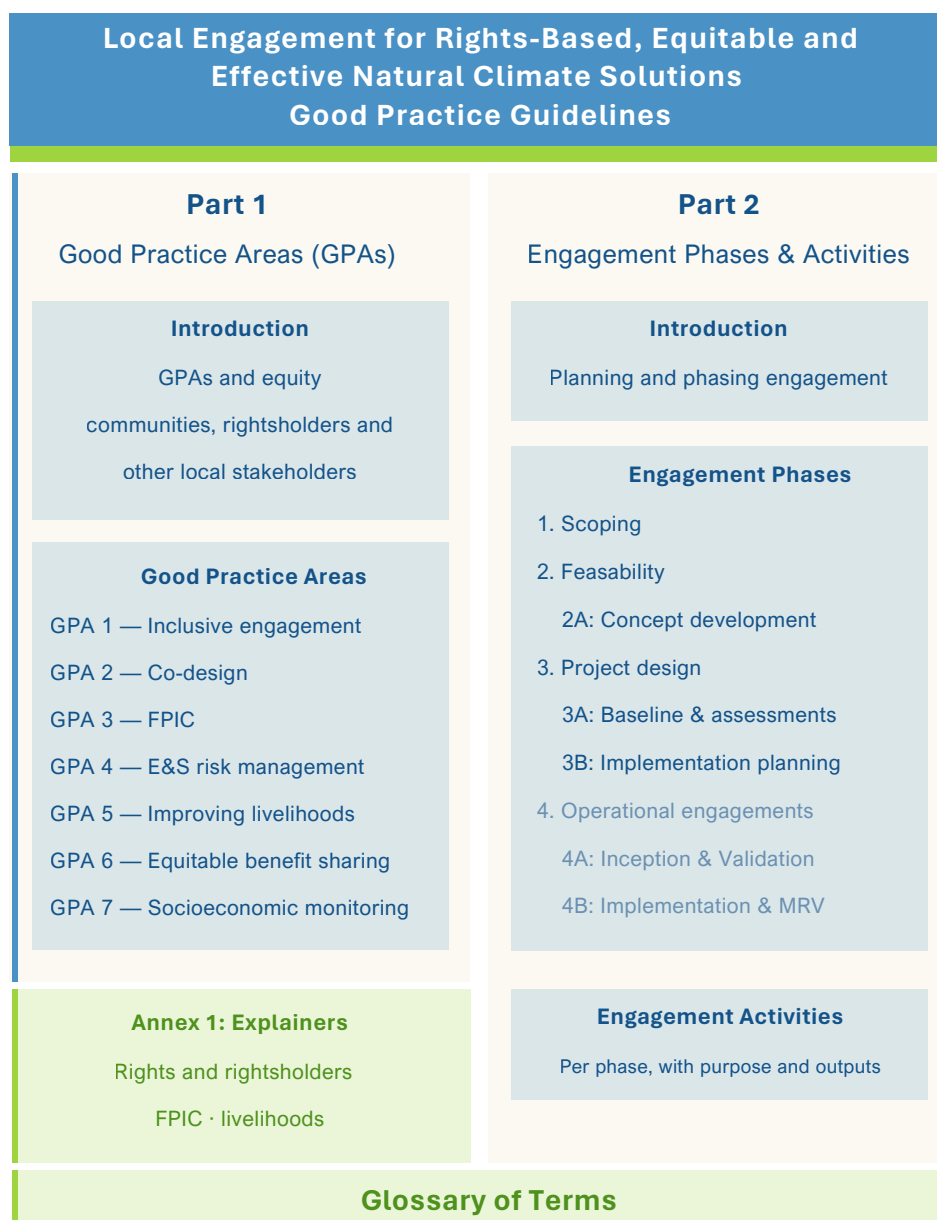


Figure 2: Structure of the Guidance

1.4 How this guidance was developed

This guidance was written by The Landscapes and Livelihoods Group (TLLG) with technical support and financing by The Nature Conservancy (TNC) through the African Forest Carbon Catalyst (AFCC) initiative. Good Practice Areas (GPA) were identified through TLLG experience working with project developers, project proponents, and local stakeholders on carbon project design, and broader nature based solution initiatives. The GPAs also draw from the social requirements of carbon standards², other international environmental and social standards³, and other available guidance⁴. The bulleted lists of 'what this entails' represent, for us, the key pillars of each Good Practice Area, without which, the good practice is not

² For example, CCBS v3.1, VCS v5.0, PV Climate, v5.7, Social Carbon V7.0, with reference also to the ICVCM Core Carbon Principles (2024, v1.1).

³ For example, World Bank ESF (2016) and the IUCN ESMS (2016).

⁴ For example, TNC Human Rights Guide (2026), TNC internal guidance documents (2023, 2025), Newing et al. (2024).

upheld. These bulleted lists aim to summarise the sometimes long, complex and contradictory requirements that exist across the broad array of standards and guidelines available to practitioners.

Once Good Practice Areas (GPAs) were defined, Engagement Phases and Engagement Activities were then developed (Figure 3).

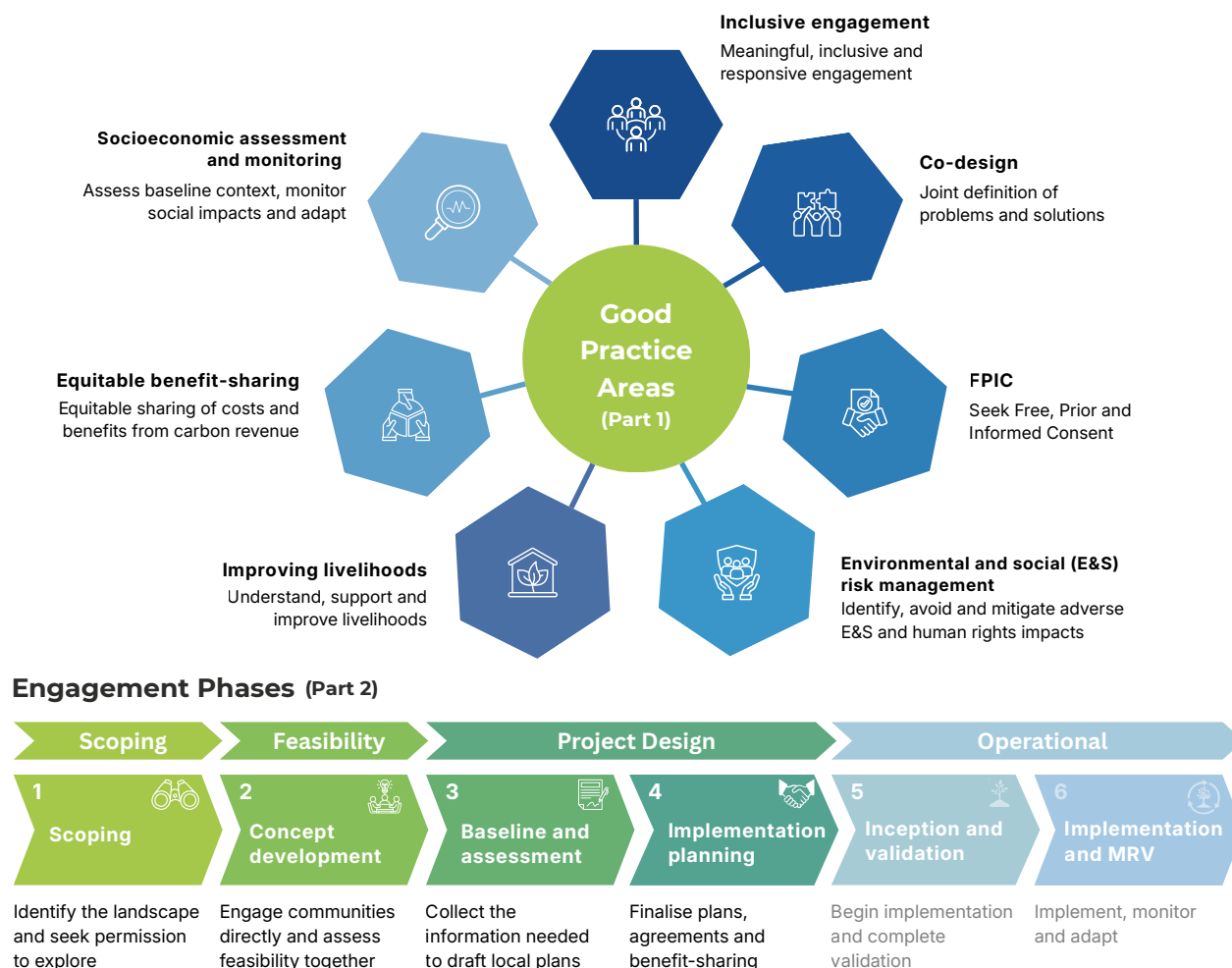


Figure 3: Structure of the guidance Parts 1 and 2.

1.5 What this guidance does not include

This guidance does not include:

- **A compliance framework** that demonstrates how Good Practice Areas and Engagement Activities are aligned with the requirements of carbon or other international standards. A compliance framework fed into the establishment of the GPAs and Engagement Phases and Engagement Activities, which are all strongly aligned with carbon standards social requirements, but a final version to demonstrate this is still under development. In the meantime, users of this guidance should cross-check the Engagement Phases and Engagement Activity outputs with the requirements of the Project Design Document of the carbon standard they are intending to validate their project with.
- **Protocols** for conducting the Engagement Activities referred to in Part 2 ('how to' protocols). Part 2 currently only provides a summary of the Engagement Activity, whereas a full protocol would provide a summary of the purpose, steps, guidance on completing tasks, any associated tools, and outputs, for each Engagement Activity. A version 1.0 of each of these protocols have been developed by TLLG,

and are currently housed internally, and undergoing field-testing and iterative improvements, as well as checks against the compliance framework mentioned above.

- **Templates** for key outputs from the Engagement Activities. These would include, for example:
 - Project Design Document templates indicating how Engagement Activities contribute to each section of the PDD.
 - Stakeholder engagement plan and community engagement strategy template.
 - FPIC protocol and FPIC agreement template.
 - Community management plan template.
 - Benefit-sharing agreement template.

2. Introduction

2.1 Good Practice Areas

This guidance encourages project developers and project proponents to follow good practice engagement to develop an equitable carbon project. These good practices are arranged under the following Good Practice Areas:

- **Inclusive engagement** – identifying all communities, rightsholders and other local stakeholders. Understanding their roles, rights and decision-making processes. Developing a plan for meaningful, inclusive and responsive engagement throughout project design, implementation, monitoring and evaluation.
- **Co-design** – working together with communities, rightsholders and other local stakeholders to jointly define the problem and design locally-appropriate solutions.
- **Free, Prior and Informed Consent** – following and documenting a stepwise process of Free, Prior and Informed Consent (FPIC) with statutory and customary rightsholders. Establishing equitable project agreements.
- **Environmental and social risk management** – identifying unintended negative social and environmental risks and impacts. Developing activities to avoid, minimise and mitigate these.
- **Improving livelihoods** – understanding local livelihood systems and how livelihoods feature in the project design. Ensuring that the project does not result in negative impacts on livelihoods. Where possible, improving livelihoods through project activities, benefit-sharing and as an outcome of the improved land and natural resource use system.
- **Equitable benefit-sharing** – ensuring that carbon revenue generated by the project is distributed equitably among all parties involved in or affected by the project.
- **Socioeconomic assessment and monitoring** – thoroughly understanding the context, monitoring of project impacts and adaptive management.

Note that the Good Practice Areas are inter-connected, meaning that it is never a matter of applying one Good Practice Area, and not others. For example, improving livelihoods requires inclusive engagement, and managing social risks requires monitoring and adapting to these as the project is implemented. Furthermore, key enabling conditions for all Good Practice Areas include having adequate expertise, skills and capacity in the project team, as well as having a flexible and realistic timeframe and financial resources for engagement activities.

Benefit-sharing is listed as a specific Good Practice Area, and a separate Principle in Ellis *et al.* (2024). However, this guidance document - through its focus on all aspects of engagement with communities, rightsholders and other local stakeholders - introduces equity as a core component crosscutting all aspects of project design and implementation. We make the case here that when carbon projects work with or impact communities, rightsholders and other local stakeholders, equity is essential moral and compliance (alignment with standards, legislation) reasons. We also believe it is key to improving project effectiveness. Putting equity at the heart of carbon projects develops trusting relationships, and ensures benefits reach communities. As such, it makes a vital contribution to effectiveness and sustainability of the project. All the Good Practice Areas are linked in some way to the dimensions of equity described more below.

2.2 Equity

Equity is composed of three dimensions:^{5 6}

- **Recognition** – recognition of rights. Recognition equity is the acknowledgement of and respect for the rights and the diversity of identities, values, knowledge systems and institutions of communities, rightsholders and other local stakeholders. It emphasises the importance of cultural diversity and the inclusion of various perspectives in natural resource management.
- **Procedure** – procedural equity refers to inclusiveness and fairness of rule- and decision-making. Procedural equity aims to ensure that all communities, rightsholders and other local stakeholders have equal chances to participate meaningfully in project governance and have adequate access to information and mechanisms for recourse⁷.
- **Distribution** – distributional equity implies that costs and benefits resulting from land and natural resource management (including carbon revenue generated by a project) must be equitably shared among different communities, rightsholders and other local stakeholders⁸.

Equity is often understood by project developers and project proponents in relation to compliance – the degree to which a project respects human rights, is aligned with national legislation and carbon certification standards' requirements, as well as the Core Carbon Principles of the Integrity Council for the Voluntary Carbon Market (ICVCM CCPs). The Verified Carbon Standard (VCS v5.0), Climate, Community and Biodiversity Standards (CCB v3.1) and Plan Vivo Carbon Standard (PV Climate v5.7) include requirements which relate to recognition equity (e.g. identification of rightsholders), procedural equity (e.g. engagement, grievance redress and FPIC), and distributive equity (e.g. understanding and offsetting negative social impacts, and equitable benefit-sharing).

Equity is also thought of and discussed as a moral consideration, as a component of environmental justice, which can be an important motivator for project teams and businesses to support equitable project design.

Finally, and an often-understated reason for centring equity in project design, is that carbon projects are long-term behaviour change projects. The achievement of climate mitigation objectives (and the generation of carbon credits) is based upon a change in human behaviour, which either protects, restores, or manages land or natural resources more sustainably compared to a without-project scenario. As such, it is important to ensure that those who bear the costs of these changes are actively involved in project design and decision-making processes. They should also benefit sufficiently to avoid any adverse impacts on their livelihoods or well-being and be adequately incentivised to support the behaviour changes required for the project to meet its objectives⁹. These people are most often communities, rightsholders and other local stakeholders, and costs include participation in meetings, foregoing the opportunity of doing something else with the land or natural resources, and conducting and paying for the management activities themselves.

⁵ CBD Decision 14/8, 2018: Paragraph 2 (CBD 2018).

⁶ Franks & Quesada-Aguilar, 2014.

⁷ While referring here to other local stakeholders suggests that communities are solely stakeholders, communities are also most often rightsholders as well, as described in Annex 1.1.

⁸ Distributional equity can be further broken down into distributive equity principles: 1) equal benefit; 2) merit: benefit according to contribution to the goals; benefit according to effort; benefit according to costs incurred (e.g. opportunity costs); 3) benefit according to rights; 4) benefit according to needs (Franks & Quesada-Aguilar, 2014).

⁹ These people are referred to as 'cost bearers' (Meyers et al. 2020).

Not centring project design on equity can lead to projects that reinforce existing social inequities, undermine the livelihoods of vulnerable groups, and violate the rights of Indigenous Peoples or local communities. Knock-on impacts on the project include negative local attitudes that can undermine the initiative, a proliferation of local grievances that can prove costly to resolve, and a loss of 'social licence to operate', which ultimately can result in a failure and closure of the project.

Finally, in many contexts, there are several 'communities' (see glossary of terms for definition), and these communities are heterogenous, including different community groups, interests and needs. Projects that work solely with one of these communities, or solely with community representatives (who can be some of the more dominant and powerful people in the community) might have more time efficient engagements in the short-term, but run the risk of excluding the broader community in project design and decision-making.

2.3 Communities, rightsholders and other local stakeholders

Communities

For this guidance, communities are defined as:

"All groups of people who derive income, livelihood or cultural values and other contributions to well-being from the project area or the project area of influence at the start of the project and/or under the with-project scenario. They include mobile peoples of nomadic pastoralist communities and other local communities. In cases where numerous small communities can be shown to have homogeneous patterns of social organization, political structure and livelihoods, these communities may be identified and listed as a community." (adapted from CCBS v3.1).

All local resource user groups fall within the definition of 'community', and the term is not limited to residency status or rights, but rather derivation of benefits from the project area, or being within an area affected otherwise by the project. Communities hence include mobile peoples of nomadic pastoralist communities who may or may not have customary or statutory rights to grazing.

The term 'community group' is also used in this guidance, which refers to sub-groups within the community, along social axes such as gender, primary livelihood, age, and religion, for example.

Indigenous Peoples

Note that this broad definition of communities means that Indigenous Peoples, who have specific and inherent rights that are recognised under international law, for example, under the United Nations Declaration on the Rights of Indigenous Peoples (United Nations, 2007), fall within this umbrella definition of people deriving value from the land or natural resources within the project area, for the purposes of this guidance. This guidance recognises that in contexts where there are Indigenous Peoples, the project would respect their internationally recognised rights, as well as their entitlements under carbon standards. The term 'communities' is used throughout the guidance as an umbrella term due to the familiarity of this term among engagement teams working on NCS projects.

Rightsholders

This guidance focuses on community engagement, as these are the people with a direct link between the land and natural resources in question and their well-being, and as such, stand to be most affected by

project activities. For the most part, these people are also the main rightsholders, where rightsholders refer to:

"Individuals or communities who have rights relevant to the project/program. These can include use rights, physical access rights, and/or control rights (management, ownership, and exclusion) over land, resources, and/or carbon. They can include legally defined or customarily held rights." (adapted from TNC, 2023)

This definition of rightsholders focuses on those rights related to land and natural resource management, recognising that all individuals hold fundamental human rights, including for example the right to adequate standard of living, food and livelihood, and fair treatment. Rights-based approaches include both upholding the rights of communities, who might not all have customary or statutory rights to land and natural resources, and the rights of rightsholders, who do. Cases where people defined as 'communities' – those people deriving benefit from the project area or otherwise affected by the project – are not rightsholders are explained in **Annex 1.1**. These include landscapes where there are refugees, internally displaced persons, pastoral and nomadic communities who have recently moved into an area (and do not have long-standing customary or statutory rights), and recent arrivals for land prospecting.

Other local stakeholders

In addition to communities, who are often but not always rightsholders (as defined above), the guidance also refers to 'other local stakeholders', who are defined as:

"All groups other than communities who can potentially affect or be affected by the project activities and who may live within or outside the project zone." (Adapted from the CCB v3.1 definition of other stakeholders)¹⁰

These other local groups might include local businesses and traders, religious and educational institutions, and community-based organisations, who do not have a direct link with the land and natural resources in question and their well-being (which communities do), but who indirectly derive a livelihood or other value from the land or natural resources in the project area and stand to be affected by the project.

Note that 'other local stakeholders' is used instead of 'local stakeholders', as the term 'local stakeholders' also includes those individuals or groups directly using land and natural resources, including Indigenous Peoples, communities, rightsholders, community groups (including vulnerable and marginalised groups) (**Figure 4**).

Furthermore, engagement with 'secondary stakeholders', such as government Ministries, research institutions, private sector, and media outlets, for example, is not specifically included in this guidance, but is a key part of a project's broader stakeholder engagement.

The local stakeholders to whom this guidance refers are summarised in **Figure 4**.

¹⁰ This definition is not dissimilar to the PV Climate (v.5.7) definition of 'local stakeholders' (an individual or group that is resident within the project region and could be affected by project activities).

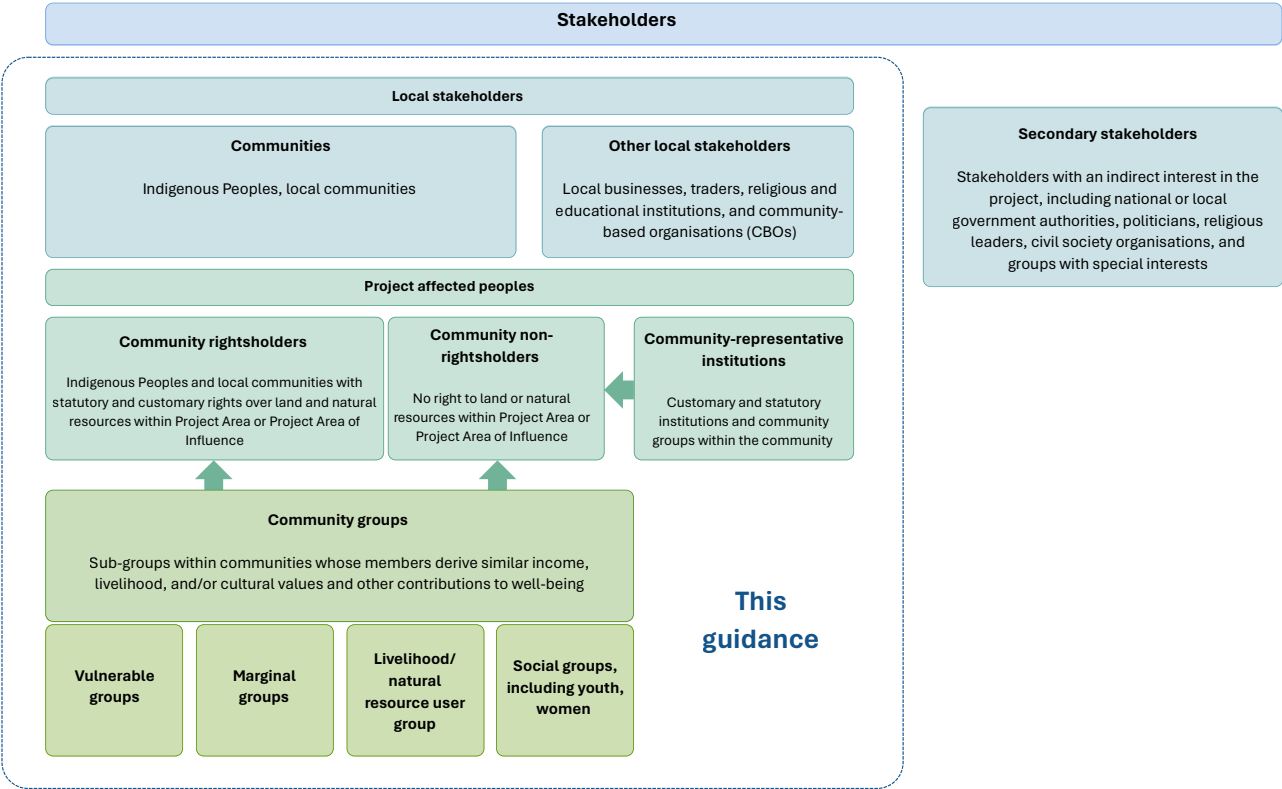


Figure 4: Local stakeholders within the scope of this guidance

3. Good Practice Areas

This section introduces seven Good Practice Areas for the design and implementation of an equitable carbon project. In landscapes where communities, rightsholders and other local stakeholders depend on and shape land and natural resources, adhering to these good practices will lead to the development of high integrity, equitable carbon projects. Implementation of these good practices will help projects prevent human rights violations and other negative social impacts, effectively meet their stated objectives and comply with international carbon and E&S Standards requirements.

Good Practice Area 1 – Inclusive engagement



Engagement

Engagement in carbon projects refers to the active and on-going process of building relationships with communities, rightsholders and other local stakeholders, to develop a common vision and approach to the land, natural resource management and community development. Engagement levels include information-sharing, consultation, co-design (described in GPA 2 below), and FPIC (described in GPA 3 below), and defined in the glossary of terms.

Engagement first requires the identification of all communities, rightsholders and other local stakeholders, then understanding their roles, rights and decision-making processes, and finally developing a plan for meaningful, inclusive and responsive engagement throughout the intervention cycle.

Inclusive engagement refers to engagement which is sensitive to differences within and between communities, community groups, and other local stakeholders, creating an environment that enables different voices and views to be heard.

What should inclusive engagement entail?

- i. Identifying all communities, institutions, and legitimate community representatives and decision-making processes, community groups (including women, vulnerable and marginalised groups) and other local stakeholders.
- ii. Conducting a systematic analysis of the statutory and customary land and natural resource rights¹¹ of communities and rightsholders, including Indigenous Peoples.
- iii. Map out other local stakeholders' roles and interests.
- iv. Developing a stakeholder engagement plan¹² and community engagement strategy that promotes *inclusiveness*, is tailored to different groups' preferred modes of engagement (time, location, format) and accounts for their rights, levels of influence, interest, and degrees to which they are potentially affected¹³.

¹¹ Annex 1.1 provides more guidance on the distinction between customary and statutory rightsholders, and implications of rights status for expected level of engagement.

¹² Stakeholder engagement plan and community engagement strategy are both defined in the glossary of terms. The community engagement strategy sits within, or alongside, the broader stakeholder engagement plan, which covers engagement with all stakeholder groups.

¹³ Levels of engagement included in the stakeholder engagement plan and community engagement strategy should include (i.) information-sharing; (ii.) consultation; (iii.) co-design, and (iv.) FPIC. Annex 1.1 provides more guidance on the expected levels of engagement, which vary depending on peoples' rights status (with Indigenous Peoples, and rightsholders have the right to FPIC, whereas communities with no customary or statutory rights being consulted in the project design).

- v. Implementing the stakeholder engagement plan and community engagement strategy with a well-trained and experienced project engagement team as part of the project design and implementation activities.
- vi. Disclosing all relevant project information in formats that are accessible and understandable by rightsholders, communities and other local stakeholders, and ensuring feedback and validation of outputs of participatory work (see also GPA 2 on co-design, and GPA 3 on FPIC).
- vii. Establishing a transparent¹⁴ grievance redress mechanism (GRM) that is based on existing conflict resolution mechanisms, prioritises local-level resolution of grievances, and includes peoples' preferred channels (especially women and vulnerable groups) of reporting and resolving grievances.
- viii. Developing a collaborative project governance and management structure which centres the leadership of local stakeholders – including representatives of all community groups - within the structure, assessing and planning to build the capacity of local and project governance and management structures through the project, and clearly defines roles and responsibilities.

Why is inclusive engagement important?

I. Identifying all communities, institutions, and legitimate community representatives

It is important to identify and understand community representatives (including but not limited to representatives of community institutions) and decision-making processes of communities, rightsholders and other local stakeholders because this forms the basis of how the project should work with these groups. Thorough identification and analysis of stakeholders ensures that no communities are left out, which often happens when some peoples' activities are illegal, contested, or seasonal, or if there are biases for or discrimination against certain groups, leading to their rights or roles in the landscape not being recognised.

In some contexts, communities might already have developed 'community protocols', or 'bio-cultural protocols', which is a community-developed document that describes the community's identity, governance structures, customary laws, rights, decision-making processes, cultural values, and expectations for engagement with external actors. This provides a framework through which projects can understand and respect how decisions are made, and consent is granted. Where these protocols are not in place, it is important to either seek meaningful input into the community engagement strategy, defined below, or to consider independent facilitation of a community protocol as a basis of project engagements.

II. Conducting a systematic analysis of statutory and customary land and natural resource rights

The analysis of community, rightsholders and other local stakeholders' statutory and customary rights ensures that the level and type of engagement is based upon a clear understanding of their statutory and customary rights¹⁵. This analysis should include itinerant or seasonal resource users who may have traditional claims over land and natural resources in the project area but might not have been granted statutory rights.

III. Map out other local stakeholders' roles and interests

¹⁴ Transparency in the context of a grievance mechanism includes publicly disclosing the mechanism, including the scope of grievances, procedures and adjudication process. Reporting on grievances received, and resolutions is also important, while maintaining peoples' privacy and not disclosing information that could enable communities or individuals to be identified.

¹⁵ See Annex 1.1.

The analysis of rights should also identify communities and other local stakeholders who might not have any customary or statutory rights to land and natural resources; for example, internally displaced persons, including climate refugees, who could be vulnerable groups and/or need to be engaged so the project concept can work in practice and to prevent inadvertent social impacts. In addition to direct users of land or natural resources, other local stakeholders such as businesses and traders will exert importance influences and need to be carefully identified and understood.

IV. Developing a stakeholder engagement plan and community engagement strategy

The stakeholder Engagement plan and community engagement strategy are important as they document the initial discussions and analysis. This allows the project team to plan future engagement systematically and objectively. The plan should be based on an analysis of influence, interest, and how much people may be affected, as well as people's rights. This engagement plan provides the framework to guide who should be involved in different Engagement Activities, and how to run these sessions.

Level of engagement refers to, in this guidance, the following levels, all defined in the glossary of terms:

- *Information-sharing.*
- *Consultation.*
- *Co-design* (described in GPA 2).
- *FPIC* (described in GPA 3).

V. Implementing the stakeholder engagement plan and community engagement strategy

The following is important within a stakeholder engagement plan and community engagement strategy, both for the development of the plan, and for the implementation.

- **Account for different communities**
 - These plans should account for different communities (as defined in the glossary of terms, not different villages). Different communities can have different decision-making processes and preferences for engagement processes, as well as different rights, which need to be accounted for in the engagement plan, particularly the level of engagement (decision-making power attributed to communities). Understanding and recognition of Indigenous Peoples decision-making processes, is key to respecting internationally recognised rights, and can require separate or parallel engagement processes in some settings. The risk of not accounting for different communities is that people feel the project is not engaging with them genuinely, and on their terms, losing legitimacy in their eyes,
- **Account for community preferences**
 - These engagement plans should be shaped by communities themselves and must reflect different engagement barriers, preferences, and power imbalances of community groups, including for example men, women, youth, vulnerable or marginal groups. Not doing so will easily, albeit unintentionally, exclude certain groups.
- **Account for differences in livelihoods**
 - At certain stages of the project design and implementation, it is also important to clearly define community groups along livelihood lines, for example hunters, charcoal producers, farmers and fishers. The engagement plans should be looking to accommodate the different constraints and barriers to participation, degree of affectedness, needs and aspirations, to ensure the most inclusive process possible.
- **Account for gender**

- Inclusive engagement involves designing and implementing a gender sensitive approach. Gender differences should be considered and accounted for across all the Good Practice Areas, Engagement Activities, the project governance arrangements, and within the project developers, implementers and local partners' own teams.
- Attention to the potential for introducing or exacerbating existing conflicts between men and women needs to be taken. Where feasible, separate engagements with women should be organised throughout the engagements, by female facilitators or extension workers, and in a manner that has been discussed and agreed with women. Women's barriers to participation, and limited involvement in decision-making, can be a common contextual issue that the project needs to understand through gender analysis, and the development of a gender action plan.
- **Build project team capacity**
 - Having a stakeholder engagement plan and community engagement strategy, and a well-trained engagement team to implement it, avoids issues of lack of buy-in (people don't support the project), lack of legitimacy (community input isn't seen as genuine), bias (missing important parts of the social picture), conflict (tensions rise or get worse) and failure (the project simply doesn't work).

If communities, rightsholders and other stakeholders feel the project engages with them genuinely and on their terms, it is more likely to be seen as legitimate and make progress.

VI. Information disclosure and validation processes

Projects are responsible for disclosing relevant project information to project affected peoples, including rightsholders, communities and other local stakeholders. This disclosure is a minimum requirement and is important to ensure that important information on the project timeframe, concept, and partners is in the public domain. Sharing clear information can reduce potential for miscommunication and mistruths circulating about a project, which can create local tensions. Ensuring this information is in suitable formats – verbal, visual and in local languages, is also key for all project affected people to be able to access this information.

In addition to this minimum requirement of sharing information, the co-design process described in GPA 2 below will generate a lot of information outputs, including results from baseline assessments, safeguard plans and procedures, and ideas for project activities. It is important that there is sufficient feedback and validation in communities, to ensure that the information was collected and interpreted accurately, and as the project then adds to and makes changes to these outputs in the process of co-design.

VII. Establishing a transparent¹⁶ grievance redress mechanism (GRM)

As the project design process is rolled out, and the outcomes of the planned activities become more evident to communities and other local stakeholders during implementation, it is important to then have means by which people can report any grievances that do arise. This enables the project to quickly deal with issues as they arise and creates a relationship of accountability of the project team to local stakeholders. A grievance redress mechanism should be designed with input from local stakeholders on their preferred channels for lodging a grievance, ensuring the mechanism is as accessible and usable as possible for those most likely to be affected. An effective GRM helps identify and fix problems before they get bigger, and shows the project is listening and responsive.

¹⁶ Transparency in the context of a grievance mechanism includes publicly disclosing the mechanism, including the scope of grievances, procedures and adjudication process. Reporting on grievances received, and resolutions is also important, while maintaining peoples' privacy and not disclosing information that could enable communities or individuals to be identified.

VIII. Developing a collaborative project governance and management structure

Lastly, while the grievance redress mechanism is essential to identify and address unidentified issues, developing a collaborative project governance and management structure, which centres the leadership of local stakeholders within the structure, is central to real accountability.

The project governance structure includes the broader project actors, as well as local governance structures essential for project operations. While communities, rightsholders and other local stakeholders might not have all the capacities and governance arrangements needed at the beginning of the project, the project should assess the required decisions, and roles and functions needed (monitoring, engagement with communities, preparing for verifications) against the existing capacity and arrangements of local stakeholders.

Decisions made during design and development include whether the project is deemed feasible, defining key elements of project design such as the overall theory of change, as well as methodology selection, and project boundaries. Decisions need to be made on benefit-sharing arrangements (see GPA 6), and some of the commercial aspects such as choosing a buyer, communications, and management of the periodic verifications.

It is important that the project not only clarifies the key roles in the project governance structure but proactively develops a capacity development plan that enables local stakeholders to increasingly take a stronger role in this project governance. When local stakeholders have a stronger role in project governance, this can increase the sense of ownership and ensure that local issues are centred in the project decision-making. Establishing new community structures should be avoided compared to working with existing formal and informal structures and ensuring that community representatives are feeding back to their constituents is important.

Good Practice Area 2 – Co-design



Co-design

Co-design in carbon projects refers to a collaborative process where communities, rightsholders and other local stakeholders¹⁷ jointly define a common land or natural resource problem, the causes and effects, and through working together, develop locally appropriate solutions which form the project design.

What should co-design entail?¹⁸

- i. Conducting inclusive and participatory activities with communities, community groups, rightsholders and other local stakeholders to understand principal threats, and underlying causes, to land and natural resources.
- ii. Collaboratively developing solutions based on a combination of community, rightsholders and other local stakeholders' knowledge and experience. Making the best possible use of the existing evidence base, including traditional, local and project-generated knowledge.
- iii. Establishing mechanisms¹⁹ and a working environment that allows communities, rightsholders and other local stakeholders and the project team (if different) to trial and learn from the proposed solutions and to adapt these interventions.
- iv. Thoroughly documenting the participatory process and its outputs, including the situational model (understanding of context), the solutions and their logical flow (results chains), and local stakeholder inputs into these.

Why is co-design important?

I. Inclusive and participatory activities to understand threats and underlying causes

Collaborative design is a) about generating a common understanding of the local context, particularly why the lands, territories or natural resources in question are threatened or why their restoration or regeneration is inhibited, and b) about agreeing on the best solutions to address the identified issue. Understanding the principal threats to sustainable land and natural resource, and what is changing, can be done without community engagement, through use of satellite imagery, and use of existing research. However, the involvement of communities, rightsholders and local stakeholders is essential in explaining why this is happening.

Engagement activities that look at the underlying causes, and the linkages between land and natural resource use, community well-being, and livelihoods, can explain why changes occur. This reduces the risk of misunderstanding underlying causes and reasons and then generating solutions for the wrong issues. Furthermore, it is important that communities have the opportunity and space to reflect on changes in land and natural resource use, as this forms the basis for the need for a project or initiative to address causes. This kind of participatory assessment can include community visioning, where, once problems and issues have been identified, communities are encouraged to consider their desired future for their lands, territories, natural resources and livelihoods, and to articulate what a healthy, resilient and prosperous landscape would look like from their own perspective. This shared vision can then guide the identification and design of project activities that support community aspirations rather than impose externally defined solutions.

¹⁷ More details on which local stakeholder groups should be involved in the co-design process is provided in Annex 1.1.

¹⁸ These components of co-design are inspired by the Open Standards for the Practice of Conservation (CMP, 2020).

¹⁹ As per GPA 1 point VIII on 'developing a collaborative project governance and management structure'.

II. Collaboratively developing solutions making best use of local and project-generated knowledge

In addition to identifying the threats, issues, and underlying causes together with communities, rightsholders and other local stakeholders, it is essential to also have this same co-design approach applied to the design of locally-adapted solutions – the project strategies and activities that will aim to bring about improvements in land and natural resource management and community well-being. This is essential for project effectiveness, and from a safeguarding perspective.

Project effectiveness

Co-identification of issues, and solutions, makes it more likely that project strategies and activities address underlying causes. Without this co-design process, it is only too easy for project activities to be designed based on biases and assumptions. For example, assumptions such as "communities have too many livestock", "local people don't understand the importance of mangroves", can lead to project activities which might be presented as logical to outside parties, but which do not address the real-life underlying causes (e.g. livestock are no longer mobile, or there are no sources of firewood other than mangrove wood) and real-life constraints faced by communities.

Introducing the wrong activities, or activities in the wrong sequence, can lead to low levels of uptake or adoption of project activities, local resistance, ineffectiveness, and even unintended consequences. A collaborative process making use of the collective intelligence of local actors and project proponents increases the chances of project effectiveness. Communities, rightsholders and other local stakeholders are only too aware of the land and natural resource issues and constraints they face. These constraints and barriers to change have shaped land and natural resource use, and there are always examples of where people have tried to change and improve livelihoods and land use activities, with invaluable lessons for the project.

However, projects can and should also bring valuable knowledge and experience to communities, in terms of potential solutions – technology, management measures, resources – that could be of interest to communities. This external expertise is important because communities do not always have access to this knowledge, and do not always have the solutions themselves. Expertise should be carefully introduced to co-design sessions, when the project problem statement, threats and underlying causes, are already clear. External experts can bring knowledge of what has worked in similar contexts, and local engagement in these potential solutions can ensure that proper analysis of what might and might not work in that given context, accounting for local logistical constraints (access to fresh water, markets, transport, materials), social dynamics (local norms, beliefs, and ways of working), as well as bio-physical and ecological processes (soil quality, ecological knowledge). Communities are most aware of what the barriers might be to changing local behaviour (e.g. lack of access to technology, constraints on household labour, social or cultural norms), which may not be immediately evident to an external project team.

Safeguarding

In addition to improving project effectiveness, as described above, it is also key to involve communities in co-design to respect their rights to participation in activities that affect their lives, and, to manage any potential adverse impacts.

In practice, it can be challenging to work collaboratively on all project activities with all communities, rightsholders, and other local stakeholders. This good practice area is most important for those people whose land use and livelihood behaviours are integral to the project, particularly rightsholders who are coming up with solutions for land and natural resource use on their land. However, in addition to rightsholders, this good practice area is also essential for communities who have no rights over land or natural resources, but are affected people, as their land and natural resource use will be affected. For this latter group of people, collaboration should focus on developing solutions to manage any identified impacts, so that these solutions ('mitigation measures') have been co-designed, and are more likely to be effective²⁰ in managing any adverse impacts.

III. Establishing learning mechanisms for co-design

As land and natural resource use issues are inherently complex, it is important that projects make the best use of existing evidence, including knowledge within communities and with other local experts, as well as initiatives in similar contexts as the project area.

Establishing a learning mindset and environment, which involves the opportunity for communities, rightsholders and other local stakeholders to come together with the project team, and to discuss evidence and learning for the project design and operationalisation, provides a space in which learnings can be discussed transparently, and the project can adapt as new information comes to light through the monitoring.

Learning approaches that focus on 'sensitising' or 'teaching' communities, with a focus on externally generated knowledge, lead to a one-way flow of information, and risk developing solutions that are not fit for purpose. The learning forum or environment should instead be part of the project's collaborative governance structure (GPA 1, VIII) and would consider how to ensure that it is an inclusive space, allowing for knowledge creation and sharing.

IV. Thoroughly documenting the participatory process and its outputs

To enable adaptive management, the project should first establish a theory of change (ToC). The engagement activities suggested in Part 2 of this guidance collect information that will contribute to the ToC, but separate planning activities will be needed by the project team to build up the ToC. Documenting the inputs from the participatory process carefully, including the projects' state of knowledge, decisions, and stakeholder input, ensures that the knowledge is not lost as the team composition and stakeholders change over time. This documentation and adaptation exercise can also demonstrate how local input has been incorporated into the project design.

²⁰ See Annex 1.1, rights explainer, for guidance on levels of engagement of different rightsholders groupings.

Good Practice Area 3 – Free, Prior and Informed Consent (FPIC)



Free, Prior and Informed Consent (FPIC)

Free, Prior and Informed Consent (FPIC) in a carbon project refers to the principles and process²¹ through which the project seeks consent from statutory and customary rightsholders whose lands or natural resources may be affected by project activities, as well as rightsholders in adjacent areas²² who may be adversely affected.

What should FPIC entail?

- i. Identifying all rightsholders and their legitimate representatives²³.
- ii. Co-developing an FPIC Protocol that represents best practice FPIC, is inclusive and jointly agreed, and is based on or draws from rightsholders' own decision-making processes and preferences²⁴.
- iii. Building the capacity of everyone involved in the FPIC process, including access to and understanding of all relevant information, covering both the project proponent team, duty bearers and rightsholders.
- iv. Implementing the FPIC protocol, including clear FPIC decision points, such as willingness to consider the project, willingness to enter negotiations (management planning), and consent to the resulting agreement before project start, respecting the right to withhold consent²⁵, and outlining further FPIC decisions during project operationalisation²⁶.
- v. Negotiate a fair, clear and transparent agreement²⁷ by ensuring the conditions for effective and inclusive participation.
- vi. Ensure communities have access to independent impartial legal advice prior to final consent.
- vii. Documenting FPIC and formalising the found consensus using means that are culturally adapted and accessible to local communities.
- viii. On-going and independent validation of FPIC, making necessary adjustments as conditions change.

Why is FPIC important?

Free, Prior and Informed Consent (FPIC) an internationally recognised right of Indigenous Peoples, and an increasingly frequent legal requirement for carbon project development in many countries. FPIC is defined as the right of Indigenous Peoples to give or to withhold their consent to any project affecting their lands, livelihoods and environment²⁸. This right to FPIC is based on the legal principle of self-determination²⁹. FPIC is not solely about meeting compliance requirements but is fundamental to ensuring that Indigenous Peoples and other rightsholders retain control over their lands, territories, and natural resources, including decisions on how they are managed and transformed. For project developers, FPIC is essential to ensure

²¹ See glossary of terms for definition of FPIC, and the process, conditions and tenets of FPIC.

²² See glossary of terms for definition of area of influence.

²³ See Annex 1.1 and Annex 1.2 which includes a definition of who is entitled to having their Free, Prior and Informed Consent (FPIC) sought.

²⁴ See Annex 1.2 for more guidance on who has the rights to FPIC. Note that in contexts where there is a strong and trusting relationship between the project proponent, and rightsholders, a single 'project FPIC Protocol' with rightsholders' own decision-making processes and preferences included, can be sufficient, and this can be designed between rightsholders and the project proponent. However, in contexts where this relationship is not in place, it is recommended to have an independent group support communities to design a community FPIC protocol, which would then be adopted and followed by the project proponent.

²⁵ See Section 5.2 or guidance on procedures when FPIC is not granted.

²⁶ Decisions during project operationalisation recognise that FPIC is an iterative and ongoing process. New FPIC decisions may be required where there are material changes to the basis upon which consent was given, such as changes to project activities that affect rightsholders, significant changes in the social, environmental or economic context, new information, or changes in applicable laws or regulations.

²⁷ See also GPA 6 on benefit-sharing.

²⁸ Adapted from the RSPO FPIC Guide (RSPO 2022).

²⁹ For further information, see the Charter of the United Nations, 1945: Art. 1(2).

legal defensibility and provide a licence to operate, which is demanded by the market. For rightsholders, it is important as it represents a transparent process through which communities' rights are respected, and the process should move as fast or slow as needed to ensure adequate information and understanding prior to making decisions which affect their lives. For the project, FPIC is essential to ensure buy in and hence sustainability of the project.

I. Identifying all rightsholders and their legitimate representatives

In the context of carbon projects, FPIC requirements are not only defined by national legislation and international human rights law, but also by carbon standards which introduce additional criteria on who is entitled to FPIC.

Most carbon standards include FPIC requirements which apply to statutory and customary tenure, use, access, management rights to lands, territories, and resources existing within the project area. In this case, local communities with customary or statutory rights over the project area are also entitled to FPIC.

Identifying rightsholders and representatives early on in project design enables these communities to contribute to the design of the FPIC process the project proponent and communities will follow, ensuring that the FPIC process, conditions and tenets are upheld. Misidentification of rightsholders, for example applying FPIC in a blanket fashion to all communities – including those that have no customary or statutory rights – can create legal ambiguities. Non-identification of rightsholders, for example pastoralists or seasonal fishers with customary rights to use, can lead to the project having to re-start the FPIC process, with all the time and financial costs this involves.

II. Co-developing an FPIC Protocol

The FPIC process is structured around the project proponent's role as the 'duty-bearer', and those communities with customary or statutory land and resource rights that could be affected by the project as 'rightsholders'. This enables the community to grant or withhold consent for any carbon project activity that occurs on their lands and natural resources, or affects their lands and natural resources, and by extension their livelihoods and environment.

The FPIC process aims to ensure that the project proponent and communities have considered the costs and benefits of the different management measures being introduced, and how these will be managed.

The FPIC process is equally important where external organisations' proposed actions could infringe the rights of local communities, and where communities themselves, within their formally recognised territories, decide how to use natural resources and may choose to restrict community members' access.

In both cases, the FPIC process serves to ensure the project proponent and community have reached an equitable agreement that is likely to be long-lasting. In all cases, the FPIC process must be informed by rightsholders' own decision-making processes and preferences³⁰. In both cases, it is recognised that FPIC is a collective right, and that consensus needs to be sought from within the community and community groups (not only via community representative institutions) in an inclusive manner that involves vulnerable groups, women, and those most affected by the project.

³⁰ Noting that in cases with strong and trusting relationships, the project proponent could work with the community to define the FPIC process prior to following it, whereas in cases where this relationship is not in place, independent support to the communities to establish the community-preferred process is needed.

As such, the project's FPIC protocol must be co-developed, to ensure both duty-bearers and rightsholders have a feasible and agreed process, prior to embarking on the exercise. In practice the FPIC protocol will be updated (and agreed) iteratively. Without this FPIC protocol in place, the project team responsible for implementing FPIC will lack guidance, the project cannot demonstrate how FPIC has been conducted to validators or auditors, and there is a risk of raising tensions and local resistance when FPIC processes start.

III. Building FPIC capacity

As well as being a compliance requirement, FPIC is also an essential mechanism to ensure that all rightsholders have understood the planned project, the potential implications (costs and benefits), and that there is community consensus on the decision that is being made³¹. If communities are not aware of FPIC, and their rights, it can be challenging for them to input into the design of the FPIC protocol or the implementation of the FPIC process. As such, building capacity in communities on FPIC early in the project design is essential.

The FPIC process should share information on the project design, partners, financing arrangements, and technical aspects. The information required by rightsholders, to make this decision, needs to be identified and included in the capacity building and training, as well as the FPIC engagements themselves. Some carbon standards are prescriptive about the basic information that needs to be shared³², but as each project is different, duty-bearers and rightsholders need to consider what information is needed so communities can take an adequately informed decision at the various decision points.

Within the team designing and implementing FPIC with rightsholders, it is equally important to build capacity for FPIC, as FPIC can be easily misunderstood or misrepresented. In addition to the technical aspects of FPIC – including the tenets (the F, P, I, and C), conditions (for communities and the project), and process, is just as important to build the understanding that it is in everyone's interests that the FPIC process is clearly understood and effectively implemented, as it is not solely a compliance and legal requirement, but the keystone to an effective project.

IV. Implementing the FPIC Protocol, including clear FPIC decision points

Where there is no clarity on what consent is being sought for, from whom, and when, the implementation can become confusing for both the project team and rightsholders. As such, the FPIC protocol should include the FPIC process, which would include clear decisions and decision points.

While every project is different, there are three well-recognised FPIC decision points, prior to project start, which align with the typical carbon project development process. These include:

- willingness to consider a project: this refers to willingness to work with the project proponent to further develop a concept that has been broadly agreed with communities, e.g. a land restoration concept.
- willingness to further develop management plans and benefit-sharing plans, once initial information for the plans and a site-level impact assessment have been conducted³³.

³¹ The specific decisions being made through the project development process will vary, from an initial willingness to work with the project proponent on the development of a concept, through to a final agreement, which includes land use measures, livelihood support and benefit-sharing arrangements, and other aspects of project design that have been deemed (by the rightsholders and duty bearers) as important to include in the agreement.

³² For example, VCS v5.0 (requirement 3.17.5) lists information that should be shared, including an introduction to carbon markets, carbon projects, the process for registering projects with an issuing VCUs, validation and verification scope, for example.

³³ Note that this FPIC decision-point refers to the end of "baseline and assessment phase", with consent to enter "implementation planning" phase (see Part 2 of this guidance).

- consent to the management plan(s) and benefit-sharing agreement(s)³⁴ and other aspects of the project deemed important (by rightsholders and duty-bearers alike) to include in the agreement.

V. Negotiate a fair, clear and transparent agreement

Clear project agreements should set out, in language and formats accessible to the community, the agreed project activities, the rights and responsibilities of all parties, governance and decision-making arrangements, benefit-sharing mechanisms, grievance procedures, monitoring and adaptive management arrangements, and the circumstances under which the agreement or consent may be revisited.

Agreements should be developed transparently and reflect the outcomes of the FPIC process.

Most importantly, respect for the principle that FPIC includes the right to withdraw consent at any stage, because consent must be free, voluntary, and ongoing to be valid. Agreements cannot constrain this right, and the process for consent withdrawal should also follow the community's recognised decision-making process.

VI. Independent, impartial legal advice

As the resulting FPIC and benefit-sharing agreement is often a legal document, in the format of a contract, it is important that rightsholders have had access to impartial legal advice. The timing of this advice will depend on the project but is most important towards the third FPIC decision-point listed above, where near-final management plans and benefit-sharing agreements are available. How communities access this advice will vary. In some cases, communities might have access to independent legal support via local advocacy organisations, whereas in others, it will be important for the project to support with the identification of a suitable advisor, and financing of this, while maintaining impartiality.

VII. Documenting and formalising the found consensus

All FPIC-related activities should be carefully documented. It is the responsibility of the project to ensure that this documentation is conducted and information is stored systematically. Without this information, including photos of meetings, participant lists, meeting minutes, feedback logs, and project reports documenting activities, there is a risk that key rightsholders inputs are missed or left unanswered. There is also a risk that the project or communities misconstrue what occurred in a previous meeting, and that outside parties such as validations and auditors question the integrity of the process itself.

As FPIC is a communal right, there needs to be a clearly defined process on how consensus is demonstrated, using culturally appropriate means. In some contexts, the raising of hands during community group meetings can indicate support or opposition, which can then be considered by representatives nominated to make and formalise the decision. In other contexts, the mechanism will be different. Different approaches to formalising this decision exist in practice. Projects sometimes provide an Expression of Interest letter, and in some contexts, this can be appropriate, whereas in other contexts, communities might prefer to have decisions made orally and transcribed by the project team or made through ceremony.

The FPIC Protocol should have a clear process for when consent is not granted at any one of the FPIC decision-points. This is important to prevent long delays between engagements, and to ensure that both

³⁴ Noting that equitable benefit-sharing extends beyond the distribution of project revenue or profit, as it is embedded in the project design and the distribution of costs and benefits, as per Good Practice Area 6.

the project and rightsholders have a fair chance at revising aspects of the project to better fit concerns raised³⁵.

VIII. On-going and independent validation of FPIC

Independent validation of FPIC is an important safeguard for both the project proponent and rightsholders, to ensure periodically that the agreements are working for both parties, to identify where adjustments are needed.

³⁵ More guidance on processes for when FPIC is not granted, is provided in Part 2, under ‘Concept Development’ (Section 5.2).

Good Practice Area 4 – Environmental & social risk management



Environmental and social risk management

Environmental and social (E&S) risk management in a carbon project refers to the process a project follows with local stakeholders to identify and manage unintended negative E&S risks and impacts. This includes thorough assessment of these risks and impacts together with affected peoples, adjustments to project design to maximise positive impacts and avoid or minimise adverse impacts, and the co-design of any measures needed to mitigate any residual impacts.

What should E&S risk management entail?

- i. Conducting a thorough E&S risk screening of the project once a clear project concept has been developed³⁶.
- ii. In collaboration with communities, rightsholders and other local stakeholders, assessing the potential E&S risks and impacts of project activities and outcomes on the environmental and social conditions, including direct, indirect, and cumulative social risks³⁷.
- iii. Adjusting the project design to account for these risks through a co-design process with communities, rightsholders and other local stakeholders. Adjustments should include the introduction of measures to manage identified risks and impacts, prioritising avoidance, then minimisation, and then mitigation³⁸.
- iv. Documenting the avoidance, minimisation and mitigation measures in an overall Project safeguard plan³⁹ that defines roles and responsibilities, allocates adequate resources for implementation and contains an adaptive monitoring plan.
- v. Implementing the planned measures, ensuring adequate environmental and social expertise and resources for implementation.
- vi. On-going monitoring and evaluation of existing or new risks and impacts, effectiveness of mitigation measures, supported by frequent feedback from affected communities.

Why is E&S risk management important?

While carbon projects are designed to improve environmental and human well-being outcomes, project activities, and the outcomes of these activities, can have adverse impacts on communities and other local stakeholders. This can include social (including human rights) impacts, such as impacts on livelihoods (see Good Practice Area 5), impacts due to increased law enforcement, exacerbation of gender inequalities, or aggravation of human wildlife conflict, for example. In addition to the requirements in carbon standards to avoid, minimise and mitigate these impacts, projects with unmanaged E&S impacts can quickly lose local support and credibility.

I. E&S screening

Early identification of potential E&S (including human rights) risks and impacts can ensure these risks and impacts are reflected in the project design. If these early checks - which should include inputs from

³⁶ In NCS projects, the most likely adverse impacts are social, but environmental impacts can occur, and are included here for completeness, as the E&S process will consider both.

³⁷ Direct, indirect and cumulative social risk factors to be considered include potential negative risks and impacts on human rights, livelihoods (see Good Practice Area 5), incomes, cultural heritage, resource access, property rights, gender equality, vulnerable groups, conflict, population growth, child labour, forced labour and working conditions (including occupational health and safety), climate vulnerability, human wildlife conflict, and any other relevant risk factors.

³⁸ Technically, avoidance, minimisation and mitigation are all mitigation measures, but mitigation is used in this context to avoid the use of compensation, which is often read and interpreted as a direct cash payment. Compensation can include cash or in-kind payments but can also include other support packages that compensate for any residual impacts that cannot be fully avoided or minimised.

³⁹ This can be an environmental and social action plan (ESAP), or environmental and social management plan (ESMP), for example.

rightsholders, communities and local stakeholders - are not conducted, there is a risk that the project misses potential red flag issues. These issues can include problems that are, or can become, unmanageable, such as severe land tenure conflicts, or recent and unresolved human rights violations. Early identification allows for changes to be made the project concept, including the potential activities, area, governance and partners, early on, avoiding wasting resources on a project concept that later turns out to be too risky to develop further.

The E&S screening also enables the team to carefully plan the E&S assessment. This is important to ensure the assessment has a clear scope, focuses on the actual issues, and is conducted to a sufficient depth. Without a screening, the E&S assessment can remain quite generic, which rarely translates into useable actions or recommendations.

II. E&S assessment

It is important to have a systematic assessment of potential risks and impacts, including a process that leads to changes in project design and the development of a project safeguard plan(s). The assessment also must be conducted at a point where the project concept is sufficiently developed to be informed by the potential project activities and what they might look like in practice at any given site.

The assessment is important to ensure that the project has directly engaged project affected people – those people who stand to be affected by the project activities – in discussions about the activities, any potential risks and impacts, and how these might be managed. Rightsholders, communities and other local stakeholders often do not have an understanding or awareness of international E&S Standards, and their rights and entitlements therein, and the E&S assessment provides a framework through which each potential risk area (e.g. labour and working conditions, access restrictions and livelihoods) is given due space and consideration. Without the assessment a project could easily miss a potential adverse risk, either through lack of awareness, or through unclear responsibilities for these risks and impacts, which could lead social or environmental harm (albeit unintended) during the project operationalisation. This can erode local project legitimacy and threaten credibility.

As social and human rights impacts occur on the level of the individual and may vary widely within a project, it is important that impact assessment is integrated into the development of the local management plans on the site and village level, so context-specific impacts can be understood and management measures planned for at this level.

III. Adjusting project design

While the assessment should be conducted at a point where the practical realities of the project concept are understood on the ground, similarly, the assessment should be early on enough in the project design process to allow changes in activities, area, governance and partners to be made. Having a flexible project concept, which is adaptively managed, is key to ensuring that changes in project design are not seen as an inconvenience but are factored into project management. It is important to avoid simply maintaining the project design as it is and hoping that project safeguard plans and associated mitigation measures will be sufficient to manage risks. E&S assessment and management should apply the mitigation hierarchy, where risks and impacts should first be avoided, and only if they cannot be avoided (while still maintaining the project objectives), minimised, and then fully mitigated (through livelihood restoration or compensation).

IV. Project safeguard plan

It is important that the project has a written plan which includes the risks and impacts that have been identified as part of the E&S screening and assessment process described above. Without such a plan, it is

challenging for the project team to make the link between adverse impacts and mitigation measures, or to track progress and effectiveness of the procedures and measures put into place. Without a plan, risks can become forgotten or confused, and only resurface when there is an incident, when it is too late, and time-consuming processes for remedy are then required. Serious incidents can have severe impacts on relationships with communities, and trust is easily lost, while the credibility of the project can also come into question. As such, the project safeguard plan is a way to demonstrate internally and externally what measures are being taken, and a way to adaptively update the project's approach to E&S (including human rights) risks as the project develops.

The project safeguard plan can also clarify the project responsibility for managing risks and impacts. Project teams are often aware of risks and impacts on the ground, but can tend to consider them as contextual issues, rather than impacts to which the project is contributing and has a responsibility to manage. Responsibility for managing the risks and impacts can be confused for the mandate to implement activities, and therefore it is important that responsibilities are clarified with communities and government partners.

Depending on the project, and reference framework (the standards, legislation and community protocols that apply to a given project), there can be more than one safeguard plan established by a project. For example, this guidance refers to the stakeholder engagement plan, community engagement strategy, FPIC protocol, and grievance redress mechanism. It is important that these plans have had input from rightsholders, communities, and other local stakeholders, that there are practical measures in these plans, that the plans are integrated into the project design, and that they are not overly long or complex preventing use or communication to stakeholders. It is preferable that there is one overall safeguard plan, such as an environmental and social management plan (ESMP), which has reference to all E&S risks and impacts, can refer to all of the project's sub-plans and procedures, and is regularly updated by a qualified team member responsible for safeguards.

V. Implementing mitigation measures

Unmanaged risks and impacts can result in both social and environmental impacts. Social costs are often inequitably distributed between and within communities. The result of these costs can be reductions in local well-being, deteriorating attitudes towards the project, social conflicts arising, and non-compliance with the management plans to achieve project goals. Such impacts are also not permitted under carbon standards, which explicitly require projects to design mitigation measures that are commensurate with the risks and impacts identified⁴⁰, nor international law on fundamental human rights.

The project team must have the required expertise, capacity, and resources to implement the mitigation measures included in the project's safeguard plan (s) and the costs for these should be clearly factored into a project's financial model (see Good Practice Area 6 on benefit-sharing).

VI. Monitoring and evaluation

In addition to ensuring there are practical measures and procedures in the project safeguard plan(s), it is also critical to ensure that the project is tracking the progress of the implementation of these measures. Safeguard measures and procedures are designed for a reason, and if they are not followed, then the risk is not being effectively managed. Furthermore, it is important to monitor effectiveness of the mitigation measures, to ensure that the planned actions are having the desired effect and enabling the project to adaptively respond to ineffective measures or new risks. While the safeguards plan(s) are separate to the overall project description (with actions integrated into the project design), the monitoring and evaluation

⁴⁰ For example, VCS 5.0, requirements under 3.18, and requirements under 3.9 of PV Climate (V5.7).

of the project's safeguards can and should be integrated into the project's overall M&E system. This is important to reduce transaction costs for communities and the team, and ensure monitoring is conducted as planned.



Good Practice Area 5 – Improving livelihoods

Improving livelihoods

Livelihoods in a carbon project refers to the livelihoods of communities, rightsholders, and other local stakeholders, and it is important to understand local livelihood systems and how livelihoods are accounted for in the Project Design. This includes ensuring that the project does not result in negative impacts on livelihoods and improving livelihoods through project activities and as an outcome of the improved land and natural resource use system.

What should improving livelihoods entail?

- i. Creating a holistic understanding and characterisation of the livelihoods of Indigenous Peoples, local communities, and other local stakeholders⁴¹.
- ii. Carefully considering how livelihoods feature in the project design, including those livelihood improvements necessary to enable communities to implement the land or natural resource management interventions, as an outcome of the improved land or natural resource management system, and as part of livelihood initiatives in the carbon revenue sharing mechanism.
- iii. Assessing where there is potential for adverse impacts⁴² of proposed land and natural resource management measures on livelihoods - including reinforcing or maintaining access and use restrictions, introduction of new restrictions or activities requiring livelihood (including behaviour) change, or increased human wildlife conflict affecting livelihoods, for example.
- iv. Co-designing a livelihood restoration and improvement programme⁴³ that accounts for the role of livelihoods in the project design, accounts of livelihood impacts identified, considers common pitfalls and issues with livelihood interventions, and is based on adequate feasibility assessments and trials of new interventions, prior to scaling them out.
- v. Including in the project team, or partners, sufficient experience, expertise and resourcing to the livelihood restoration and improvement programme to match the scale and depth of livelihood challenges and improvements needed to achieve the project goals.

Why is improving livelihoods important?

I. Understanding livelihoods

Understanding the inter-connected nature of local livelihoods and the land and natural resources in the project area is fundamental to establishing a grounded project concept and design. Projects without this understanding risk misunderstanding why people practice certain activities, at certain times of a year, and in a certain way. Household livelihood strategies and portfolios are inherently complex, often with great variation within and between communities, and projects that aim to incentivise and enable local livelihood behaviour change need to lean into this complexity. While the socioeconomic assessment and baseline referred to in GPA 7 goes a long way to providing this understanding, each project will need to decide on the best approach, and specialised livelihoods assessments, as well as working closely with rightsholders and communities (GPA 1 and 2), are essential.

II. Livelihoods and project design

⁴¹ Note that the socioeconomic assessments and baseline referred to in GPA 7 (Socioeconomic assessment and monitoring) will contribute to this understanding of livelihoods.

⁴² Note that this assessment is closely linked to GPA 4 on E&S risk management. However, as livelihoods often require particular attention, and a more focussed and site-level assessment and understanding, it is reiterated in this GPA.

⁴³ See Annex 1.3, livelihoods explainer.

It is important to understand how livelihoods feature in a project design, otherwise the role of livelihoods in the project risks being understated, and the project risks not achieving its outcomes, having adverse livelihood impacts, and not optimising the opportunity to improve local livelihoods.

Livelihoods can feature in project design as:

- **A project strategy/activity:** a livelihood improvement intervention can be a solution to an identified threat or barrier, such as a solution to a cause of deforestation, degradation, or a barrier to land restoration. For example, a livelihood initiative to produce charcoal more sustainably, or to substitute the income derived from charcoal production entirely, aims to reduce or remove a threat. In this case, improved livelihoods are a project strategy/ activity, and a means to achieve the desired project outcome.
- **An outcome of the improved land and natural resource status.** For example, improved grass availability could occur due to project-supported land restoration, which could lead to improved livestock health, survival, and revenue from cattle. In this case, improved livelihoods are an outcome, rather than an input.
- **A stand-alone livelihood programme** which has its own targets and is not necessary for a) or b), i.e., is neither a strategy or activity to achieve the project outcome, nor an outcome in and of itself. Instead, the livelihood programme is introduced, for example, as part of the carbon revenue sharing arrangement. In this case, the improvement of livelihoods is “additional” beyond the means to an end (achieving the project outcome), and beyond being an outcome of the project improving land or natural resource management.

Understanding where livelihood development does feature, and needs to feature, in a project’s design, is critical to understanding who bears the costs, who receives the benefits and when. Where livelihood interventions are positioned as a strategy to reduce threats (a), households may be required to change or restrict their existing livelihood activities immediately. In these cases, timely and adequate technical and financial support will be essential to reduce impacts. Where livelihood benefits are positioned as outcomes of improved ecosystem condition (b), those benefits may only be seen in the medium/long term and may not apply equally across households. Stand-alone livelihood programmes (c) may provide additional benefits, but these may be decoupled from the individuals or groups who bear the initial costs.

If this is not done correctly, and the project design simply assumes that there will be benefits once management measures are effective (i.e., b) or where the project has a stand-alone livelihood programme as part of the carbon revenue share (i.e., c), or the community has livelihood improvement initiatives as part of the carbon revenue share mechanism, this can lead to very unequal costs and benefits on an individual and household level within a community. In contexts where women or vulnerable groups are most dependent on natural resources and might be most affected by the management measures, and potentially least involved in decision-making, these groups could be disproportionately affected. For example, in a mangrove management project, women might be most reliant on mangrove for fuelwood (own use), and for cash income (sale of fuelwood), and the use of this fuelwood is restricted or altogether prohibited. The livelihood programme introduces woodlots, managed predominantly by men, to establish an alternative source of timber for construction, and fuelwood, but woodlots take time to establish and grow, are located distant to the village, and become orientated around timber for construction rather than fuelwood due to the lack of women’s involvement in the initiative. Or, woodlots fail, as the enabling conditions to establish the woodlots were not in place or put in place. This is an example of where livelihood costs are not offset by a livelihood programme.

Such differences can be imperceptible for those people situated outside of the community (i.e. for the project development team, or a project validator), while being critical to levels of adoption and community

support for the project. In projects where the inter and intra community distribution of costs, and benefits, has not been thought through with communities (even where the higher-level cost-benefit distribution might appear equitable) can lead to major disparities within communities, an unequitable distribution (distribution inequity). This is reinforced where the project has not identified and recognised certain rightsholders (recognitional inequity) and has not included them in planning or discussions (procedural inequity).

Finally, how livelihoods feature in the project design will also change as the land and natural resource use system develops, as improvements are made, new opportunities will emerge and some activities will become obsolete, and this change should be accounted for through the project's socioeconomic assessment and monitoring and adaptive management (GPA 7).

III. Livelihood impact assessment

Once the positioning of livelihoods in the project design is clearly understood, during the development of site-level land and natural resource management plans it is essential to assess the scale of the livelihood impact of proposed project activities (and management measures in a local management plan, if these are different) on peoples' livelihood activities and strategies. This involves a combination of assessing impacts (should certain management measures be put in place) and assessing the barriers that communities face to adopt new management measures (changes in zoning, seasonal or temporal use of areas, etc).

Where there are likely to be important livelihood impacts, this must include careful assessment of the number of households affected, the type of impacts (e.g. additional travel costs, reduced income, reduced access to food in times of need) and severity of impacts. Without collecting this local-level information with communities, particularly on opportunity costs, and the costs of introducing new activities,⁴⁴ it is impossible for communities to articulate the barriers that exist for them to adopt improved land or natural resource management activities, and the potential impacts of the resulting land or natural resource use system.

IV. Livelihood restoration & improvement

The shared understanding of impacts and barriers for adoption of improved management measures, on a site level, is needed to allow communities and the project to budget⁴⁵ for the right scale and type of livelihood interventions to restore livelihoods⁴⁶, and/or to enable communities to overcome barriers and transition to more sustainable land/ natural resource management. Without this understanding, it is impossible to plan who should be involved the project's livelihood restoration and improvement activities, and therefore impossible to ensure that resources for livelihood restoration and improvement (information, training, materials, other support identified) is reaching those who are most affected and/ or need to make changes in their livelihood activities.

There are many common pitfalls in livelihood intervention planning. While these are well known in the sector, they may not be known to the project team. It is important that project teams have an awareness of these before going into any planning exercises⁴⁷. Conducting a feasibility assessment of new livelihood improvement interventions (new to the project area), ensures that all of the economic, environmental and socio-cultural conditions that need to be in place for that intervention to achieve its stated objectives, are

⁴⁴ Noting that the cost of a livelihood restoration and improvement programme is not based on a calculation of the opportunity cost to communities, but on the cost to design and implement an effective livelihood restoration programme that can overcome barriers and restore and improve livelihoods compared to their initial condition.

⁴⁵ Note that, as in Good Practice Area 5, it is important to budget for these livelihood costs prior to considering further revenue share from project carbon revenue.

⁴⁶ See glossary of terms for livelihood restoration.

⁴⁷ A short list of common pitfalls is provided in Annex 1.3, but this is far better detailed in other work, which is also cited in Annex 1.3.

in place, or could be introduced (or the intervention is adapted). Feasibility assessments can develop the initial plan for this intervention to be trialled and adapted prior to any scale-out⁴⁸.

V. Livelihood expertise

Lastly, considering the technical, financial and social complexities of livelihood programmes, it is essential to ensure that the project team, communities, and partners have adequate experience and expertise to design and implement the suggested measures. Careful planning of the required scale of livelihood interventions, to achieve the agreed goals, is also needed to ensure resources are available for training, start-up costs, and staffing. As projects often have different livelihood initiatives – for example small enterprise development, village savings groups, conservation farming programmes – often different skill sets are required. How this expertise is maintained in the project – through staff, partnerships, or training – will depend on the types of initiatives being supported. Without this expertise, livelihood programmes can quickly fail and lead to distrust and undermine the project’s ability to achieve its desired outcomes.

⁴⁸ See also Good Practice Area 2, on co-design, and a learning environment, and Good Practice Area 7 on monitoring and evaluation.



Good Practice Area 6 – Equitable benefit-sharing

Equitable benefit-sharing

A benefit-sharing mechanism in a carbon project refers to the process through which decisions are made about how carbon revenue is distributed, the principles which are applied in this process, the stakeholders who are recognised and engaged, and the resulting benefit-sharing agreements which describe this mechanism and the resulting distribution of carbon revenue. Equitable benefit-sharing relates to the three components of equity, including 1) the procedure through which these decisions are made; 2) recognition of rights; 3) equitable distribution of revenue and other benefits.

What should equitable benefit-sharing entail?

- i. Co-design of a process to be followed to develop the benefit-sharing mechanism which includes rightsholders and defines other local stakeholders to be involved.
- ii. Implementation of the process which includes the co-design of the scope, purpose, objectives, principles (including equity principles) and design features⁴⁹ of the benefit-sharing mechanism with the project developer, project proponent, and communities and other local stakeholders.
- iii. Assessing the costs and cost-bearers⁵⁰ in the project, on every level, including operational costs, opportunity costs, core costs⁵¹, and ensuring that these costs are considered in the benefit-sharing mechanism and accounted for in the project's financial model.
- iv. Development and negotiation of the benefit-sharing agreements based on the agreed benefit-sharing principles and mechanism, and including the governance arrangements, roles, responsibilities and commitments of all parties to the agreement.

Why is equitable benefit-sharing important?

The sharing of benefits from a carbon project, particularly the division of the carbon revenue between the project proponent, project developer and rightsholders, communities and other local stakeholders, is key to project equity. While the procedural and recognitional aspects of equity are covered in other GPAs, this GPA covers the distributional aspects of equity, considering the distribution of both costs and benefits. This GPA focuses on the benefits in terms of the sharing of carbon revenue with communities, while recognising that there are also medium-long benefits of improved land or natural resource management, and other forms of benefit (e.g. employment provided by the project proponent, improved recognition of land rights) that carbon projects can bring about.

I. Develop the co-design process for the community benefit-sharing mechanism (CBSM)

The Good Practice Area on inclusive engagement (GPA 1) foresees the collaborative development of a governance structure which centres local stakeholders in the leadership of the project. The project stakeholder engagement plan, and community engagement strategy should also include a specific process for the design of the community-benefit-sharing mechanism and consider how this fits with the project governance structure. This is important as the people who have decision-making over the benefit-sharing mechanism can be different to those who are engaged for other aspects of the project.

Stakeholders who participate in the decision-making process for the design of the community benefit-sharing include those people who hold rights (customary or statutory) over land, natural resources or

⁴⁹ Design features of a benefit-sharing mechanism include aspects such as benefits, beneficiaries, benefit-use and disbursement, fund management, and monitoring and adaptation.

⁵⁰ Cost-bearers are the people or institutions who experience the costs.

⁵¹ Definitions of these cost categories are included in the glossary of terms.

knowledge from which the benefit distributed via the CBSM is generated. These ‘CBSM rightsholders’ should participate in defining the scope, objectives, principles and design features of the CBSM. CBSM rightsholders have the right to consent or withhold consent for the design of the CBSM, which culminates in the final benefit-sharing agreement and Free, Prior and Informed Consent (FPIC) for this agreement.

It is important that those communities who are not rightsholders, and other local stakeholders, are also consulted as part of this design process, as these groups might have an important role and influence in the CBSM. These groups could still benefit from the CBSM, as they could be affected by the project, or play a role in implementing the CBSM.

II. Co-design of the benefit-sharing mechanism

This process of co-designing the community benefit-sharing mechanism includes the definition of the scope, objectives and principles. The process needs to consider the project design and objectives, and any national or international standard requirements, which are important to consider as they introduce some constraining factors which should be clear to decision-makers through the process.

It is important to ensure that the scope of the CBSM is clear. There are aspects of benefit-sharing on the level of the project developer, including the overall financial model, which the CBSM rightsholders may not have any decision-making control over. Regardless, information on the financial model and broader benefit-sharing mechanism needs to be shared transparently, as the consent process includes consent for the overall benefit-sharing model. CBSM rightsholders involvement in the design is for the community-level component of the BSM. Rather than pre-defining the CBSM, engagement should include discussions on the (i.) scope and objectives; (ii.) the principles that the CBSM will use in practice, including the sub-components of distributional equity (equal, benefit according to contribution to goals, benefit according to effort, benefit according to costs, benefit according to rights, benefit according to needs); (iii.) the resulting design features⁵² of the mechanism. It is important that the project team has a clear process for discussions on benefit-sharing, to avoid issues of misinformation or confusion that can lead to social tensions and mistrust. Involving communities in decisions over the principles by which carbon revenue will be distributed (recognising the need to align with any standard requirements) is important to prevent subjectivity and elite capture influencing the final decisions on the key design features (e.g. who the beneficiaries are). This approach ensures that the design of the CBSM flows from the agreed objectives and principles to be applied.

III. Accounting for costs and cost-bearers in the benefit-sharing mechanism

It is important to recognise that changes to the management of land and natural resources, while potentially leading to long-term benefits for local communities and the global community, always requires some kind of change in land or natural resource use, and usually a change in human behaviour. These changes in human behaviour incur some form of short to medium term cost, for example the opportunity cost of not being able to graze cattle in a certain area or not being able to use a particular natural resource. In addition to economic costs, there can be other social and cultural barriers to making changes, which often explain why land and natural resources are managed in their current form.

The costs, and the resulting benefits (carbon revenue share, outcomes of the improved land or natural resource management, and other project benefits), are rarely shared equally or equitably. Projects can easily introduce new inequalities or reinforce existing inequalities.

⁵² Design features of a benefit-sharing mechanism include aspects such as benefits, beneficiaries, benefit-use and disbursement, fund management, and monitoring and adaptation.

As such, it is important that projects conduct a full assessment of costs, including environmental and social costs in Good Practice Area 4, and those livelihood costs (opportunity and other livelihood costs) in Good Practice Area 5, as well as the operational and core costs. Communities, when responsible for the implementation of the management plan at the site level, also have operational (management) costs, including those for the project activities themselves, and the community resource management institutions are often under-resourced in this regard.

All the equity principles need to be considered when designing the CBSM, including equal, benefit according to contribution to goals, benefit according to effort, benefit according to costs, benefit according to rights, and benefit according to needs⁵³. However, as carbon projects cannot have unmanaged social impacts, and need to be effective (i.e., implement the project activities effectively), it is therefore essential that benefits according to merit and costs⁵⁴ is prioritised in the CBSM, enabling the other equity principles to be considered based on the remaining revenue. This ensures that project safeguards and management activities are effectively implemented. Once these costs have been planned, benefit-sharing discussions can focus on other dimensions of equity, including benefit according to rights (benefiting those who have recognised land and natural resource rights), equal benefit-sharing (between communities for example) and benefits according to need (e.g. supporting more vulnerable community members).

Where projects negotiate with communities without working on assessing the inter- and intra-community costs⁵⁵, this can result in cost-bearers (people) who only experience a cost, and no benefit. Or people who experience a cost, and a benefit that is not equivalent to the type of cost. For example, the construction of a new school building, when a farming family can no longer use an area of their land for farming. Not considering inter- and intra-community distribution of costs can lead to non-compliance (non-adherence to rules and regulations), social conflict, and hidden social impacts including violations of peoples' human rights.

The design of the overall benefit-sharing mechanism needs to recognise that communities are not the only cost-bearers in projects. The project developer, project proponent, local partner organisations, and donors or investors will have core costs (the costs for their role in the project, such as monitoring, marketing, capacity building), which need to be planned for where their function is essential to the project's success. There can also be other core costs related to taxes and investor return. Furthermore, in some contexts carbon revenue share is also subject to preset parameters, particularly national legislation which can establish proportions of revenue due to actors (government, communities, etc). As such, it is important to understand and include these costs in the project's financial model, at a point in project design when the costs are known (or can be reasonably estimated), and to do this in a transparent and participatory way with the cost bearers themselves, to ensure there is agreement on the cost estimates, prior to discussing how to share the remaining carbon revenue share.

IV. Benefit sharing agreements

The development of the benefit-sharing agreements is closely linked to the development of the project governance structure (including local governance), described in GPA 1. The development of benefit-sharing agreements will naturally follow from the design of the community benefit-sharing mechanism and will include an iterative development process which describes roles and responsibilities as well as the benefit-sharing mechanism itself.

⁵³ Franks & Quesada-Aguilar, 2014.

⁵⁴ This includes benefit according to contribution to the goals, benefit according to effort and benefit according to costs incurred.

⁵⁵ In certain cases, regulations and standards stipulate revenue-sharing arrangements or parameters (e.g. PV Climate v5.7 requires "at least 60% of income from the sale of Plan Vivo Certificates, after payment of any charges, taxes or similar fees levied by the host country, must directly benefit the Project Participant (s) and other Local Stakeholders". In such cases, good practices need to be developed with good practice in mind but recognising that there will be these parameters to abide by.

Negotiation can be a complex process that requires internal community capacity, and guidance can be sought from available resources including some that are not necessarily focused on carbon projects⁵⁶, but the principles of negotiation are generally the same.

The establishment of the benefit-sharing agreement is directly linked to GPA 3 (FPIC) because beneficiaries will be unable to take an informed decision unless they are aware of the costs as well as the benefits of the project.

⁵⁶ Szoke-Burke et al., 2018.

Good Practice Area 7 – Socioeconomic assessment and monitoring



Socioeconomic assessment and monitoring

Socioeconomic assessment and monitoring refers to all the socioeconomic assessment, baseline setting, and monitoring and evaluation that enables the project and local stakeholders to understand the initial context, to monitor change, and to adaptively manage the project accordingly.

What should socioeconomic assessment entail?

- i. Conducting a thorough socioeconomic assessment that makes the best use of existing information and characterises and understands the socio-ecological context in the proposed project area and includes a gender analysis.
- ii. Inclusion of communities in the design and implementation of socioeconomic assessments and monitoring, and co-design of well-being and other indicators.
- iii. Establishing a robust socioeconomic baseline, at an appropriate time in the project development, including indicators for impact monitoring and information valuable for management plans⁵⁷.
- iv. Conducting regular monitoring and evaluation/re-evaluation which enables the project to identify the effective management of adverse impacts and livelihood improvements.

Why is socioeconomic assessment and monitoring important?

I. Socioeconomic assessment

It is important that the project develops a thorough understanding of the socio-ecological system in the project area, including but not limited to local livelihoods and the links between local communities and natural resources. This understanding is essential as a basis for developing the project's theory of change and management measures (project activities) for co-design (GPA 2) and understanding livelihoods (GPA 5).

The socioeconomic assessment, and baseline (below) should make the best use of available and accessible information, prior to field data collection. This is important to prevent community and stakeholder fatigue, as well as to make the best use of available resources.

The socioeconomic assessment is not the same as a baseline, in that a socioeconomic baseline collects baseline indicators (including but not limited to well-being indicators), that can be monitored and evaluated in such a way as to track change. The baseline will include quantitative indicators, as well as qualitative. The socioeconomic assessment, in contrast, collects information on the socio-ecological system and context aimed at better understanding this system – livelihoods, land use, demography - but is not designed to establish a baseline of SMART indicators for use as part of the project's monitoring and evaluation. The socioeconomic assessment is useful to frame and design the socioeconomic baseline, particularly the sampling strategy to be adopted.

II. Community input into socioeconomic assessment

⁵⁷ The socioeconomic baseline should include the collection of information that is useful for the land and natural resource management plans, and any livelihood plans, and collect indicators of well-being that have been developed with communities. As such, the socioeconomic baseline is conducted once the project has a clear concept and sites where it will work.

The socioeconomic assessment and baseline are activities which are often outsourced to a local provider. While this reduces the burden on the project team, and ensures adequate expertise is available, it can mean the assessment and baseline are conducted in isolation from the engagement activities.

Affected communities should be involved in the design and implementation of surveys. They bring valuable insights into well-being indicators, seasonal livelihood fluctuations, and attribution challenges (distinguishing project impacts from other factors).

Furthermore, the information arising from the socioeconomic assessment and baseline is valuable for purposes other than project monitoring, for example for GPA 2 (co-design, and local management plans), GPA 4 (understanding the context for the E&S assessment), GPA 5 (understanding livelihoods). As such, in addition to community input, it is also important that different team members, departments, and partners feed into the design of the assessment and baselines, to prevent having to repeat assessments and surveys, with the cost and fatigue that this brings.

III. Socioeconomic baseline

Socioeconomic assessment and baselines are time consuming and resource-intensive activities, and surveys can be intrusive and lead to community fatigue. The timing, usefulness, and methods for surveys must, therefore, be planned carefully. A good approach starts with collecting broader, more qualitative information, that can be useful for survey design (e.g. village names and location, demography, characterising livelihood systems), leading through to the design of monitoring indicators (for example locally-appropriate well-being indicators) and then collection of information required for management plans, benefit-sharing agreements (for example the number of households engaged in a particular livelihood activity), and monitoring.

As above, while the socioeconomic baseline is often led by a specialist team, input from a variety of stakeholders is essential.

IV. Regular monitoring and evaluation

Once the baseline has been established, the regular monitoring and periodic evaluations will begin. In addition to having community input into the monitoring indicators, it is equally important to have communities involved in the monitoring activities themselves. This can range from citizen science approaches that build ownership and understanding, through to project collected data being periodically fed back to communities in appropriate formats.

As noted in GPA 1, on the collaborative project governance structure, it is important to have a learning environment in which results from monitoring and evaluation can be shared, and the project, including rightsholders, communities and other local stakeholders, can review results and progress, providing a basis for adaptive management.

Part 2

Engagement Phases and Activities in Practice

Local Engagement for Rights-Based, Equitable and Effective Natural Climate Solutions



4. Engagement Phases and Activities

This Part 2 of the guidance provides an overview of how the Good Practice Areas described in Part 1 above can be implemented in practice across a typical project cycle in a singular and coherent process.

Defining phases and using a phased approach to project development supports a structured engagement process, adds clarity to the purpose and objectives of each engagement step, and makes projects more manageable for the project design team, communities and other local stakeholders. Each phase builds on the previous phase. Key to this approach is the iterative development of village or site-level land or natural resource management plans, and associated agreements (like a conservation agreement), which have been collaboratively designed with communities and local stakeholders. Without those village or site-level management plans, whether it be for smallholder agroforestry, or management of a community forest or community conservancy, communities will not have enough information on the costs and benefits of the project and cannot reasonably consider if to provide their FPIC.

A project phase is defined here as 'a stage in the design and implementation of a carbon project, in which project design and Engagement Activities are implemented, with a clear purpose, objectives, and outputs'.

This section of the guidance is not intended to provide a prescriptive set of guidelines, or rigid set of steps that must be followed, for how to develop your project. Instead, it is a starting block which can be adapted to various projects and contexts. Some projects teams reading this might have completed a level of engagement already and completed certain engagement activities mentioned here. In this case, a gap analysis between what has been completed by the project already, versus the engagement phases and activities below, can help to identify what remains to be done, and how to best align with these guidelines.

There are two sections to this Part 2 of the guidance, with the first section covering the engagement phases, and the second section covering the engagement activities within each phase.

It is important to note the distinction between the broader project cycle phases (Scoping, Feasibility, Project Design, and Operational) and the specific Engagement Phases and Engagement Activities within them. Figure 5 below shows the individual Engagement Activities that sit within each phase.

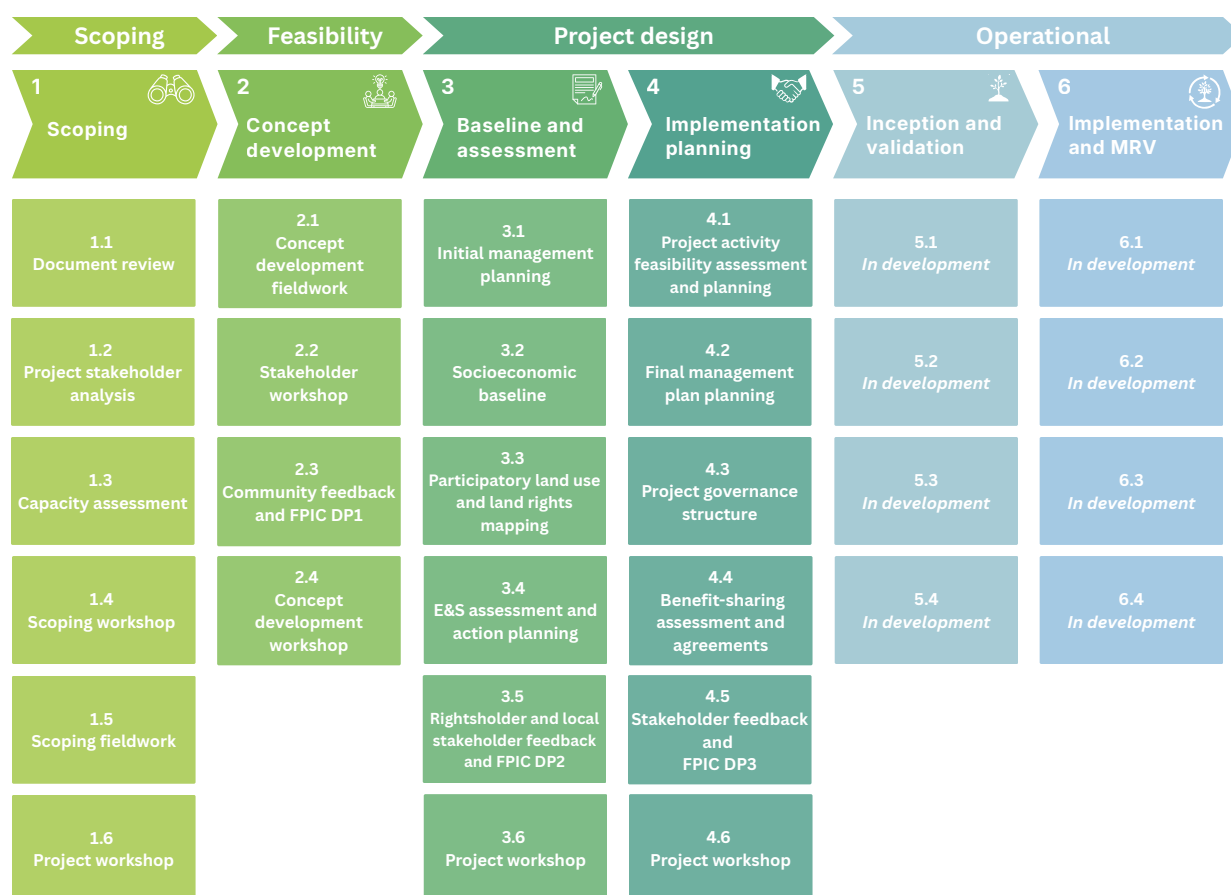


Figure 5: Engagement Phases and Activities

This section on Engagement Activities includes, for the first four phases, an overview and summary description of each of the suggested Engagement Activities, a summary of the purpose, objectives and outputs. Guidance on the last two phases is under development. First some of the key considerations for the Engagement Phases are provided.

4.1 Key considerations for the Engagement Phases

4.1.1 Information-sharing

Throughout the full project cycle, it is important that sufficient information is shared with communities, rightsholders and local stakeholders, and that an effective approach to engagement is taken, as described in the Good Practice Areas in Part 1. For each Engagement Phase, and Engagement Activity, new and different information will become available, and the project information sheet should be continually updated as the project develops. Constantly updating and sharing information, and planning what information is essential to share, aims to ensure that rightsholders right to information as part of the FPIC process is respected.

4.1.2 Managing expectations

Conducting a participatory stakeholder engagement process aims to ensure that the right to Free, Prior and Informed Consent (FPIC) is respected and rightsholders not only buy-in (accept or agree to the project) but can co-develop and take ownership of land and natural resource management activities. However, if not well implemented and communicated, this approach raises the potential risk of unrealistic expectations of what the project will deliver. This risk is particularly high in the early stages of a project, when the feasibility

of a carbon project is not yet known (i.e. during the Scoping and Concept Development in particular). At this early stage, consultations might not lead to the further development of a project, but these consultations are needed to carefully assess feasibility⁵⁸. It is important to be aware of this risk and to actively manage it through careful planning and communication. However, the existence of this risk should not be used as a reason not to engage local stakeholders early in project design.

4.1.3 Managing engagement burden on local stakeholders

As the process of project development is intensive and time consuming, it is important to balance the need to work collaboratively with the risk of overburdening stakeholders. If Engagement Activities become too burdensome, or the period between engagements is too long, for example due to a complex process, funding constraints, or lack of project team capacity, there is a risk that stakeholders will disengage from the process. This is particularly true in contexts with high levels of rural poverty and food insecurity, where communities have very limited time to participate in additional meetings and events, and they are more sensitive to the additional burdens of project design engagements. Project proponents should be aware of the barriers to participation, and the engagement plan would include the project strategy, including provision of transport for enabling participations to access meetings, for example.

Project managers can maintain momentum in engagements by having a well-planned workplan that can be iteratively updated as each engagement activity is completed. Having resourcing which covers several phases can also prevent long pauses between phases, if funding is dependent upon submission of phase deliverables for example.

The Engagement Activities described in this guidance help to ensure that each engagement makes a valuable contribution to project development, to ensure that there are no duplications between activities: each project will need to review these activities, establish a workplan for their own project and context, and then adapt Engagement Activities (e.g. tailor the sampling, or the content) accordingly.

4.1.4 Managing local stakeholder feedback and inputs

The project's stakeholder register should log all the stakeholder engagement events conducted. This register should make note of the community feedback provided, and at the end of each phase of engagements, some analysis of the feedback is essential. The team should plan time for both the analysis and write up of each Engagement Activity, and phase, and then integrate the local stakeholder-suggested actions into the workplan for the next phase. This means the workplan for the next phase will include both the Engagement Activities agreed upon, and activities identified as important and relevant by local stakeholders. This could include training on FPIC or technical aspects of the project or re-visiting a particular village to re-discuss an issue that was of concern, for example.

4.1.5 Introducing trials

One way to overcome the immediate need to see benefits, versus the need for a careful and consensual co-design process, is for projects to initiate low risk activities that can bring immediate benefits to communities. For example, initiating small-scale trials of likely project activities, such as land management activities like semi-circular bunds, or livelihood interventions such as village savings and loans associations, means there are practical activities to illustrate how the project might work, and to start to generate some benefit, albeit on a small scale. If this is done during the project development process, it can help trial activities, generate support for the project, develop ideas further, and resolve

⁵⁸ Where projects raise expectations that cannot be fully realized, this can undermine project activities. It is therefore recommended that project developers adopt a strictly enforced communications policy that describes how and when information relating to the project is shared at different stages of project development.

concerns regarding ‘time until benefit’. In some projects, the project proponent has already been working with communities, trialling activities, and delivering benefits, meaning this is less of an issue.

4.1.6 Phasing engagement at scale

4.1.6.1 Scoping and Concept Development Phases

In large landscapes, with multiple communities, sites and villages, it might not be feasible to complete all these phases of project design and engagement across the whole landscape at the same time. In these cases, the Scoping and Concept Development Engagement Activities should be completed across the whole landscape, using a sampling strategy, to ensure that there is a project design (theory of change, ToC) and engagement plan that is feasible and adapted to the different social and environmental contexts across the sites. Some broad guidelines for this sampling strategy include:

- The Scoping phase already samples communities by working solely or predominantly with community representatives. As such, it is possible to engage representatives from across the whole of the landscape, ensuring complete sampling geographically, albeit only with representatives. This can be organised in different ways, either bringing representatives together to the same place, or moving through the landscape and holding meetings with representatives per site or village.
- The Concept Development fieldwork is more comprehensive, requiring working with village-level representative groups, and community groups separately, sometimes over 1-2 days in each village. In landscapes with numerous villages, and where it is not possible to work in all villages during the Concept Development phase (e.g. due to funding constraints), there are two options:

Option 1: Select a specific area within the broader project area

For example, a cluster of villages within a single district.

- This approach reduces time and resources required for the engagements, as the project only works in the villages within that area. This approach also prevents raising any expectations that there will be a project design phase (and even a project) in those sites not visited⁵⁹.
- However, this approach introduces the risk that issues (for example red flags related to community interest, land tenure, or other key barriers to project activities) that are present elsewhere in the landscape, but not in the specific area selected, are not identified. It could also result in a skew towards certain land and natural resource use threats and solutions which are not as relevant in other parts of the project area, which would influence the project's theory of change.
- If this approach is selected, then the assumptions should be clear when considering feasibility, and before moving into the project design phase.

Option 2: Select a sample of villages from within the broader landscape

These would be villages that are selected for being representative of the socioeconomic context in the landscape, using clear selection criteria.

- This approach manages some of the risks of Option 1 but can also mean working in quite disparate villages and communities, which can be challenging to communicate to stakeholders (why a certain village has been selected, but not another).

⁵⁹ Although recognising that there have been community representative meetings during Scoping, so some information will have been shared.

- It is essential to note that while sampling is appropriate for co-design activities, FPIC cannot be based upon a sample of representatives or rightsholders. FPIC requires village by village working, with community groups within each village, as it is a communal right, and as such, there need to be processes in place for the entire community to access relevant information and input into the decision-making. However, for co-design processes, good sampling can ensure that relevant input into activities is sought, without duplicating activities with every group.
- While the co-design activities can be conducted with a sample of local stakeholders, to ensure suitable input into the ToC, if the project is deemed feasible, and is to go into project design (Baseline and Assessment) the Concept Development activities should then be completed in all villages. This is because these activities are not just about seeking input, but also about building up a good understanding of the problems, solutions, and starting to build buy-in among communities and community groups, which cannot be achieved through sampling strategy.

4.1.5.2 Project design phases

When starting the project design phase, as this is more of an intensive exercise, it makes sense to focus on a specific area within the landscape to trial the engagement approach and ensure that the engagement is manageable for the project team and communities. This allows for learning and adaptation to occur early on, prior to rolling out the project design Engagement Activities to the broader area. If this approach is adopted, this requires careful communication and management of relationships, to avoid creating conflicts due to certain areas ‘starting first’.

It is very important that the project team does not over-extend during the initial engagement and keeps as focused as possible. The project team’s time availability, capacity, and logistical arrangements, and the community availability, should be factored carefully into planning. Once engagements in project design have been initiated in one village, the project team needs to have the capacity to follow through with the planning Engagement Activities to avoid unnecessary delays and community fatigue.

4.2 Introduction to Engagement Activities

Each Engagement Phase includes Engagement Activities, defined here as *“A set of tasks that if completed will fulfil specific project development or implementation requirement(s). Completion of an Engagement Activity is informed by Good Practice Areas”*.

Each Engagement Activity can aim to achieve more than one thing and can be aligned to multiple GPAs. The idea is to try and reduce the number of engagements, avoid duplication, prevent participant fatigue and use project resources wisely. For example, an Engagement Activity might generate input into the potential project strategies and activities (“co-design”, GPA 2), while also sharing information that is important for the FPIC process (“FPIC”, GPA 3).

Note the distinction between project activities, being those activities co-designed with communities and local stakeholders to be implemented on the local level (e.g. tree planting, monitoring patrols), to achieve the project objectives, versus the Engagement Activities being referred to in this guidance, which are to design and agree the project activities.

Between engagements, there are several activities that the project proponent, and particularly the engagement team, would be working on. These are not all included in the Engagement Activities as described in this section. The activities that are important but not included in the Engagement Activities are summarised in Box 1.

Box 1: Tasks not included in the Engagement Activities

Planning, analysis, and write-up: The Engagement Activities cover the engagement planning, and the engagements themselves, and in some cases how to analyse and write up the results of a specific activity. However, the Engagement Activities do not cover all the things that a project proponent needs to do with the information collected, or decisions made.

For example, during the Concept Development, there is a lot of information collected for the project's theory of change, but the development of a theory of change by the project team includes several tasks, such as analysis of information, and the development of a situational model and results chains. These do not require community engagements and are not included as separate Engagement Activities. Similarly, suggested activities will generate information that contribute to the design of the project's community engagement strategy, including the grievance redress mechanism, and FPIC protocol. There are tasks (such as writing and updating the engagement strategy, analysing community inputs into the FPIC process) that are not included in the Engagement Activities.

To account for this, “project workshops” have been included as an Engagement Activity at the end of each phase. This can involve community representatives and other partners, to present back results and discuss implications, and can have sessions just with the project proponent working on the analysis, write-up and work planning.

Capacity development: The suggested activities include a capacity assessment for the project team, but do not include further capacity development tasks (recruitment, training, sub-contracting necessary expertise into the engagement team). Likewise, the initial community discussions around FPIC ask about community training needs, but FPIC training is not included as a standalone Engagement Activity. This does not mean follow-up training and capacity development shouldn't be part of the process, but as the capacity needs are unknown/unpredictable, only the assessment of capacity is included.

Actions arising: As the engagements are conducted, actions will arise (e.g. need for trainings), and these should be captured carefully by the project proponent, to ensure the project is being responsive to community, rightsholder and local stakeholder inputs. Typically, these actions are captured in the engagement register which is part of the community engagement strategy.

4.3 Overview of the Engagement Phases

As stated previously, each project will have its own context, specificities, and as such, a unique design and implementation process. This guidance provides a suggested set of phases, which are broadly described here, and explained in more detail with the suggested Engagement Activities in Section 5.

The suggested Engagement Phases and the Engagement Activities within each phase are illustrated in Figure 5.

4.3.1 Scoping and Concept Development phases

The suggested phases are structured around an initial Scoping phase which aims to work with communities, rightsholders and local stakeholders to assess the potential for a project. Where the Scoping phase identifies that there is a potentially feasible concept (i.e., the Scoping phase contributes to a pre-feasibility of the project), the project moves into Concept Development. Concept Development enables

communities, rightsholders and local stakeholders to collaborate on the further development of the project concept and assess the overall feasibility of the project.

This high-level project concept should be composed of an initial ToC which indicates the likely project strategies, and potential project activities within each strategy to achieve the aspired change.

The ToC should be relevant at the level of the proposed project area (which can often be across a landscape) but has not yet accounted for site specificities and detailed management planning.

In these first two phases, the project develops an overall community engagement strategy, which includes who will be engaged and how, and sits within the broader stakeholder engagement plan. The community engagement strategy includes a detailed analysis of different communities, community groups and rightsholders, as well as the barriers these groups face to participate in project design and operationalisation. Associated with the stakeholder engagement plan should be the project's grievance redress mechanism (GRM⁶⁰), and the project's FPIC protocol. All these engagement plans, strategies and protocols should be developed with communities, rightsholders, and local stakeholders. These plans should iteratively be updated through the phases of engagement.

4.3.2 Project design Baseline and Assessment, and Implementation Planning

Once a decision has been made about the feasibility of the project concept, which is often an important funding or investment decision, the project enters the project design phase, which includes Baseline and Assessment, and Implementation Planning.

The process implemented across these two phases will result in a Project Design Document (PDD⁶¹). The development of the PDD has been split into these two phases in this guidance 1) to enable a clear FPIC decision point between Baseline and Assessment and Implementation Planning, and 2) in recognition of the different nature of Implementation Planning, compared to Baseline and Assessment. The Baseline and Assessment largely collects information and further develops the concept with local stakeholders, whereas Implementation Planning aims to finalise plans, agreements and decisions.

4.3.2.1 Baseline and Assessment phase

The Baseline and Assessment phase includes the initial planning and collection of information which allows the project team, communities and local stakeholders to better understand how the project strategies (designed during the Concept Development phase) and activities could be implemented at the level of an individual village or site⁶².

This initial project design phase provides more information to communities and community groups on the village level as to what the project could look like locally, what costs and benefits they could incur, and how to manage these. A draft local plan (village or site level) should be produced at the end of this phase. For example, the Engagement Activities including participatory land use, land rights and natural resource mapping, which generates a lot of information on social, economic and environmental values in the landscape, while the E&S assessment generates information on who could be affected by changes in land or natural resource use.

4.3.2.2 Implementation Planning phase

⁶⁰ At this early stage of the project, while the GRM is provisional, it can start to be implemented during the project design phase, during which key Engagement Activities and negotiations are underway, and the GRM enables reporting on any procedural issues.

⁶¹ Referred to as a Project Description in VCS (v5.0) and CCBS (v3.1): see glossary of terms.

⁶² Annex 1.4 includes more information on site management plans and agreements.

The project design Implementation Planning phase takes the initial village or site level plan and develops this further into a final management plan. The key idea here is that while the PDD is being completed and submitted, the local management plans are also being finalised. This is important as the local management plans act as the basis for the benefit-sharing mechanism, and the eventual FPIC (including benefit-sharing) agreements between the project and the communities (see Annex 1.4).

The next version of this guidance will include summaries for the Inception/Validation Phase, and the project Operational phase.

5. Engagement Activities

In this section, a summary of the aim, objectives and outputs of each phase is provided. The Engagement Activities⁶³ that can be conducted are described, and a summary of these activities is provided in a tabular format. The descriptions of Engagement Activities also provide guidance on who is to be engaged in each Phase.

5.1 Scoping phase



Aim

The aim of the Scoping phase (referred to by TNC as pre-feasibility) is to describe an initial project concept (what the project is all about) and identify the Engagement Activities needed to develop it further.

Objectives

Objectives of the Engagement Activities in the Scoping phase are to:

- Identify and understand communities – including customary and statutory rightsholders - and local stakeholders in the project area and start to describe their governance structures⁶⁴;
- Start to identify legitimate representatives of rightsholders (this process continues during Concept Development);
- Inform the description of the socioeconomic context of potential project areas;
- Understand the key land use and natural resource change drivers as an initial contribution to the development of the theory of change and identification of project activities with potential to generate positive impacts on climate, communities and biodiversity (to be continued during Concept Development);
- Contribute to an initial assessment of the additionality of the potential project activities;
- Evaluate legal compliance;
- Screen for environmental and social risks associated with the potential project activities;
- Input into the assessment of operational risks and risk of leakage and non-permanence;
- Assess the capacity of the core team to complete Engagement Activities needed for project development;
- Describe Engagement Activities needed to further develop the initial project concept and assess project feasibility; and
- Agreement with community representatives to hold more in-depth engagements with communities and community groups during the Concept Development (the co-design of a project concept), noting that this is not a consent point (which occurs during Concept Development), as rightsholders have not inputted into the identification of legitimate representatives or preferred engagement and FPIC processes at this point.

Outputs

Scoping phase outputs

⁶³ Note that these Engagement Activities also cover some non-participatory, desk-based activities: they have been included in this guidance as they are essential pre-requisites to planning and conducting the engagements themselves.

⁶⁴ Note that detailed identification is not usually feasible at this early stage. This understanding starts at the Scoping phase but will then be built up across phases.

- Contributions to relevant sections of a scoping report that can be used to evaluate whether further investment in concept development is justified.
- Agreement with the representatives of rightsholders to conduct Engagement Activities for the co-design of the project concept with community groups and other local stakeholders.
- A workplan for the Concept Development phase.

Engagement Activities

In this phase, engagement is primarily with community representatives, and representatives of local stakeholder groups, rather than with specific community groups within the community.

This requires a good understanding of the different communities and their representatives. The Engagement Activities then include meetings with identified representatives to introduce the project team and agree on the approach to Concept Development engagements with the broader community.

For example, Scoping Engagement Activities can include meetings with village heads and other representatives/leaders⁶⁵. The level of representatives who are engaged, and how, should be decided by the engagement team in consultation with the village heads with knowledge of both the statutory and customary governance structures, and based on their knowledge of local engagement norms. When identifying and selecting representatives, a balance should be found between conducting a manageable scoping exercise, while generating enough input.

In some projects, the project proponent already has a good idea of what the project concept is likely to be, as they have worked closely with local stakeholders previously, and understand the issues. In these cases, the scoping will be lighter touch and will look to confirm with community representatives that the concept is the right one to pursue. In other projects, there might still be several options, in which case the scoping (and latterly the Concept Development) will start to explore those options further. These broad ideas for project concepts need to remain flexible and open to other suggestions to enable meaningful engagement. The suggested Scoping Engagement Activities during the Scoping phase are listed in Table 1.

Table 1: Scoping Phase Engagement Activities

Engagement Activity	Details
1.1 Document review	Document collation and review including the socioeconomic context, governance arrangements, stakeholder landscape, legal and rights frameworks, legal and policy framework, and a high-level Environmental and Social (E&S) screening ⁶⁶ to identify potential red flags. Feeds directly into the scoping report.
1.2 Project stakeholder analysis	Identification of key stakeholders, and initial desk-top analysis including interest, affectedness and influence. Sufficient disaggregation of the communities, rightsholders, local stakeholders and community groups, which forms the basis for the selection of some key community representatives and local

⁶⁵ Note that in some cases youth, women, or other community/social groups are not well represented by village representatives. This will be identified and addressed through the Concept Development engagements, when seeking input from all community groups into the community engagement strategy (including the GRM and FPIC protocol).

⁶⁶ As the exact nature of the project concept is still to be defined with local stakeholders (although the project developer will likely have an idea of the kind of initiative that could be relevant, be it agroforestry, land restoration or the like), this E&S screening will be largely looking at contextual risks in the landscape (land tenure issues, historical human rights violations), rather than the project-related risks, which would require understanding the specific project activities.

Engagement Activity	Details
	stakeholders for the scoping workshop (where the stakeholder analysis will be further developed) and the scoping fieldwork.
1.3 Capacity assessment	Assessment of the capacity of the core project team, particularly the engagement team, based on the key themes, skills and experiences required for Engagement Activities.
1.4 Scoping workshop	The scoping workshop can improve the stakeholder analysis, the risk analysis, and the high-level project, and start to develop the foundation for an initial ToC. It can be conducted with the project proponent core team, community representatives, and any other key stakeholders (other local stakeholders, secondary stakeholders), either prior to or after the scoping fieldwork.
1.5 Scoping fieldwork	Meeting with community representatives, providing basic project information and generating feedback, collecting some basic socioeconomic profiles of the communities in the project area, and planning for the Concept Development fieldwork.
1.6 Project workshop	Workshop with community representatives, and key stakeholders such as relevant government institutions and actors to analyse information collected during the Scoping phase, and to plan the Concept Development phase. This can include further work on the ToC and stakeholder analysis and making decisions about which project activities and areas to include in the Concept Development.



5.2 Concept Development phase

Aim

The aim of the Concept Development phase (referred to by TNC as feasibility) is to develop a project concept with sufficient detail to assess project feasibility to a reasonable level of assurance, thereby allowing the project to budget for the project design activities.

Objectives

Objectives of the Engagement Activities in the Concept Development phase are to:

- Engage directly with communities, rightsholders and local stakeholders, including community groups and directly affected peoples, for example men, women, youth, and identified vulnerable groups, to share project information and generate feedback on the project concept;
- Generate input from communities, rightsholders, community groups, and other local stakeholders into the project's theory of change, through co-design of the common problem statement(s), underlying causes, and potential solutions;
- Build trust between the project proponent and communities, rightsholders and local stakeholders;
- Further develop the project's community engagement strategy, including generating community inputs into preferred engagement mechanisms, the FPIC protocol⁶⁷, and grievance redress mechanism (GRM); and identifying the information required for properly informed consent to be given at decision making points;
- Share information⁶⁸ and generate feedback from a broader group of secondary stakeholders;
- Seek consent from rightsholders to proceed to the project design phase ('willingness to consider the project' i.e., not final consent); and
- Develop a work plan for the Baseline and Assessment phase.

Outputs

Concept Development phase outputs

- Contributions to relevant sections of a feasibility report that can be used to evaluate whether further investment in the project concept is justified;
- A workplan for the project design phases;
- Updated community engagement strategy (CES), provisional FPIC protocol, and GRM; and
- Consent from rightsholders to proceed with the Baseline and Assessment Engagement Activities has been sought ('willingness to consider the project'), and if provided, documented.

Engagement Activities

The suggested Concept Development Engagement Activities are listed in Table 2. Concept Development moves beyond working predominantly with representatives (as in the Scoping phase), to work with the broader community and community groups. This requires a village by village set of engagements, working on the level of a village with community groups. Within each village this includes working separately with, for example, men, women, youth, identified vulnerable groups, and other relevant community groups.

⁶⁷ In cases where communities already have their own FPIC or biocultural protocols, a gap analysis is conducted against the carbon Standards to understand if these protocols satisfy the requirements.

⁶⁸ Details on information to be shared should be included in engagement protocols, and includes, but is not limited to, carbon markets and projects, processes for registering carbon projects, standard requirements and project developer obligations – particularly those related to engagement, FPIC, and E&S impacts, the initial project concept(s) discussed during scoping, any known potential risks and impacts (positive and negative).

Planning and organising these meetings requires a good knowledge of the context, and what is appropriate, and would normally involve support from community representatives, but with clear criteria for who would be invited to participate.

Where there is more than one community, for example pastoralist communities and arable farming communities in the same landscape, meetings with community groups should be conducted separately (where this is socially and culturally appropriate) (see the glossary of terms for the definition of community and community groups).

Note that in some contexts, where community representatives have sufficient capacity and resources to engage with community groups and project affected peoples in their communities, effectively, then community representatives can be responsible for this direct engagement with the project monitoring engagement progress. However, while it is costly and time-consuming, in many contexts it is necessary for the project teams to conduct these engagements directly themselves (with community representatives) to ensure those people affected have understood the project and implications.

Engagement Activities during this phase, such as the Concept Development fieldwork, and feedback and the first FPIC decision-point ('willingness to consider the project') should be conducted in every village⁶⁹, as it includes sharing basic project information, and seeking consent to conduct the Baseline and Assessment Engagement Activities.

The ToC for the project is still provisional prior to the Concept Development phase, and further ToC development sessions with the project team will be needed during Concept Development to integrate local stakeholder inputs. The updated ToC at the end of this phase can be presented back to stakeholders for further inputs (Activity 2.4).

Table 2: Concept Development phase Engagement Activities

Engagement Activity	Details
2.1 Concept Development fieldwork	Engagement is with those communities and community groups potentially directly affected by the project. To engage with community groups (sub-groups within communities, see glossary of terms), this usually requires meetings that occur at first on the village level (for example an open village meeting), and then separate meetings with each pre-identified community group. In contexts where there are more than one distinct community in a particular village, community group meetings would be organised within each community within the village. These meetings involve working separately with men, women, youth, identified vulnerable groups, and other relevant community groups (for example key livelihood groups). The fieldwork focuses on participatory planning - generating input and consensus on the central land or natural resource use problem the project is going to address, understanding causes, and generating solutions ⁷⁰ . Engagement also covers topics similar to those in the Scoping phase, including information sharing and feedback, and generating input into the project's community engagement strategy, including the grievance redress mechanism

⁶⁹ However, see Section 2.1.1 'phasing engagement at scale' for more guidance.

⁷⁰ This can also be achieved through a community visioning process, where communities develop a clear future vision of their land and natural resources, as well as the community itself, in the future, through participatory activities.

Engagement Activity	Details
	(GRM), the preliminary FPIC protocol, and peoples' preferred engagement mechanisms, with the purpose of generating input and consensus into these engagement tools.
2.2 Stakeholder workshop	Workshop, or series of workshops, with other local stakeholders - those stakeholders who are not directly affected by the project but might have an influence or interest in the project. Workshop(s) cover information-sharing and feedback, presentation and validation of the ToC, presentation and feedback on the project stakeholder engagement plan, and the proposed project governance structure. Separate workshops and meetings with secondary stakeholders (government departments, research institutions, and others not directly involved in the project but with an interest/ influence) can also be organised.
2.3 Community feedback and first FPIC decision-point	Feedback from the Concept Development fieldwork (activity 2.1) is provided in a summary format to those communities who participated, via a format of their choosing, information is validated and further feedback is sought. A first decision-point in the FPIC process ('willingness to consider the project') is discussed with communities, and consent for their participation in the Baseline and Assessment phase (with a description of what this will entail) is sought through the community-chosen decision-making mechanism (as per the project FPIC Protocol). The FPIC protocol, at this stage, will have been updated based on inputs in activity 2.1, and validated by community representatives.
2.4 Concept Development workshop	Workshop with community representatives, and key stakeholders such as relevant government institutions and actors, to analyse information collected during the Concept Development, and to plan the Baseline and Assessment phase. This includes review and inputs into the ToC – which the team will have updated based on activities 2.1-2.3 above – including the development of strategies, activities, and results chains). There is also review of the community engagement strategy (including the FPIC protocol and GRM) and making decisions about which project strategies should be prioritised for the Baseline and Assessment phase.

In cases where FPIC is not granted, or is with-held for the time-being, or provided with conditions (no, not yet, yes, if..), or where consent is provided to some aspects of the project but not others, the project should consider rightsholders' feedback carefully. The process should include:

1. A review of the concerns to understand the reasons for communities' decision, including:
 - a. A review of the rightsholders raising these concerns.
 - b. Assessment of which aspects of the project the concerns refer to.
2. Assessment of whether these concerns can be addressed through changes to project design, including the project schedule, ToC, governance, or any related aspects.
3. Where these concerns can be addressed, conduct a good faith dialogue with the concerned rightsholders to further understand and develop the changes required.

4. Once these changes have been made, returning to seek consent following the previous process with the updated information and changes.

However, in some cases, it might not be possible to address the concerns raised, as they are too fundamental to project design, and the project's feasibility is brought into question, or, the concerns are otherwise too challenging to address (e.g. requiring changes by other organisations over which the project proponent has no or little leverage). Similarly, the repeat process might lead to consent not being granted, and at this stage, the project should respect the rightsholders decision.

When this occurs, options include:

- changing the project area, so as not to require working with the rightsholders in question, and not adversely affecting them;
- where non-consent is specific to certain project activities, differentiating activities so that they are included in the project area, but only certain activities;
- pausing the project design in that area, where there is potential for issues to be resolved with time;
- discontinuation of the project, where the non-consent of rightsholders means there is no feasible initiative.

It is also important to consider, if substantial changes are made to the project design and conditions, and these changes are made across the whole project (not just in the areas where rightsholders have raised issues), the implications for the consent granted by other rightsholders. Depending on the nature of these changes, this should be addressed within the same phase (requiring a repeat FPIC for material changes), or future FPIC decision-points (for minor changes).

As per the FPIC GPA, documentation of this process is essential to ensure close documentation of concerns raised, the project responses considered, any modifications proposed, and the resulting decision and feedback.

This process of addressing cases where FPIC is not granted is relevant to all the FPIC decision points in the next phases of the project, and during implementation, when FPIC agreements are periodically assessed and updated.

5.3 Baseline and Assessment phase



Aim

The aim of the Baseline and Assessment phase is to collate and collect the main information needed as a basis for the village or site level management plans being established by or with communities, rightsholders and local stakeholders, to prepare draft management plans and to contribute to the draft PDD.

The Scoping and Concept Development phases preceding this Baseline and Assessment Phase will have resulted in a broad overall concept, including potential project strategies and activities that will be further developed during this (Baseline and Assessment) and the next (Implementation Planning) phase.

It is important that there is a project concept at this stage, which includes the likely project strategies and associated activities (as part of the project's ToC). This project concept will act as the basis for the Baseline and Assessment phase engagement activities.

During the Baseline and Assessment phase there is further design of project strategies and activities with communities and local stakeholders, the collection of socioeconomic baseline data on a village and site level, participatory land use and land rights mapping, and conducting an environmental and social assessment to understand community barriers to adoption of project activities and potential adverse E&S risks and impacts⁷¹. All these engagement activities can result in further changes to the project design.

Objectives

Objectives of the Engagement Activities in the Baseline and Assessment phase are to:

- Establish and agree a clear community and local stakeholder engagement process for the development of the village or site-level management plans ('management planning' process⁷²);
- Conduct some initial management planning, to further advance the design of the project strategies and activities, including generating some initial content for site-based management plans (rules and regulations, responsibilities, zones);
- Design and implement the socioeconomic baseline, including developing an indicator framework, designing and establishing the baseline;
- Document communities, rightsholders and other local stakeholders land use and land and resource rights, including high conservation values (HCVs), through participatory mapping, for example.
- Complete an E&S (including human rights) assessment, tailored to the project risk category and national legislation, which includes assessing barriers to implementing project activities, and other E&S risks and impacts, and establish an environmental and social action plan (ESAP) and any additional safeguard plans identified as being required⁷³.

⁷¹ An environmental and social assessment is often adequate for moderate-substantial risk projects, whereas an environmental and social impact assessment (ESIA) is required for high-risk projects. National legislation should always be referred to when developing the E&S assessment or ESIA, as some countries mandate an ESIA regardless of project risk rating.

⁷² Note that this management planning process builds on the existing community engagement strategy but specifically includes a horizontal (although iterative) participatory planning process which indicates how the Engagement Activities in the Baseline and Assessment and Implementation Planning phases will be sequenced, who will be engaged in these, how, and when.

⁷³ The assessment methods are participatory, and the development of mitigation measures needs to be done in collaboration with affected peoples. Note that, as in Annex 1.1, Table 1, even those people with no customary rights, but defined as communities (using the land and natural resources in the project area) still have the right to collaborate on mitigation measures to avoid/ minimise impacts).

- Feedback results of the preparation Engagement Activities to communities in an accessible format and seek consent for moving into the final planning phase on this basis⁷⁴.
- Conduct a project workshop to further analyse all the Engagement Activities, results and feedback, and plan for the next phase of engagement.

Outputs

Baseline and Assessment phase outputs

- Contributions to the relevant sections of the PDD.
- Updated community engagement strategy (including FPIC and GRM sections, and an agreed management planning process).
- A workplan for the Implementation Planning phase.
- Contributions to the further design of the project's strategies and activities, and site-based management plans (e.g. maps, socioeconomic baseline data, initial management ideas, mitigation measures for any risks identified).
- Project ESAP.
- Consent from rightsholders and other interested parties to proceed with Implementation Planning has been sought with the result documented.

Engagement Activities

The suggested Baseline and Assessment phase Engagement Activities are listed in Table 3. Baseline and Assessment often includes working on a village-by-village basis, and with community groups within each village. At this stage, there is more certainty about the project going ahead, as the project has completed the feasibility assessment (Scoping and Concept Development phases).

In this phase, community engagement focuses on site and village level engagement. If necessary, to reduce transaction costs, community representatives can form a group (like a task force) to coordinate and lead on the preparatory activities (participatory mapping, E&S assessment). This group or task force should, however, include representatives⁷⁵ of all the key community groups (men, women, youth, vulnerable groups, key natural resource user groups, such as hunters, fishers, pastoralists, non-timber forest product (NTFP) harvesters, arable farmers). While working with existing community structures is recommended, where there is a risk of elite capture, developing approaches to engage representatives of these excluded groups in this task force is essential.

This task force approach is just one way of approaching engagement, subject to the FPIC protocol and management planning process that has been agreed in the community engagement strategy. If adopted, this group/ task force would either be based on existing customary/statutory institutions, or where representation of key community groups is weak, form a committee representative of the interests of these groups. This group/ task force would then be responsible, with support from the project team as needed, to collaborate with all the community groups on the village and sub-village level, to seek inputs into each of the key Engagement Activities. This approach builds capacity and ownership within the community, reduces transaction costs for communities, while ensuring those most affected have been represented in the group/task force and through collaborating on these activities.

⁷⁴ If consent is not granted, the project proponent would examine rightsholder feedback and concerns and develop a workplan for how these could be addressed to reach agreement and move to the implementation planning phase.

⁷⁵ How natural resource users, women, youth and vulnerable groups will be represented in these Engagement Activities should have been planned during the Concept Development phase. In cases where the existing community governance structures do not enable representation of these groups, and inclusive engagement, the project will need to work with communities to develop efficient yet effective mechanisms to ensure these people collaborate closely in these activities. As per the Good Practice area 'Inclusive Engagement', working with representatives (e.g. natural resource management committees, customary authorities) who do include representation of natural resource users, women, youth, and vulnerable groups, is not acceptable in the Engagement Activities.

The main principle to be upheld here is direct engagement of all project affected people, ensuring meaningful co-design of project activities and any E&S mitigation measures, while recognising that in large of complex landscapes, and where there are budgetary constraints, cost-efficient approaches to engagement are needed. Where the group/task force is responsible for the village level and community group level engagements, barriers to this should be identified with the group/task force (e.g. transport logistics and costs, facilitation capacity, opportunity costs for the group/task force members), to ensure these engagements are feasible.

It is important to note, even when a group/ task force approach to engagement at the village and community group level, the project team would still be responsible for supervision of engagements, documentation, and providing training and capacity development support, and as such, time savings can be limited.

The Engagement Activities listed in Table 3, such as initial management planning, participatory mapping, socioeconomic baseline, and E&S assessment (including assessing barriers to adopt new land/ natural resource use activities) can be conducted initially by the group/ task force, and then further collaboration and input is sought by the task force from community groups. If this is done effectively, it forms a solid foundation for the feedback and FPIC decision point, as all community members have a good understanding of activities and findings. If this is not done effectively, the risk is that power imbalances in local governance structures are reinforced, there is elite capture and centralisation of information and decisions, overall reduced participation in the process, and exclusion of marginalised and vulnerable groups. The ‘correct’ solution will depend on the context and the capacity of the project team, with direct engagement conducted by the project team, with community representatives, often being the ideal solution to manage these risks.

Note that all the Engagement Activities are relevant on a village and site level. However, two of these activities, the socioeconomic baseline and the E&S assessment, have aspects of the activity which require only a sample of sites and villages, and aspects that should usefully be completed on a site and village level:

- For the socioeconomic baseline, the development of a robust sampling strategy for the baseline survey will require that site and village – level socioeconomic profiles are collected at this stage, or during previous fieldwork engagements (e.g. activity 1.5 scoping fieldwork, activity 2.1 Concept Development fieldwork). These profiles require village by village work. However, for the socioeconomic baseline itself, the identification of well-being indicators can be conducted in a sample of communities, villages and community groups, as can any survey (e.g. a household survey to collect baseline data on wellbeing indicators).
- For the E&S assessment, a sample of sites and villages can be selected for the purpose of the overall assessment of potential E&S (including human rights) risks and impacts, and development of a project-level ESAP. However, either during this phase, or during the Implementation Planning phase, there is often a need for site and village specific assessment of risks and impacts, particularly where there are access restrictions/ the need to remove barriers to behaviour change, in which case village specific information on number of households practising a particular livelihood activity becomes important.

In summary, some aspects of these two activities can be completed in a sample of sites, but other aspects require village by village baseline and assessment activities.

Table 3: Project Design – Baseline and Assessment Engagement Activities

Engagement Activity	Details
3.1 Initial management planning	Building on the project concept and ToC, the initial management planning engages communities and local stakeholders to decide on the local management planning process, including who will be involved, how, and when⁷⁶. Initial management planning can also fill information gaps in the project strategies and activities, and initial ideas for site-based management plans are developed. The initial management planning requires a simple base map but can also usefully be completed at the same time as the participatory land use and land rights mapping (activity 3.3), and the socioeconomic baseline (for village and site-level information) can also be conducted at during the same engagement (see text below the table for suggested combinations of activities).
3.2 Socioeconomic baseline	The socioeconomic baseline builds on the site and village – level socioeconomic profiles that have been collected during previous fieldwork engagements. The baseline serves to establish socioeconomic (including well-being) indicators that can meaningfully serve to enable the community, local stakeholders, and project proponent to monitor and evaluate the social and economic impacts of the project (both positive and negative) on affected communities. The baseline also collects information important for the management plans, and information that might inform the design of project strategies and activities. The baseline can include a mixture of quantitative (e.g. household surveys) and qualitative methods (e.g. focus group discussions) to collect information. The socioeconomic baseline should make the best use of existing data to prevent survey fatigue, and be based on a clear indicator framework that has benefited from input from communities, local stakeholders, and experts involved in the design and development of the management plans. Where local well-being indicators are to be used for monitoring and evaluation, a pre-survey activity to identify these indicators can be required. In projects covering multiple sites and villages, the collection of socioeconomic indicators for M&E purposes does not need to be repeated in all villages or all households, and a sampling strategy should be established. However, the baseline collection of information for the management plan should be conducted in every village and site.
3.3 Participatory land use and land rights mapping	The participatory land use and land rights mapping is conducted as a basis for the site-level management plans, and to confirm the land and natural rights status of communities and other local stakeholders. The mapping includes mapping of HCV4-6, which serves to understand the key provisioning ecosystem services,

⁷⁶ Noting that the process might vary between different strategies. For example, a security management strategy will require planning on a different scale, and with different stakeholders, than a grazing management strategy.

Engagement Activity	Details
	areas of livelihood value, and areas of cultural value, from the perspective of communities and local stakeholders. The mapping requires some preparation, including establishing a sketch map, and developing the base map. Participatory mapping should be conducted in every village and site, and should be inclusive, engaging all community groups such as youth, women, vulnerable groups, and specific livelihood/ natural resource user groups. When combined with the initial management planning (activity 3.1), the participatory mapping can include some initial spatial management planning for strategies and activities that have a spatial component (e.g. grazing plans, planting plans). These discussions will help inform the E&S assessment.
3.4 E&S assessment & action planning	The E&S assessment should identify environmental and social (including human rights) risks and impacts that the project could cause, contribute to, or be linked to. The assessment includes an E&S screening, which benefits from the high-level E&S screening exercises conducted during the Scoping phase, fieldwork planning, followed by direct engagement with directly affected people. The E&S assessment can be conducted for the project landscape, using a sample of sites, but must include direct engagement with the most affected groups. The assessment includes potential E&S risks and impacts, including for example human wildlife conflict (HWC) and access restrictions. The assessment also includes working with community groups to identify barriers they might face to adopting the proposed land or natural resource use activities or techniques. The E&S assessment requires that the Concept Development, and initial management planning has established enough of an idea of the likely management plan and activities (e.g. rules and regulations, responsibilities, zoning) to enable meaningful discussions on risks and barriers with affected groups. The assessment culminates in an ESAP, that includes project-level activities to be integrated into the project design, and safeguard protocols to be followed during the remainder of project design and implementation. In cases where the E&S assessment is conducted on a project area-scale, with a sample of villages, it is still important to include assessment of risks and impacts (including barriers to proposed activities) during the local management planning. In the local management planning activity, discussions are likely to focus on site-level impacts of the proposed management, such as HWC and access restrictions. This is important to include, to ensure adequate site-level measures (livelihood plans, HWC conflict prevention measures, etc) have been planned for with provisional costs.

Engagement Activity	Details
3.5 Community feedback and second FPIC decision-point	The community, rightsholder and local stakeholder feedback and second FPIC decision (Activity 2.3), includes returning to each village, and engaging directly with all communities and community groups. Information to be shared back to communities will include the proposed process for management planning, initial management plan ideas (for site-based activities) including livelihood interventions, summaries of the socioeconomic baseline and participatory mapping, and results of the E&S assessment and action plan. The consent that is being sought from rightsholders is usually consent to continue to the Project Design - Implementation Planning phase, based on information received to date. The Project Design - Implementation Planning Engagement Activities will be explained in full at this stage.
3.6 Project workshop	Workshop with community representatives, and key stakeholders such as relevant government institutions and actors, to analyse information collected during the Baseline and Assessment phase, and to plan the Implementation Planning Phase. This includes updating the ToC, stakeholder and community engagement strategy (including the FPIC protocol and GRM), and developing a workplan for the Implementation Planning phase.

While there are several Engagement Activities in the Baseline and Assessment phase, some of these Engagement Activities can be usefully conducted together, to reduce the number of engagements, where this poses a challenge for communities and the project proponent.

Suggested combination of Baseline and Assessment Engagement Activities

Engagement 1: the initial management planning (activity 3.1) and participatory mapping (activity 3.3) can be conducted as a joint activity. This requires careful planning to community meetings are not too long, and conditions are in place to enable participants to participate in a longer session or multiple sessions over a few days. This can be less disruptive than multiple visits. As the socioeconomic baseline (activity 3.2) is not conducted in all sites and villages, it can be conducted in parallel by a different (specialised) team, or separately.



Engagement 2: the site-level E&S assessment (activity 3.4) is conducted, including closer assessment of barriers faced by community groups to conduct Engagement Activities.



Engagement 3: feedback and second FPIC decision-point (activity 3.5), covering all the results of engagement 1 & 2.



Engagement 4: workshop with community representatives (activity 3.6) to review findings of Baseline and Assessment Engagement Activities and plan for the Implementation Planning phase.

5.4 Implementation Planning phase



Aim

The aim of the Implementation Planning phase is to establish the final site-level management plans and develop and finalise agreements with communities, rightsholders and other local stakeholders which will enable the effective implementation of these plans. This will enable the project to finalise and submit the PDD.

This phase aims to establish a near-final management plan⁷⁷, which often requires a further level of planning, particularly when the details of how to implement strategies or activities is unclear. This phase also aims to design and establish the project and community benefit-sharing mechanism, and draft and finalise the benefit-sharing agreements^{78, 79}.

Objectives

Objectives of the Engagement Activities in the Implementation Planning phase are to:

- Further design, assess and even trial the feasibility of key project activities (e.g. land/natural resource management activities, livelihood interventions, governance activities);
- Develop a project-level and community benefit-sharing mechanism that (a) assesses the site-level costs and ensures revenue-sharing covers these costs; (b) includes procedures for the use of any community development funds available once the site-level management and livelihood restoration costs have been considered;
- Establish final management plans on a village or site level, that capture community and local stakeholders' needs, objectives, agreed activities and regulations, roles and responsibilities;
- Generate benefit-sharing agreements which are based on the proposed management (in the management plan), roles and responsibilities, and benefit-sharing mechanism;
- Seek consent (FPIC) for the management plan and benefit-sharing agreement;
- Submit the final PDD and plan for the Inception phase, including project validation.

Outputs

Implementation Planning phase outputs

- Completed activity feasibility assessments⁸⁰ and/or trials of key project activities.
- Benefit-sharing mechanism with clear objectives, design principles and features, which includes priority local-level costs (operational costs and costs to offset any opportunity costs/remove barriers to adoption), and a clear procedure for allocation of community development funds.
- Final village or site-level land and natural resource management plans.
- Project and site level benefit-sharing agreements.

⁷⁷ In practice, the finalisation of management plans, particularly when there are formal processes for this, can take some time; these management plans need to ensure communities have a sound idea of what the management measures would be, how they would be affected, and how the project would enable them to adopt these land and natural resource use measures.

⁷⁸ As per the glossary of terms, the benefit-sharing agreement includes details on the benefit-sharing mechanism. This can be incorporated into a broader 'project implementation agreement', as described for example in VCS v5.0, which includes the outcome of FPIC, the benefit-sharing mechanism, and aspects of management plan (project activities, area, roles and responsibilities, etc).

⁷⁹ See however Section 2.2.3.

⁸⁰ Noting that these are activity-level feasibility assessments, for new activities that are planned to be trialled in the landscape, or which already exist, but require feasibility assessment to better understand the conditions within they can be effective and sustainable. This is different to the 'project feasibility' which is assessed on a project level during the Concept Development phase.

- FPIC sought for the management plans and agreement⁸¹.
- PD/PDD submitted.

Engagement Activities

The Implementation Planning phase includes activities that enables the project and communities to develop the local-level plans to sufficient detail to allow for an understanding of (i.) resourcing needed for these activities to be feasible; (ii.) the local governance and capacity needs to finalise and implement plans, and (iii) the potential costs and benefits. The activities in this phase enable the PDD to be finalised and submitted, as well as for the benefit-sharing agreements to be drawn up and for consent to be sought on these. These activities ensure that FPIC at this stage of the project design is meaningful, so that rightsholders have fully understood the likely changes in land and natural resource use, how these will be achieved, who might be affected, the medium-longer term benefits, and what costs and additional community development or livelihood benefits the project would support. Rightsholders would have had access to impartial legal advice at this key FPIC decision point.

Table 4: Implementation Planning Engagement Activities

Engagement Activity	Details
4.1 Project activity feasibility assessment and planning	Project strategies (e.g. a grazing strategy, security strategy, livelihood development strategy) will all now have specific project activities that have been suggested by communities, rightsholders, and other local stakeholders, and the project team. The initial management planning (activity 3.1) will have established the strategies and project activities that are likely to be relevant and appropriate at different sites. It is likely that some of the project activities will have been tried and tested in the landscape/seascape, while others are new to the area, to the organisation or the communities, and feasibility assessment is often needed. A feasibility assessment works with communities, rightsholders and other local stakeholders to understand the social, economic and environmental conditions under which a particular project activity or intervention is likely to be feasible and establishes a plan for how that activity will be trialled and scaled out. Feasibility assessments are relevant for all project activities, including land and natural resource management interventions (e.g. removal of invasive species, rotational grazing), livelihoods development (e.g. feasibility of establishing shea butter enterprises), and governance (e.g. feasibility of introducing professional positions to local resource management committees). The level of effort required depends on the activity and specific questions or assumptions the feasibility assessment is attempting to resolve, and the team conducting the feasibility assessment should include sufficient expertise on the activity in question. For livelihood restoration and development, feasibility assessments include assessment of the market system and enterprise models, among other things, and subject-specific and enterprise expertise is essential to the feasibility team.

⁸¹ Noting that FPIC is not a one-time signature but an ongoing right - rightsholders can withdraw consent at any stage if conditions change, new risks emerge or benefits fail to materialise.

Engagement Activity	Details
	All feasibility assessments should collaborate closely with the people who are directly affected and/or would be developing these interventions and ensure the intervention has been co-designed by those affected groups.
4.2 Management plan planning	The initial management planning (activity 3.1) and participatory mapping (activity 3.3), as well as Concept Development fieldwork (activity 2.1) will have enabled initial site management plans to be drawn up, including contextual information on the site (ecological and socioeconomic), basemaps, key threats and potential solutions, and potential challenges. This management planning activity involves further planning of the strategies and activities (management interventions), particularly how many and where these could be undertaken, and planning the implementation arrangements, particularly roles and responsibilities and possible timelines. This management planning activity is usually iterative and will depend on the land and natural resource use activities to be implemented. As described above, a final management plan might not be produced at this stage, but it is important that the management planning has enabled an understanding of: (i.) the principal management interventions and where they might apply; (ii.) who might be adversely affected (or have barriers to implement) and how to overcome this; (iii.) roles and responsibilities for implementation of the plan; (iv.) the potential costs and cost-bearers of these activities. This information informs discussions on the local governance structures and capacity development needs (activity 4.3), as well as the benefit-sharing arrangements (activity 4.4). The level of engagement with different communities, rightsholders and other local stakeholders required during the management planning depends on the activities, who is affected, and who would be involved in implementation: for rightsholders, this would be collaboration (co-design).
4.3 Governance structure	Initial discussions about the overall project governance structure will already have been held during the Concept Development project workshop (activity 2.4), with further input sought during the feedback and FPIC engagements in the Baseline and Assessment phase (activity 3.5). As well as this overall project governance structure, at this stage in the project, there will be more information available on the likely site management plans, roles and responsibilities (from activity 4.2 for example). The project and communities, rightsholders and other local stakeholders will conduct (i.) an activity to review the proposed roles and responsibilities, both within the site-level plans, and the overall project governance structure/ body, (ii.) a governance assessment, to understand strengths and weaknesses of the institutions to be involved, including aspects of inclusivity; (iii.) a

Engagement Activity	Details
	capacity assessment, to understand existing capacities, and capacities that would need to be developed. This activity should align with the principle that project leadership is centred around communities, and the project will aim to build their capacity to learn and manage the project. This activity will generate actions for site-level plans, and the overall project, to ensure they are effectively budgeted for.
4.4 Benefit-sharing assessment and agreements	Based on previous activities, the parties that are to be involved in co-designing the benefit-sharing arrangements will have been identified, for example during the Concept Development workshop (activity 3.4). Engagement Activities up to this point have generated information that will feed into this activity, which is composed of two key engagements: (i.) engagements which define the objectives and design principles for the community benefit-sharing mechanism (CBSM), and (ii.) engagements which then define the design features of the CBSM, including conducting a cost-benefit analysis, and initiating the development of benefit-sharing agreements. The first set of engagements looks to align on the objectives and scope of the CBSM, accounting for the project objectives (based on the ToC) and community objectives. There are also discussions on the design principles for the CBSM, which include for example the sub-components of equity, and which principles will be applied in the CBSM. The second set of engagements apply the agreed objectives and design principles to then develop the design features of the CBSM, covering (i.) benefits; (ii.) beneficiaries; (iii.) benefit use and disbursement; (iv.) fund management, and (v.) monitoring and adaptation. This second set of engagements include a cost-benefit assessment, which benefits from information generated from the previous Engagement Activities. This enables the project and communities to understand the different costs (operational costs, management activity costs, opportunity costs⁸², transaction costs), and the cost bearers within and between the communities and sites. The cost-benefit assessment includes reviewing those key local costs to enable the land/ natural resource management activities to be effectively started – including livelihood development activities to remove barriers to adoption – as well as discussion on any surplus revenue (beyond that needed to cover the local and project level costs) available for broader community development objectives. The design of the CBSM enables benefit-sharing agreements to be formulated, which should be a transparent and inclusive process. This should include the design of the participatory process and mechanism for decision-making for inter and intra-community revenue-sharing.

⁸² In some cases, a more detailed opportunity cost assessment (OCA) might be required to more closely examine the potential costs for affected households.

Engagement Activity	Details
4.5 Stakeholder feedback and third FPIC decision-point	The community and local stakeholder feedback and third FPIC decision-point follows a similar process as with the Concept Development and Baseline and Assessment phases, which includes returning to each village, and engaging directly with all communities and community groups according to the project FPIC protocol (which has been co-designed with and validated by communities). Information to be shared back to communities will include the content of the current management plan (village or site-level), and the project agreements, which include the details of the benefit-sharing. Considering the importance of this decision, other forms of dissemination prior to this point, in an accessible format (as per the project's communication plan), will be needed, to ensure that there is a good understanding throughout the community. It is likely that several engagements will be needed for this. Communities should have access to independent impartial legal advice prior to final consent. The consent that is being sought from rightsholders is consent to the final management plan, and the benefit-sharing agreement (including the revenue share). In cases where the management plan has not been finalised, and further development of the benefit-sharing agreement is also needed, and yet the project start date has been set (to enable practical trialling of activities by or with communities), further decision points will be clearly indicated in the project's FPIC protocol.
4.6 Project workshop	Workshop to finalise the PDD, and to prepare for the inception phase. This includes any internal write-up and planning by the project team, to ensure the PDD is ready for presentation and then submission, as well as a workshop with representatives of communities, rightsholders, and other local stakeholders, to plan for the inception, including the project validation.

The next version of this guidance will include summaries for the Inception/Validation phase, and the project Operational phase.

Annex 1: Explainers

Annex 1.1: Rights explainer

The focus of the guidance is on community engagement, and the guidance refers to 'communities', defined as *"all groups of people who derive income, livelihood or cultural values and other contributions to well-being from the project area at the start of the project"*. This broad definition of communities can include Indigenous Peoples - as holders of specific and inherent rights under international law – as well as other communities, such as nomadic pastoralist communities, or resident communities practising arable farming. In addition to identifying whether Indigenous Peoples are present within the project area, the key distinction (when identifying if there are different communities in the project area) lies in understanding which groups have different patterns of social organisation, political structures and livelihoods, and would therefore be treated - both locally and by the project - as distinct communities. Communities, as broad groups, have distinct socioeconomic contexts and are often, though not always, characterised by different ethnic identities and varying land and natural resource use rights.

The importance of this distinction is that, due to their distinct social, economic and cultural context, and customary institutions, each defined community can require distinct engagement, including the development of an FPIC protocol (for those communities who are also rightsholders) that reflects the unique characteristics of that community.

The guidance also refers to 'other local stakeholders', as those people *"who can potentially affect or be affected by the project activities and who may live within or outside the project zone"*. Examples include local businesses and traders, religious and educational institutions, and community-based organisations. These groups don't necessarily derive a direct income from the project area or the area under which the community has customary and/or statutory rights but still stand to be affected.

This guidance refers to rightsholders as being those communities, or community members with defined rights on land, territories and natural resource use, either customary or statutory. In contexts where Indigenous Peoples live, use, or have a collective attachment to the land and natural resources within the project area, rightsholders would include Indigenous Peoples: rights would include their customary (and sometimes statutory) rights to land and natural resources, internationally recognised Indigenous Peoples' rights, and fundamental human rights.

The term 'rightsholders' could have been used in the place of 'communities'. However, as noted in the guidance, some 'communities' are not always rightsholders. Some people deriving a benefit from an area might not have customary nor statutory rights to the land, territories or natural resources they are using. These communities could be refugees, pastoral and nomadic communities who have recently moved into an area, internally displaced peoples, or recent arrivals for land prospecting. For example, in the Sahel region of Africa, transhumant pastoralists increasingly move south during the dry season, in search of water and pasture, sometimes entering areas where they do not have customary grazing rights. Or, in coastal contexts, in-migrant fishers can settle adjacent to a coastal community, and use mangroves for fuelwood, fishing, and other livelihood activities. In some cases, the activities that these groups are practising could be illegal under national legislation, as well as not having any basis in customary rights of use.

As all these different groups have fundamental human rights which must be respected by the project, the term 'rightsholder' in the guidance does not refer to these human rights. Instead, the definition for rightsholders used in this guidance is:

"Rightsholders are the individuals and communities who have rights relevant to the project being designed, which often include rights to land, territories and natural resources, including use rights, physical access rights, and/or control rights (management, ownership, and exclusion). These rights include both legally defined rights (statutory rights) and customary rights"

It is important to note that the term rightsholders is not used consistently in practice. The definition used here focuses on those rights associated with land, territories, and natural resources, as these are the rights that are mostly closely linked to area-based carbon projects, particularly area-based projects. The project should conduct a thorough rights and legal analysis, enabling identification of communities, rightsholders and other local stakeholders' rights relevant to the project.

The term rightsholders can also be used to capture the broader set of individually held and internationally recognised human rights that all people - regardless of their customary and statutory rights to land, territories and natural resources, and regardless of national legislation - hold.

These human rights include fundamental human rights - including both substantive and procedural rights. Fundamental human rights include the right to an adequate standard of living, including food and livelihood, and they include environmental rights, such as the right to a clean environment. Indigenous Peoples and some other groups also have collective rights, as defined in international human rights law⁸³.

Area-based carbon projects should respect people's fundamental human rights and then have specific requirements (such as FPIC) which relate to those people with rights to customary land, territories and natural resource use.

The distinction is important because international standards, including the carbon standards, refer to statutory and customary land, territories and natural resource use rightsholders⁸⁴ as having specific entitlements under the standards. This includes, for example, the entitlement to:

- Meaningful engagement
- Free, Prior and Informed Consent (FPIC)
- No adverse social or livelihood impacts, and by extension, entitlement to livelihood restoration support where applicable.

These requirements specifically relate to those communities with customary or statutory rights, rather than to some of the other communities who could be using the area. However, as international human rights law recognises all peoples' fundamental human rights, then the project must also respect the human rights of those 'communities' (people deriving a benefit) in the project area who do not have

⁸³ No attempt is made here to explain international human rights law, or the range of treaties, declarations and principles in place, but instead to illustrate the distinction between human rights and those specific rights related to land and natural resource use. The reader is referred to Newing et al. (2024), and the TNC Human Rights Guide (2026) for more guidance.

⁸⁴ For example, the definition of 'property rightsholders' in CCB v3.1.

statutory or customary rights. Furthermore, international standards like the World Bank Environmental and Social Framework (World Bank, 2016) also recognise people who have no recognisable legal right or claim to the land or assets that they occupy or use, as affected persons, who are in turn afforded certain protections and assistance⁸⁵, albeit not to the same level as rightsholders.

By extension, the project's responsibilities to communities without customary or statutory rights to land, territories and natural resources still includes:

- **Consultation on project activities (project design)**
 - Consultation refers to a feedback process, where views and opinions are sought on a particular subject, in this case, the design of an area-based carbon project. This is different from co-design, which refers to the co-creation of ideas and activities together. The project would be expected to, at a minimum, consult non-rightsholders, and co-design project activities with rightsholders.
- **No adverse impacts**
 - Avoid, minimise and mitigate any adverse impacts, including livelihood restoration (respecting substantive rights): ensure that the project does not have adverse human rights impacts⁸⁶, including social, economic or cultural impacts on communities, including non-rightsholders. Where there is potential to negatively affect livelihoods, for example through access restrictions and economic displacement, compensation for lost assets, and support with livelihood restoration is required, even for non-rightsholders.
- **Co-design of mitigation measures**
 - While only consultation on project activities is required, if there are adverse impacts on communities who are not rightsholders, the project should co-design the mitigation measures needed to avoid, minimise or mitigate these impacts. In practice, this means that in contexts where there will be negative impacts on communities using land or natural resources, but who are not rightsholders, then co-design of avoidance measures, including zoning and regulations, is required: in these cases, this is the same then as co-design of some of the project activities (i.e. the same level of engagement as rightsholders, although without FPIC), which illustrates the importance of higher levels of engagement with communities who do not have customary or statutory rights to land and natural resources early in the project design, where feasible and appropriate.
- **FPIC**
 - While communities who are not rightsholders would be consulted and sometimes involved in the co-design process (in cases where project activities would adversely affect them), only rightsholders are involved in the FPIC process. Non-rightsholders would not have the choice as to whether to consent to the project activities.

Note that while international standards afford those communities who are not rightsholders certain protections, in some cases these protections are unlikely to apply. These include:

⁸⁵ For example, in World Bank ESD (2016) Standard 5, affected people defined in paragraph 10 (c), who are economically displaced (for example through land use restrictions), are afforded compensation for lost assets (such as crops, and land investments), and project assistance to reestablish livelihoods elsewhere. The range of entitlements for affected people with statutory, or recognisable customary rights, is far more extensive.

⁸⁶ In practice, for rightsholders, international standards such as the World Bank ESF (2016) indicate the importance of livelihood improvements (i.e. going beyond no adverse impacts), while carbon standards underscore the importance of additional benefits in terms of livelihoods and revenue-sharing.

1. Communities or local stakeholders who, while affected by the project, are not vulnerable to the impacts, and are easily able to cope with the changes, and adapt their livelihoods and activities. These would be individuals or groups with sustainable livelihoods (see glossary of terms) which enable them to adapt without any adverse impacts. Examples could include commercial and semi-industrial activities, where, due to their relative wealth and assets, while there will be an impact of the project, this will not affect their fundamental human rights.
2. Communities or local stakeholders who start to use the project area after a cut-off date has been established, for example where a local management plan has been agreed through a FPIC process with all rightsholders.
3. Communities or local stakeholders who are engaged in illicit, illegal, commercial and destructive use of natural resources, with severe environmental and social impacts.

These are activities that, while profitable, are unsustainable, and undermine the livelihoods and human rights of other neighbouring communities. Some forms of mining, dynamite fishing, poison fishing, illegal commercial logging, illegal trophy hunting, fall within this category.

However, if illegal activities are essential to the livelihoods and fundamental human rights of vulnerable or marginalised groups, consultation with these groups to explore strategies by which the project could enable these groups to transition to more sustainable activities is essential. These groups could include rightsholders or non-rightsholders practising illegal natural resource activities.

In practice, engaging with groups practising illegal activities can be challenging, and it might not be appropriate or feasible. This can include engaging with communities who are not rightsholders, where there are existing tensions, conflicts, and sensitivities. In circumstances where engaging with this group could lead to further social conflicts, legitimise a destructive activity, or even incentivise others to start the activity to seek project support, engagement needs careful planning. In some contexts, where there is a high level of illegal use, and no clear strategy for a project to address this without undermining human rights, this should be flagged early in project design (for example during initial scoping), so other strategies can be considered. In those contexts where illegal use is tolerated, and where users are known and accessible, developing a strategy to address this can be more feasible.

Table 1 provides a summary of three community-rights categories, and the project responsibilities to respect rights based both on international standards, and international human rights frameworks in relation to levels of engagement, including FPIC, and management of project impacts.

Again, while this guidance refers to communities, rightsholders, and other local stakeholders, the level of engagement and entitlements to benefits is different depending on peoples' rights, which should be analysed and planned for through a project's stakeholder engagement plan and community engagement strategy.

In addition to this distinction between rightsholders, and communities who do not hold customary or statutory rights, there is a further category of 'other local stakeholders' who can potentially affect or be affected by the project activities, and who may live within or outside the project zone (such as local businesses, traders, religious and educational institutions, and community-based organisations). These stakeholders are afforded similar rights to engagement and risk and impact management, as non-rightsholders, meaning they are consulted, and co-design any mitigation measures for activities that affect

them. These other local stakeholders are project affected peoples, and as such, they should have an opportunity to provide input into the proposed project but might not have the right to FPIC by virtue of their business or institution. In some cases, if these individuals, for example traders or small business owners, are also community members, they would be involved in the FPIC process by virtue of their membership of the community, rather than by virtue of their involvement in a business or institution.

Table 1 summarises the entitlements that these different rightsholders have to engagement, FPIC, management of adverse impacts, and respect for human rights.

Table 1: Project responsibilities in relation to different levels of community and other local stakeholder rights

	Communities: rightsholders (column A and B), and non-rightsholders (column C)			Other local stakeholders
Project responsibility	A: Communities have both statutory and customary rights	B: Communities have customary rights that are recognisable or unrecognisable in national law	C: Communities do not have customary or statutory rights (but are using land, territories or natural resources within the project area)	D: Other local stakeholders, e.g. local businesses, traders, religious and educational institutions, and community-based organisations
Level of engagement on project activities/ Project design (respect procedural rights)	Co-design project activities	Co-design project activities	Consultation on project design, co-design of mitigation measures required to manage adverse impacts.	Consultation on project design, co-design of mitigation measures required to manage adverse impacts.
FPIC for the project activities, land/natural resource use agreements, and benefit-sharing.	Yes	Yes	No: communities without customary or statutory rights to land and natural resources within the project area, or without customary or statutory rights to land and natural resources in the adjacent area (and will be affected) do not have the right to FPIC ⁸⁷ .	No: although other local stakeholders might also fall within categories A and B and be part of the FPIC process through virtue of their community membership.
Avoid, minimise and mitigate any adverse impacts, including livelihood restoration (respecting substantive rights)	Yes	Yes	Yes, where this is feasible and appropriate. For illegal activities, special attention should be paid to vulnerable peoples dependent upon these activities to satisfy fundamental needs.	Yes, where this is feasible and appropriate.
Fundamental human rights	Yes	Yes	Yes	Yes

⁸⁷ Those communities with the right to FPIC are those with customary and statutory rights to land and natural resources within the project area, and those communities with customary and statutory rights to land and natural resources adjacent to the project area within the project area of Influence who stand to be affected by the project (see for example, World Bank ESF (2016) Standard 7, requirement 8). If communities have no customary or statutory rights to land and natural resources within the project area, or within the project area of Influence, then they do not have the right to FPIC.

Annex 1.2: Free, Prior and Informed Consent (FPIC)

Purpose of FPIC

The purpose of seeking the Free, Prior and Informed Consent (FPIC⁸⁸) of Indigenous Peoples and local communities is both to respect rightsholders internationally recognised rights, align with international standards (including carbon standards), and to establish the basis of a sustainable and effective project with the buy-in and agreement of rightsholders.

FPIC is not solely about meeting compliance requirements but is fundamental to ensuring that Indigenous Peoples and other rightsholders retain control over their lands, territories, and natural resources, including decisions on how they are managed and transformed. It also helps ensure that sufficient measures and resources are in place to support people to make any necessary transitions in land and resource use.

FPIC is not solely about meeting compliance requirements but is fundamental to ensuring that communities have bought into the land, territories and natural resource management system that the project would support, and that sufficient measures and resources have been included to enable people to make the necessary transition towards this system. Recognising this, FPIC is essential both in community-led projects, and those projects where the project implementing organisation is seeking the consent of the community. In the former context, FPIC provides a framework through which decisions can be made, ensuring the involvement of community groups - such as youth, women, vulnerable groups, and specific livelihoods groups (hunters, fishers, NTFP collectors) - in the decision-making. In some contexts, communities might already have community protocols or FPIC protocols, which are protocols which explain how the community wishes to be engaged, and the FPIC process that should be followed. In cases where these protocols are not in place, the project should support their development before entering FPIC.

When FPIC is required

There are differences between standards as to when FPIC should apply. This guidance recommends applying FPIC for any projects that involve or affect Indigenous Peoples and local communities who have customary or statutory rights within the project area, and over the land, territories and natural resources which the project will affect (i.e. in the project area of influence), which is consistent with the combination of different requirements in international law, international E&S Standards (such as the World Bank ESF, 2016), and carbon standards. Note that the determination in standards regarding which rightsholders could be said to be 'affected' varies. In some standards, FPIC applies for Indigenous Peoples and local communities regardless of whether they are affected: simply having a project or initiative on their customary land is sufficient to require FPIC⁸⁹. This is the approach recommended by this guidance for communities with customary or statutory rights to land or natural resources within the project area. However, for those communities with only customary or statutory rights to land or natural resources in the project area of influence (and outside of the project area), there would need to be some potential demonstrable impact to require FPIC. This approach prevents creating an incentive for projects to understate the degree to which communities with customary or statutory rights to land or natural resources within the project area could be affected.

⁸⁸ A full definition of FPIC is provided in the glossary of terms.

⁸⁹ For example, the IUCN ESMS (2016).

As such, all rightsholders who have customary or statutory rights to land, territories or natural resources within the project area⁹⁰, or to an area affected by the project⁹¹, would be entitled to having their FPIC sought, and thus the right to refusal.

Identifying rightsholders and developing an FPIC protocol

The project will need to identify rightsholders, through for example the Engagement Activities described in Part 2, section 5 of this guidance. Where it is not clear if a group is to be defined as rightsholders (for example with groups who have seasonal use of an area, or where customary boundaries are not well defined), the project would be responsible for further assessment to understand this. This could be achieved through consultation with the community in question, or a specialised assessment. These checks should commence at the scoping phase and not later in the project, as this would undermine the involvement of these communities in the FPIC process. However, more specific understanding of land and natural resource use rights, for example mapping of areas of customary use, can be included in the project design phase, during the development of the site-level management plans and PDD (section 3, Part 2 of this guidance).

Once those communities with the right to FPIC have been identified, standards are not prescriptive on the details of how FPIC should be sought. This explainer does not aim to fill this gap, and there are many guidance notes on what entails a robust FPIC process. However, for the avoidance of doubt, Box 1 provides some key elements that would constitute a robust FPIC process.

Box 1: Some key elements of a robust FPIC process

- Rightsholders (those with the right to FPIC) have been identified.
- Rightsholders have defined the decision-making process and timings.
- Any rightsholders representatives involved in decision-making have been freely chosen.
- The FPIC process ensures the representation and involvement of women, marginalised and vulnerable groups.
- The FPIC process must meet the requirements of national legislation and legal obligations under international standards.
- The FPIC process enables communities to negotiate the conditions under which the project is designed, implemented, monitored, and evaluated.
- The project has developed a written FPIC protocol which has been validated and agreed with rightsholders.
- The project FPIC protocol clarifies the scope of FPIC, key decisions, and sequencing of FPIC activities.
- The FPIC protocol clarifies that FPIC is an on-going and iterative process and relationship, while indicating key decision points that are critical in project design.
- The project team have capacity and expertise in FPIC.
- Rightsholders have sufficient capacity to participate in the FPIC process – their training and capacity needs have been identified and training provided.

⁹⁰ Note that the project area does not refer to the area over which carbon accounting is conducted, but the area over which project activities will be implemented. As such, this includes communities adjacent to a protected area, for example, where project activities (e.g. livelihood interventions and sensitisation) focus on reducing natural resource use within the Protected Area, while the carbon accounting is within the protected area.

⁹¹ This refers to the project area of influence, which can extend beyond the project area, where the project affects customary or statutory rightsholders.

- The FPIC process enables a collective decision by rightsholders to grant or withhold consent at key stages of project development and implementation. These key stages should include, at a minimum, whether to: (i.) Consider the proposed project ("willingness to consider the project"); (ii.) Engage in the project planning process; and (iii.) Implement the project.
- Consent is sought prior to an activity being undertaken and re-confirmed periodically.
- Consent must be based on accurate information about the project, rightsholders responsibilities, and the potential risks and impacts.
- Information has been provided in a culturally appropriate way.
- Communities have had access to independent impartial legal advice prior to final consent.
- There is a project grievance redress mechanism in place which includes, in its scope, complaints regarding the FPIC process.
- There is a mechanism for on-going dialogue and for M&E of the FPIC agreement.
- The quality and status of FPIC process and agreements should be open to independent 3rd party verification.

Annex 1.3: Livelihoods explainer

Livelihood improvement projects, or 'livelihood interventions', are often a core component of area-based carbon projects. However, the purpose and target groups (beneficiaries) of livelihood interventions can be easily confused, and livelihood initiatives can then be developed in isolation from the project logic or design. Within project teams and communities, there is not always a clear understanding of why livelihood interventions are being implemented, what the livelihood benefits of improved land or natural resource management would be, and therefore where and with whom to develop livelihood projects.

It is important that the project team and communities understand where livelihoods feature in the project's ToC, to ensure that the livelihood interventions are designed with the right people, for the right people.

Broadly speaking, there are three places in a project's ToC that livelihoods can be situated:

- **Project strategy/ activity** – livelihood activities can be designed to provide a substitute natural resource, income source or extraction technique that allows someone to transition from an activity that is having a negative environmental impact, to a more sustainable activity.
 - When identifying threats or causes to land or natural resource use (for example using a "problem-solution tree") it is possible for someone's livelihood activity (e.g. 'expansion of crop farming into high conservation value forest') is indicated as a 'cause' of deforestation or degradation. The solution could then be to improve agricultural techniques, for example through conservation farming, and reduce the need to expand existing farmland into standing forest areas. This could be part of the project's livelihood strategy, the Activity being 'conservation farming'. Activities such as these are central to the project's ToC, and their implementation is supposed to bring about the proposed change.
 - These kinds of livelihood activities are technically 'alternative livelihoods', as they are substituting the function of a livelihood activity (the income function, food or resource function, or the extraction technique), with the objective of ensuring more sustainable natural resource use. Note that just because these activities are referred to as 'alternative' livelihoods, does not mean they require people to establish different livelihood activities, as explained below.
 - These activities can also be referred to as 'livelihood restoration' in cases where the proposed project activities (e.g. zoning) or outcomes (e.g. changes in land cover) have an impact on peoples' livelihoods, requiring the project to look at how to substitute for income, the resource, or the extraction technique. This is a form of 'mitigation measure' that ensures the project does no harm.
 - These activities would be designed and developed with those people whose livelihood is likely to be affected by the project activities, and these same people would need to be the beneficiaries of these activities, to bring about the change proposed by the project.
 - Importantly, even non-rightsholders (those communities without customary or statutory rights) whose livelihood is negatively affected, are entitled to support from the project to ensure that their human rights are respected and should be involved in the collaborative design of any livelihood activities designed to manage impacts.
- **Project outcome** – in some projects, sustainable livelihoods are part of the project outcome, and can be, ideally, the mechanism through which the land use change will become permanent.
 - For example, in a rangeland management project, there might be several activities (participatory planning, grazing management plans, installation of water points) supported by the project, with

the idea that the resulting grazing system will be more sustainable than the existing system, and, as such, will improve livestock health and pastoralist livelihoods. While the establishment of a grazing management plan is unlikely to be classified as a 'livelihood improvement activity' in the project ToC, the long-term outcome would be livelihood improvement.

- These livelihood improvements, resulting from improvements in land and natural resource management - if perceived by communities - should form the long-term incentive to maintain the improved management system in place.
- The proposed livelihood improvements due to the improved land use system should benefit the community as widely as possible, and this will depend on the type of land and natural resource use. In contexts where changing the land and natural resource use system will lead to winners and losers, those people who stand to lose out would need to be engaged in the context of a) above (project activities needed to allow them to improve livelihoods due to a project impact). This is why the participatory development of a land or natural resource management plan is so important, to ensure that one group within the community with an interest in a particular land/resource use, do not exclude the interests of other groups.
 - For example, in a community forest, young men might prefer to opt for commercial logging activities, as they stand to gain from employment, and cash in hand work. Women dependent upon NTFPs, and with aspirations to establish an enterprise to transform and improve NTFPs, might oppose commercial logging. Equally, this is why, when potentially affected groups have been identified, it is important to work with them to look at a) above. In this example, it might be that other sources of employment, other than commercial logging, can meet young men's needs while enabling women to pursue the NTFP enterprises.
- **Project 'co-benefit'** – Some livelihood activities might be the activities which communities choose when deciding over the use of their share of the carbon revenue. This would assume that a) had already been done (if needed), and b) might be being achieved already.
 - For example, in a project where some livelihood activities were implemented as project strategies/ activities to improve the land use system (e.g. income generating activities for charcoal producers, a) above) it might be possible that some peoples' livelihoods improved by the improved land use system (e.g. small NTFP businesses made possible from the maintenance and re-separation of trees no longer used for charcoal, b) above). In this case, the resulting carbon revenue coming to the community - assuming all the management costs, direct activity costs, have been covered - could be used for further livelihood improvement projects.
 - These livelihood projects could be directed to any community members, as they are not needed as part of the project's ToC, nor are they linked to the outcome of the project. However, there should be a system in place for decision-making over use of revenue on the village level to enable fair decision making and allocation of resources. It might be that the "benefit based on need" and "equal benefit" equity principles are more relevant when thinking about these livelihood or community development projects.

Of course, some livelihood activities can be more than one of the above. Conservation farming might be the means to reduce deforestation, while also being the long-term benefit that means people maintain conservation farming, while also being a livelihood activity communities choose to invest in with their share of project revenue.

In all three cases, the objective should be to improve livelihoods and not simply maintain livelihoods. Where livelihood restoration is being undertaken (e.g. in a) above), the objective should be to restore and improve. In some projects, the existence of livelihood activities is seen as a net benefit by the project proponent, but often the costs to communities (changes in land and natural resource use, other social and economic impacts), are not accounted for.

Note that this livelihood explainer does not cover the different approaches to livelihood improvements, which can include supporting existing livelihoods (for example through improving tenure or management of a natural resource, which supports peoples' nature-based livelihood), enhancing existing livelihoods (for example through increasing the value received for certain products through improvements in quality or market access, or increasing the number of products sold and used from an activity), or diversifying livelihoods through investigating additional livelihoods (new activities, including employment opportunities).

Nor does it cover how to go about assessing feasibility, developing a livelihood restoration and improvement plan, and common pitfalls in supporting livelihood programmes.

Annex 1.4: Management plans and agreements explainer

Often the project concept is developed at the scale of the project area, which can include an entire landscape in some cases. During the project design phase, it is then important to design and plan project interventions at the village and site-level to account for differences in socioeconomic and ecological context, as well as community needs.

Site

A site is a geographically distinct area which has been defined as such due to the likelihood that the project supported management plans (e.g. mangrove management plans, grazing plans, conservancy land use plan) will be developed on the scale of that site, and that the site will therefore become a specific area under management (within the project area). Sites can be defined through existing statutory instruments (e.g. conservancies in Kenya, or community forests in Zambia), or through customary areas of management (e.g. the area of customary land within the jurisdiction of a paramount chief in Sierra Leone). Site-level management planning starts in the Baseline and Assessment phase.

In the glossary of terms, a site is defined as *"geographically distinct area which has been defined as the area under management, within the broader project area, due to the likelihood that the project-supported management plans, including community management plans (e.g. mangrove management plans, community grazing plans) will be formulated on the scale of that site, and that the site will therefore become a specific area under management (within the project area)"*.

Management plan

In the glossary of terms, a management plan is defined as *"a description of the project activities to be implemented in a site or area within the project area to be managed by a rightsholder/ rightsholders"*⁹²

The management plan will include a map of the site, including current land use and land cover.

Even if a management plan is developed on the scale of a site, it is still essential that each village, and each affected community group, collaborates on the development of the plan, and understands the implications (costs, benefits, responsibilities) of such a plan. Developing a plan on the scale of a village (with collaboration from community groups within that village), is an effective way to ensure there has been sufficient input from affected groups. Often statutory instruments will be clear on the type of management plan that can be established by, or with communities. If this is not the case, communities and the project might need to define the most appropriate form of management plan, ensuring that it is legitimate from the customary and statutory perspective.

As many projects will develop livelihood interventions as a key project strategy, the site management plans should also include (or have a parallel plan for) the livelihood interventions (type, scale, beneficiaries) and community development initiatives for that village or site. In contexts where the communities are not statutory or customary rightsholders in the project area, but are adjacent to the project area, the project could be supporting communities solely with livelihood and community development (e.g. to reduce resource pressure in a protected area), and not land management activities per se. In these contexts, the

⁹² Definition adapted from PV Climate, v5.7.

site-plan with communities would take the form of a livelihood improvement and community development plan.

The management plan defines the objectives of land and/or natural resource management, the management measures (rules, regulations, activities), roles and responsibilities, and resourcing needs. As the management plan is most often a statutory instrument, it does not form an agreement or contract between communities and the project. As such, to support the implementation of this plan, the project will establish project agreements with communities, rightsholders and other local stakeholders (like conservation agreements).

Project agreements

In the glossary of terms a project agreement is defined as *"a contract between a project proponent and rightsholders which allocates the rights to carbon benefits to the project proponent and includes all of the terms, conditions, rights and responsibilities, including benefit-sharing, between the project proponent and rightsholders over the agreement period⁹³".*

These agreements can take different forms, depending on the approach to benefit-sharing (input-based, performance-based etc), but will typically look to ensure that there is agreement on the activities, outputs and desired outcomes of management, and on the roles, responsibilities, and resourcing (budget). For benefit-sharing, often there will be an overall project-level benefit-sharing mechanism and agreement, which clarifies the broad share of carbon revenue between key stakeholders. However, agreements should also be developed on the scale of the site or village, align closely with the management plan, and clarify roles and responsibilities, and how carbon revenue will be shared to ensure the implementation of this plan.

Having this site management plan developed during the project design phase (i.e. prior to the project start date and validation):

- Enables communities and community groups to understand the exact project and management interventions in their village/ on their land;
- Allows for an estimation of the level of livelihood restoration and improvement required to enable the plan to be implemented while managing potential adverse impacts;
- Contributes to the calculation of other site-level project costs, especially the community operational (management) costs, such as tree planting, fencing, community monitoring, for example;
- Enables FPIC to be sought based on complete information regarding the management plan, costs and benefits, and the agreement.

Provisional management plans and project start date

In some contexts, the development of a full management plan can take years or can be linked to the update of existing management plans which might not be immediately possible. As FPIC should be sought prior to the project start date⁹⁴, this creates a tension. In these contexts, it can be necessary for project proponents to seek a provisional FPIC based on the initial management plans and benefit-sharing agreements, and to agree on a schedule for the final management plan and benefit-sharing arrangements

⁹³ Definition adapted from the PV Climate, v5.7.

⁹⁴ See glossary of terms for project start date definition.

to be developed during project implementation itself (i.e. after the project start date). These situations should be avoided where possible, as they can lead to the project start date and validation occurring without certainty on key aspects relating to site-management costs and benefit-sharing arrangements, presenting a risk for both communities and the project proponent.

Glossary of terms

Background

This glossary introduces definitions of key terms used throughout the guidance. Where a key term has been sourced or adapted from another publication, this is referenced. Additional notes are also provided in boxes to provide further explanation of the term and make links to other terms. Terms to understand the technical aspects of a carbon project are not introduced here: carbon standards have glossaries, definitions, and procedural guidance which should be referred to.

Definitions

Access restrictions

"Restrictions to peoples' access to land and natural resources including restricting physical access, restricting extraction, use and sale of natural resources, and changes in the natural resource management regime".

Project-supported access restrictions are when a project supports, technically or financially, the establishment of new access restrictions, or reinforces existing restrictions. This includes where the restrictions are in existence (e.g. in the national legislation, or in a management plan) but not being effectively implemented. Access restrictions apply when referring to restricting illegal use, although see Annex 1.1 for details.

Benefit-sharing mechanism

"A benefit-sharing mechanism is a system composed of institutions and processes designed to distribute benefits according to pre-defined principles".

Note that this is defined differently elsewhere, for example in PV Climate (v5.7) a benefit-sharing mechanism is defined as:

"A description of the allocation of income from the sale of Plan Vivo Certificates to the Project Participants, Project Coordinator, and other parties.

The community benefit-sharing mechanism is the part of the mechanism over which rightsholders have decision-making power, and which relates specifically to the benefit-share accessible to communities. Those people who hold rights (customary or statutory) over land, natural resources or knowledge from which the benefit distributed via the CBSM is generated, by extension, be involved in the co-design of this mechanism and provide or withhold consent to the mechanism.

Benefit-sharing agreement

"The agreement which describes the benefit-sharing mechanism, including the governance arrangements with roles, responsibilities and commitments of all parties to the agreement".

Benefit-sharing arrangements are often agreed to and recorded in the form of legal agreements. Various terms can be used to describe these agreements, including community benefit agreements, benefit-sharing agreements, or impact and benefit agreements. The individuals, groups, or entities directly involved in these legal agreements are known as the "parties," and parties to the legal agreements that make up the benefit-sharing arrangements generally include the project proponent/developer, project investors, landowners, communities, and implementing partners. A project may have a benefit-sharing

arrangement comprised of multiple different legal agreements, which each detail the agreed upon benefit-sharing process between different kinds of rightsholder groups" (TNC, 2025).

See also definition of 'project agreement' below.

Carbon benefit

"Net-increase in carbon stocks and/or reduction in greenhouse gas emissions relative to the Carbon Baseline as a result of a Project Intervention" (PV Climate, v5.7).

Co-design

"The joint design of an initiative by a project proponents and communities, rightsholders and other local stakeholders through a structured process of shared analysis and decision-making, rather than one-way consultation".

Communities

"All groups of people—including Indigenous Peoples, mobile peoples and other local communities—who derive income, livelihood or cultural values and other contributions to well-being from the project area at the start of the project and/or under the with-project scenario" (CCB v3.1).

The CCB v3.1 guidance goes on to explain: *"In cases where numerous small communities can be shown to have homogeneous patterns of social organization, political structure and livelihoods, these communities may be identified and listed as a community. In identification of communities, it is permitted to consider significance of user populations and of their level of use such that distant or intermittent user groups who have very limited dependence on the site need not be defined as communities" (CCB v3.1).*

This definition is used here as it captures the reality that there are often different communities living on and using land and natural resources, and project teams need to understand how these communities are organised to effectively engage with them. Communities have representative institutions, and some of these are defined in the law (statutory institutions), such as natural resource management committees that are formally recognised, while some are customary institutions (e.g. traditional leadership, council of elders). Separate engagement processes are required where there are Indigenous Peoples, and different communities, to ensure that engagement is based on communities' preferences and customary norms.

Community engagement strategy

"The project's specific strategy and approach for engaging with local communities, rightsholders and other local stakeholders who are affected by, or have a direct relationship with, the project area and project activities. It sets out how engagement will be designed and delivered throughout the project lifecycle, including the timing, methods and information-sharing processes, and any differentiated measures required to ensure inclusive participation of disadvantaged or vulnerable groups. The CES sits within, or alongside, the broader stakeholder engagement plan, which covers engagement with all stakeholder groups."

Community groups

"Sub-groups within communities whose members derive similar income, livelihood and/or cultural values and other contributions to well-being from the project area and whose values are different from those of

other groups; such as women, youth or other social, cultural and economic groups, including religious groups, people with different income levels, marginalised groups, for example. The number of appropriate groups will depend on the size and complexity of the community" (CCB v3.1).

These sub-groups can include people who use the same natural resources, sometimes referred to as natural resource user groups (even if these groups are not organised as groups per se). Examples include non-timber forest product harvesters, such as honey harvesters, or herders.

Community representatives

"The freely chosen and legitimate representatives of the community, including members from community representative institutions (see below), and other community groups".

Community representatives can be members of formal and informal community institutions (see "community representative Institutions" below but can also be members of the community who have been chosen to represent a particular social or interest group (honey harvesters, women, youth), who do not have a formal or customary institution. In some contexts, these could be representatives of key livelihood groups, who are selected to represent that group of people who practice the same livelihood in the engagement activities.

For example, CCB v3.1 refers to 'legitimate representatives' (page 18), while PV Climate, v5.7 refers to 'freely chosen representatives' as part of the project FPIC process. Including community representatives who are not part of community representative institutions in engagement and FPIC processes ensures that power imbalances in customary and statutory institutions are counter-acted by inclusion of these informal groupings of community members. Where these freely chosen representatives do not already exist, project support is often needed for the selection process.

Community representative institutions

"The customary and statutory institutions within communities that are responsible for representing the community in decision making over land, natural resources and community development".

These institutions include formal institutions, such as resource use committees, which are recognised in the national legislation and formally established under this legislation, and customary institutions, which are recognised within the community, and operate along customary norms. Note that the term "representative" here refers to the role in representing the community but is not the same as representative. A representative institution would include recognised and legitimate representation from all the different community groups including vulnerable groups, marginal groups, livelihood groups, and social groups, including youth and women, from within any given community.

Consultation

"Consultation is a process of information-sharing and feedback-seeking with communities, rightsholder and other local stakeholders, undertaken using socially and culturally appropriate methods, inclusive of women, youth and vulnerable groups, and enabling stakeholders to assess impacts, express priorities, and provide input into decisions during project design and implementation."

Note the distinction between consultation, which is the provision of information and seeking feedback (which might or might not be accounted for, but should be accounted for where feasible), and co-design, which is the joint-design, and two-way flow of information, ideas, and decisions. Information-sharing, on the other hand, is like 'sensitisation', in that it is sharing information without seeking

feedback. While consent is seeking the agreement of a rightsholder. As such, from weakest, to strongest form of engagement, it goes:

- Information-sharing
- Consultation
- Co-design
- FPIC

Core costs

"Costs of establishing and maintaining the institutions that deliver conservation coordination, research and training, and ensure that policies and laws are in place and being enforced" (Meyers et al., 2020).

Customary rights

"Customary rights to lands, territories and resources refer to patterns of long-standing community lands, territories and resource usage in accordance with Indigenous Peoples' and local communities' customary laws, values, customs and traditions, including seasonal or cyclical use, rather than formal legal title to lands, territories and resources issued by the State" (CCB v3.1).

Engagement Activity

"A set of tasks that if completed will fulfil specific project development or implementation requirement(s). Completion of an Engagement Activity is informed by Good Practice Areas".

Engagement level

"The depth and extent of engagement with any given stakeholder or stakeholder group, ranging from information-sharing (provision of information without the expectation of feedback), consultation (provision of information with the expectation of feedback and input), co-design (jointly designing and developing), and FPIC (seeking consent), which is determined by the stakeholders' rights and role in any given project or initiative".

Free, Prior and Informed Consent (FPIC)

"FPIC is a principle protected by international human rights standards that state, 'all peoples have the right to self-determination' and – linked to the right to self-determination – 'all peoples have the right to freely pursue their economic, social and cultural development'. FPIC is a specific right that pertains to Indigenous Peoples and is recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP, 2007)" (PV Climate, v5.7).

In the context of carbon projects, Indigenous Peoples and other rightsholders (communities who are customary or statutory rightsholders) have the right to have their FPIC to be sought by the project proponent if the project might affect their lands, livelihoods and environment. This can include circumstances when project activities are occurring on rightsholders land or marine space, and/or where project activities affect their lands, livelihoods and environment (even if the project activities are occurring in an adjacent area, such as a national park or reserve).

FPIC describes the principles, conditions and processes that must be followed to negotiate the conditions under which a project is designed, implemented, monitored, and evaluated. The principles include:

Free – Consent should be given or withheld freely, meaning without coercion, intimidation or manipulation, and through communities' own freely chosen representatives such as their customary or other institutions.

Prior – Consent should be sought prior to the project going ahead, meaning sufficiently in advance of any authorisation or commencement of activities and respecting the time requirements of indigenous consultation processes.

Informed – Consent should be informed, meaning that communities must have access to and be provided with comprehensive, accessible and impartial information on the project.

Consent – a collective decision ("yes", "no", or "yes with conditions") made by the rightsholders following their own timelines and decision-making processes.

Rightsholders would always have the option to reconsider if the proposed activities change or if new information relevant to the proposed activities emerges.

Source: Adapted from the PV Climate, v5.7, and the RSPO (2022).

See also Annex 1.2 for more information on FPIC, including what a robust FPIC process should entail.

Good Practice Area

"Key themes within local engagement that are important for a project to understand and where certain practices can be clearly defined, and when conducted, are known to contribute to project equity and effectiveness".

Grievance mechanism

"A grievance mechanism is a set of arrangements that enable project participants and local stakeholders to raise grievances with the project and seek redress when they perceive a negative impact arising from the project's activities. It is a way to mitigate, manage and resolve potential or realised negative impacts of the project, as well as fulfil obligations under international human rights law and contribute to positive relations with communities and employees" (PV Climate, v5.7).

Impacts

"Impacts include benefits, costs and risks, including those that are direct and indirect and including those related to social, cultural, environmental and economic aspects and to human rights and rights to lands territories and resources" (CCB v3.1).

Note that "costs and risks equate to negative impacts which should be identified using a participatory and transparent process. Costs and risks include those that are direct and indirect and include those related to social, cultural, environmental and economic aspects and to human rights and rights to lands territories and resources. Costs include those related to responsibilities and also opportunity costs" (CCB v3.1).

Implementing partners

"The entity or entities that implement part or all of the project activities".

"Implements climate mitigation activities (e.g. tree planting, forest management, land protection, etc). Implements relevant social activities (e.g. new sustainable livelihoods, education and capacity building, etc). Implements monitoring activities" (TNC, 2023).

Inclusiveness

"Engagement practices that create an environment where diverse groups and all affected groups - such as those differing in race, gender, ability, or culture – have the means to participate equally and can participate meaningfully".

Indigenous Peoples

"Distinct social and cultural group with the following characteristics (in varying degrees): (i.) self-identification as members of a distinct indigenous social and cultural group (and recognition by others); (ii.) collective attachment to geographically distinct habitats/ancestral territories (or seasonal areas) and associated natural resources; (iii.) distinct customary institutions (cultural/economic/social/political) from the mainstream society/culture; (iv.) distinct language or dialect, often different from official language(s)" (World Bank, 2018).

While this definition provides some guidance and criteria, self-identification, rather than externally conceived criteria are commonly the most important United Nations (2007). The World Bank ESS7 definition applies the broader term "Sub-Saharan African Historically Underserved Traditional Local Communities", in recognition of social and political sensitivities around ideas of indigeneity in this region.

Information-sharing (disclosure)

"Sharing relevant project information to all project stakeholders, in a timely manner, and in accessible formats. Relevant project information includes, for example: a) the purpose, nature, and scale of the project; b) the duration of proposed activities; c) project risks and impacts and potential mitigation measures; d) how stakeholders can participate; e) the process by which any grievances can be raised".

Livelihood

"Means of securing the necessities of life, where necessities refer to basic physiological needs (air, water, food, shelter, sleep, clothing, reproduction) and safety needs (personal security, employment, resources, health and property)".

See also definition of sustainable livelihood.

Livelihood restoration

"Measures taken to help people affected by a project regain, and ideally improve, the income, resources, or means of subsistence they lost due to land acquisition or restricted access to natural resources".

Local stakeholder

"An individual or group that is resident within the project region and could be affected by project activities" (PV Climate, v5.7).

As the definition of local stakeholders includes all individuals or groups who could be affected by project activities, these stakeholders would all also fall under the definition of project affected peoples. Local stakeholders can include individuals or groups that are using land/natural resources, meaning Indigenous Peoples, communities, rightsholders, community groups (including vulnerable and marginalised groups) all fall under this rather broad definition.

Local stakeholder is a sub-category of the broader term stakeholders, and essentially the focus of this guidance. However, as there are other local stakeholders beyond the definition of Indigenous Peoples, communities and rightsholders, for example local businesses, traders, religious and educational institutions, and community-based organisations (CBOs), the phrase 'communities, rightsholders, and other local stakeholders' is referred to in full throughout the guidance. As illustrated in Annex 1.1, these groups are all entitled to different levels of engagement.

Management plan

"A description of the project activities to be implemented in a site or area within the project area to be managed by a rightsholder/rightsholders" (adapted from PV Climate, v5.7).

Note that the guidance also refers to a 'community management plan' which would be plan that is designed and implemented by rightsholders themselves. 'Community management plan' is used to distinguish from broader, landscape-level plans which can be developed with multiple stakeholders, informed by community management plans and vice versa.

Marginalised groups

"Individuals or groups of people prevented from full participation in social, economic and political life. Social, economic and political barriers can all contribute to the marginalisation of an individual or group, and people can be marginalised due to multiple factors such as geography, ethnicity, religion, caste, sexual orientation, gender, displacement, conflict or disability" (PV Climate, v5.7).

Operational costs

"Costs related to the operation of the management of natural resources and can include the operations of the community entity responsible for the management area, and all of the costs related to the implementation of the management plan. For example, costs can include those for staff, marketing, maintenance, trainings, consumables, consulting and audit fees, and insurance, administration, capital expenditures, capacity building, direct management activities".

Costs for implementing a management plan can include planting trees, fencing, installing water sources, and often these costs sit with the community management entity (who might sub-contract this out), or with the project proponent if it is agreed that the project proponent will support with site-level implementation.

Operational costs associated with operations of the community entity, or the project proponent, or other entities involved in management, sit with each of those entities.

Opportunity cost

"Costs that arise from the economic activities that are diminished or foregone when it is necessary to restrict land and resource uses in the interests of conservation, or to forego development opportunities" (Meyers et al., 2020).

These costs can arise from multiple sources, are extremely hard to measure, and can include natural resource use restrictions or other lost opportunities due to a required behaviour change, and the opportunity costs of project transactions (including attending meetings, filling volunteer positions).

Other local stakeholders

"All individuals or groups other than communities who can potentially affect or be affected by the project activities and who may live within or outside the project zone, including for example local businesses, traders, religious and educational institutions, and community-based organisations (CBOs)" (adapted from the CCB v3.1 definition of 'other stakeholders').

Project

"An initiative established by one or more project proponents to implement project activities within an established project area with clearly defined aims and objectives as specified in a project design document (PDD) or equivalent project document".

Project activities

"The activities designed and implemented by a project to protect, restore or improve the management of land or marine areas, increase carbon storage or reduce greenhouse gas emissions, and have positive impacts on local livelihoods and ecosystems".

An Engagement Activity can contribute to the design or implementation of a project activity. As noted in the guidance, there is a distinction between project activities, being those activities which directly protect, restore or improve the management of land or marine areas, and the Engagement Activities described in the guidance which are conducted to design and agree the project activities. During project implementation, for those project activities being implemented by and with communities, rightsholders and local stakeholders, Engagement Activities are predominantly (but not entirely) based on the implementation, and monitoring, evaluation and reporting of the project activities.

Project affected peoples

"Individuals or groups likely to be affected by the project activities because of the actual impacts or potential risks to their physical environment, health, security, well-being or livelihoods".

Similar terms include project affected parties, project affected persons, affected people, and affected communities. Note that project affected peoples would reside or use the area within the project area of influence.

Project agreement

"A contract between a project proponent and rightsholders which grants the rights to carbon benefits to the project proponent and includes all of the terms, conditions, rights and responsibilities, including benefit-sharing, between the project proponent and rightsholders over the agreement period" (adapted from the PV Climate, v5.7).

See also the definition of a benefit-sharing agreement, which can be part of this broader project agreement.

Project area

"The area within which one or more project activities are being implemented".

Similarly, in other standards, such as CCBS (v3.1), project area is defined as *"the land area in which project activities aim to generate net climate benefits"*. Note that projects may be comprised of more than one project area within a defined 'project region'.

Project area of influence

"Areas, individuals and communities beyond the project area affected by the project, including any cumulative impacts" (Adapted from IUCN, 2016).

Note that Project Area of Influence is a key concept in relation to identification of project affected peoples, and in relation to FPIC: Indigenous Peoples and other communities with customary or statutory rights to land and natural resources within the project area, or within the project area of influence (and by definition, this is an 'area of influence' which will affect people and the environment, stand to be affected), have the right to FPIC.

Project benefits

"Positive impacts which are identified using a participatory and transparent process, and can include direct and indirect benefits, including social, cultural, environmental and economic aspects, including improved human rights and rights to lands territories and resources, and resulting from the outcomes of the project activities, the outcome of improved land and natural resource management, from access and use of the revenue share, and any other aspects of the project" (Adapted from CCB v3.1).

Project design

"The project activities, outputs, and outcomes, formulated in a logical sequence, and described in the project design document, based on a co-design process with communities, rightsholders, and other local stakeholders".

Project developer

"The individual or organisation that originates, designs, and structures a carbon project, and is responsible for compliance, including the development of the project description document and registration process".

The project developer may be a specialist service provider, consultant, or the project owner, and may or may not be the entity responsible for day-to-day implementation after registration (i.e. may or may not be the project proponent). The project developer designs the key elements of the project and describes them within the project design document (PDD) and other technical documents. The project developer registers the project with the standard, manages project validation and verification processes, and periodic monitoring and reporting per the methodology. Often, the project developer maintains the communication with the standards and is responsible for contracting the verification and validation bodies (VVBs) (TNC, 2023).

Project proponent

"The individual or organisation with overall control and responsibility for the carbon project under the relevant standard /registry, including holding the legal rights to the carbon credits and transacting them in the market".

The project proponent is the entity that obtains the rights to the carbon credits from the owners of the physical carbon. They hold the legal rights to the carbon credits and transact them in the market. They are responsible for then distributing the benefits equitably to the other project participants, according to pre-agreed terms. They are responsible for overseeing or facilitating implementation, development,

and required reporting of carbon project, as well as mitigating any non-conformance with the protocol or contracts (TNC, 2023).

The project proponent may be responsible for project communications (internal and external). Ultimately holds the risk for ensuring successful implementation, long-term maintenance of the carbon project, and conformance with the carbon programme standards and methodologies.

Project region

"A discrete geographical area within which project areas are or could be located as part of a project, and that includes any reference areas or leakage buffers" (PV Climate, v5.7).

Note that is like the concept of "project zone", which is defined in CCBS (v3.1) as the area encompassing the project area in which project activities that directly affect land and associated resources, including activities such as those related to provision of alternative livelihoods and community development, are implemented. For grouped projects, the project zone also includes all potential project areas (i.e. all potential new land areas in which project activities that aim to generate net climate benefits may be implemented in the future after the initial validation).

Project start date

"The date on which the first significant action to implement the project activity is undertaken. This can include (i.) execution of the first written agreement or legally binding document committing to implement or construct the project activity (e.g. contract for major project expenditures) or (ii.) where the project activity does not involve such commitments, the first physical action undertaken to implement the project activity" (VCS, v5.0).

Relevant project information (disclosure)

"Project relevant information is information that is relevant to share with communities, rightsholders and other local stakeholders, as it has a bearing on their collaboration with the project, and their decision-making".

Relevant project information can include: a) the purpose, nature and scale of the project; b) the duration of proposed project activities; c) potential risks and impacts associated with the project and the proposals for mitigating these, highlighting potential risks and impacts that might disproportionately affect vulnerable and disadvantaged groups and describing the differentiated measures taken to avoid and minimise these; d) the proposed stakeholder engagement process highlighting the ways in which stakeholders can participate; e) the time and venue of any proposed public consultation meetings, and the process by which meetings will be notified, summarised, and reported; and f) the process and means by which grievances can be raised and will be addressed.

Rightsholder

"Individuals or communities who have rights relevant to the project/program. These can include use rights, physical access rights, and/or control rights (management, ownership, and exclusion) over land, resources, and/or carbon. They can include legally defined or customarily held rights" (TNC, 2023).

Note that everyone is a rightsholder from a fundamental human rights perspective. This definition of rightsholders as being those with rights specific to the carbon project (land, natural resources) does not take away from that.

TNC (2023) also notes that "in particular, the United Nations and other constitutions and treaties recognize Indigenous Peoples as specific political entities that have definite reserved rights around resource ownership, access, and harvest. For further definition of rights, particularly related to IPLCs, please refer to Appendix 1 of TNC's Human Right Guide" (TNC, 2026).

Secondary stakeholder

"Stakeholder with an indirect interest in the Project. For example, national or local government authorities, politicians, religious leaders, civil society organizations and groups with special interests, the academic community, and others who have a more indirect interest in the Project" (PV Climate, v5.7).

This guidance focuses on local stakeholders and communities, including Indigenous Peoples, and the sub-groups within communities (community groups).

Within the secondary stakeholders, some broad commonly used categories include:

- Government ministries
- Local government
- Civil society organisations
- Private sector
- Media
- Research institutions
- National and international NGOs

Site (management area)

"Geographically distinct area which has been defined as the area under management, within the broader project area, due to the likelihood that the project-supported management plans, including community management plans (e.g. mangrove management plans, community grazing plans) will be formulated on the scale of that site, and that the site will therefore become a specific area under management (within the project area)".

Sites can be defined through existing statutory instruments (e.g. conservancies in Kenya, or game management areas in Zambia, a community forest in Indonesia), or through customary areas of management (e.g. the area of customary land within the jurisdiction of a paramount chief in Sierra Leone). While the project concept is developed (during Scoping and Concept Development) for the overall project area, project interventions are then planned on the scale of a site during the Baseline and Assessment and Implementation Planning phases, to account for differences in socioeconomic and environmental context, and stakeholder aspirations, between sites.

Stakeholders

"These are individuals, groups, and/or institutions that have an interest in the system who can potentially affect or be affected by the carbon project, and/or will have something to gain or lose if conditions around the natural features change or stay the same" (TNC, 2023).

Stakeholders can also be referred to as "interested parties". Stakeholders is an umbrella term that includes several sub-categories or groups, which are also defined in this glossary, and include:

- Local stakeholders
- Secondary stakeholders

- Communities, including (i.) rightsholders, (ii.) community groups, including marginalised groups and vulnerable groups

Individuals or groups can and often do fall within more than one of these categories (i.e. the terms are not mutually exclusive). These categories are important to understand as they relate to rights and affectedness, which determine someone's entitlement to a particular level of engagement in project design and implementation.

Rightsholders are always stakeholders, but stakeholders are not always rightsholders. Not all groups defined as communities are rightsholders.

Stakeholder engagement plan

"A stakeholder engagement plan (SEP) is the overall plan a project develops with stakeholders to illustrate how the project will engage and work with stakeholders who have an interest, influence or are affected by a project or initiative".

A stakeholder engagement plan covers all stakeholders, rather than solely communities, rightsholders, and other local stakeholders. As such, projects should also have a community engagement strategy (CES) or plan which is defined in this glossary and is specific to how the project will engage with these local stakeholders.

A stakeholder engagement plan includes stakeholder identification and analysis, describes the timing and methods of engagement with stakeholders throughout the life cycle of the project, distinguishing between project-affected parties and other interested parties. The plan also describes the range and timing of information to be communicated to project-affected parties and other interested parties, as well as the type of information to be sought from them. Where applicable, the plan will include differentiated measures to allow the effective participation of those identified as disadvantaged or vulnerable.

Sustainable livelihood

"A livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living: a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels and in the long and short term" (Chambers & Conway, 1992).

Theory of change

"Structured approach that explains how specific actions will lead to desired outcomes by mapping causal linkages and key assumptions. It helps projects to plan, implement, and evaluate impact effectively".

Vulnerable groups (vulnerable and/or disadvantaged people)

"Individuals who may be more likely to be adversely affected by the project's impacts and/or more limited than others in their ability to take advantage of the project's benefits. These individuals may be more likely to be excluded from participating in the project and may require specific support to do so. These individuals may also be marginalised." (PV Climate, v5.7).

Further information on vulnerable people or groups is provided in the CCB v3.1 standard, which defines vulnerable people or groups as:

"those who lack secure access to the assets on which secure livelihoods are built (socio-political, cultural, human, financial, natural and physical) and with high exposure to external stresses and shocks (including climate change). Therefore, they have high sensitivity and low adaptive capacity to adjust in response to actual or expected changes brought about by the project in question. Natural resource dependency may be an important factor affecting vulnerability particularly where the project itself may change access to forest resources. In many situations marginalization exacerbates vulnerability (e.g. marginalization by gender)".

Vulnerability includes degree of exposure (to something causing harm), level of sensitivity to that harm, and ability to adapt to the harm (adaptive capacity). In relation to access restrictions. Vulnerability in this context is in relation to a particular harm, rather than purely social vulnerability, although the two are closely linked. An example of vulnerability in relation to a project activity are people vulnerable to access restrictions, defined as:

"People who have a high degree of exposure to access restrictions, who are sensitive to the effects of access restrictions and who have limited capacity to adapt their livelihood activities to those restrictions, resulting in inability to meet basic livelihood needs (food security and income) or cultural needs, with knock-on impacts on household well-being". (Blue Action Fund, 2025).

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