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**September 2018**

# Environmental and Social Assessment of Ecuador's Socio Bosque Programme

# 1 Introduction

## 1.1 Context and Purpose

The Green Climate Fund (GCF) has issued a request for proposals for the Pilot Programme for REDD-plus results-based payments (Decision B.18/07). In this context, the Ecuadorian government and United Nations Development Fund (UNDP), as GCF accredited entity, are submitting a funding proposal for REDD+ actions undertaken as part of Ecuador's REDD+ *Plan de Acción: Bosques para el Buen Vivir* (Ecuador's National REDD+ Action Plan: Forests for Good Living) (hereafter **National REDD+ AP**). A required element of the funding proposal is an Environmental and Social Assessment Report (ESA) that retroactively reviews the actions for which results-based payments are sought, in order to confirm that they were undertaken in a manner consistent with applicable GCF ESS standards. To be accredited to the GCF, accredited entities must demonstrate that their entity-level environmental and social safeguards are consistent with the GCF's safeguard framework.<sup>1</sup> Accredited Entities apply their own environmental and social safeguards to GCF-supported activities. Therefore, this ESA reviews retroactive compliance, with a focus on policy alignment, with the UNDP SES.<sup>2</sup> The methodology for the assessment is further discussed below.

## 2 Methodology and Scope of Assessment

The ESA review of REDD+ actions focuses on whether applicable policy contains adequate measures undertaken to identify, assess, and manage environmental and social risks and impacts. These environmental and social risks are those encompassed by the UNDP SES (which is fully coherent with GCF's Environmental and Social Standards). The analysis also highlights policy alignment with the Cancun Safeguards and the application of the safeguards through policies, laws and regulations as established, which is the lens through which Ecuador defined its REDD+ safeguards approach and its first Summary of Information (SOI) and is gradually strengthening its Safeguards Information System (SIS) for tracking and reporting of safeguards requirements.

The assessment includes an identification and assessment of those processes for stakeholder identification, consultation and participation in the REDD-plus actions, and accesses the existence and use of grievance redress mechanisms (GRMs) or analogous systems, as well as actions designed and implemented in a gender responsive and inclusive manner.

In more detail, the GCF decision regarding the completion of the ESA covers the following:

- i. *Due Diligence*: the AE, in collaboration with the Host Country (ies), will prepare an environmental and social assessment (ESA) report describing the extent to which the measures undertaken to identify, assess, and manage environmental and social risks and impacts, in the context of the REDD-plus proposal, were consistent with the requirements of the applicable GCF ESS standards. The Secretariat, in its second-level due diligence, will take such assessment into account as part of its overall consideration of the funding proposal against the scorecard. This, along with the country's own assessment of how the Cancun safeguards were addressed and respected during the REDD-plus activities, will provide the basis for recommending the proposal to the Board for approval.
- ii. *Stakeholder Engagement*: Description of stakeholder engagement will form part of the information provided by the countries through the UNFCCC summary of information as well as the ESA prepared by the

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<sup>1</sup> GCF's Environmental and Social Policy is available at <https://www.greenclimate.fund/safeguards/environment-social> and the GCF's interim environmental and social safeguards are available at [https://www.greenclimate.fund/documents/20182/818273/1.7\\_-\\_Environmental\\_and\\_Social\\_Safeguards.pdf/e4419923-4c2d-450c-a714-0d4ad3cc77e6](https://www.greenclimate.fund/documents/20182/818273/1.7_-_Environmental_and_Social_Safeguards.pdf/e4419923-4c2d-450c-a714-0d4ad3cc77e6). GCF's Indigenous Peoples Policy is available at <https://www.greenclimate.fund/safeguards/indigenous-peoples>.

<sup>2</sup> UNDP's SES is available at: <http://www.undp.org/content/undp/en/home/accountability/social-and-environmental-responsibility/social-and-environmental-standards.html>

AEs. The assessment by the AE described in section (i) shall include a description of how the stakeholders were identified, informed, and consulted and how they have participated in the activities. The description by the AE shall also include summaries of consultations highlighting the concerns and issues that were put forward by the stakeholders and how these were responded to.

iii. *Grievance Redress*: The ESA will include a description of the grievance redress mechanisms, or analogous system whether established as part of the REDD-plus activities or as integral to the system of the country. The ESA will also specify how the mechanisms were accessed, the complaints that were received, and how these were resolved.

The assessment is focused on the Conservation Program "*Socio Bosque*"<sup>3</sup> (hereinafter, the **Socio Bosque Program**, **PSB** or **Socio Bosque**)<sup>4</sup> which was a critical program for producing the results for which Ecuador is seeking payments. The assessment covers the policies, laws and regulations (**PLRs**) applicable to the PSB, which was implemented from 2008 and continues to operate as an important and recognized effort for the conservation of prioritized ecosystems. The program has been implemented in the context of a broader applicable national policy on governance, sustainable rights-based development, conservation and restoration of forests and other ecosystems, and national strategies on Biodiversity, Climate Change, gender, indigenous peoples, and more. This analysis has been carried out using a legal analysis matrix, which examines policy alignment, through the lens of the Cancun Safeguards, while ensuring the principles and standards of the UNDP SES. The applicable safeguards policies, as well as the way that the legal matrix includes the applicable policies of the UNDP SES, is provided below.

In addition to policy alignment, the ESA strives to give a snapshot of how these policies are applied at the project level. For this project-level assessment, the representative project of the PSB has been chosen to assess alignment in application of the PLRs assessed.

### **3 Assessment of Policy-Level Alignment for Period of Achievement of Results**

#### **3.1 El Proyecto Socio Bosque de Conservación (the Socio Bosque Program)**

Since 2008, the Ecuadorian government has been implementing the PSB-- a targeted program directed to increase native forests under conservation, reduce deforestation, and improve conditions of living for citizens in geographies selected and prioritized based on a set of criteria consistent with Ecuador's National Development Plan goals of diminishing deforestation by 50% and support the eradication of poverty.<sup>5</sup> PSB aimed to conserve more than 3.600.000 hectares of native forests, páramos (high, treeless plateau), and native vegetation while also reducing poverty and maintaining environmental services. This is done through outreach to potential partners (essentially property holders) that decide voluntarily to enter into *convenios* (agreements) with the Ministry of the Environment (**MAE**) to preserve the ecosystems (forest, paramo or mangrove). Per these agreements, the partners place all or part of their lands into a conservation area in exchange for bi-annual incentive payments. The use of economic

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<sup>3</sup> By Ministerial Decree No. 169 of November 14, 2008, the "Socio Bosque" Program of the Government of the Republic of Ecuador was established, whose objectives are: To achieve the conservation of the areas of native forests, páramos and other native vegetation of Ecuador; reduce greenhouse gas emissions caused by the effect of deforestation; and, contribute to the improvement of the living conditions of the inhabitants of rural populations settled in these areas.

<sup>4</sup> During the last prioritization of National Secretariat of Planning and Development (SENAPLADES) the Socio Bosque Program was changed to "project". Consequently, in various documents one might see Socio Bosque referred to as both a "Program" and a "Project".

<sup>5</sup> Per section 3.1 of the Operations Manual, areas were prioritized for the attention of Socio Bosque based on three criteria: (i) the level of the threat to the forest (i.e. per analysis of changes in vegetation cover and uses of the land); (ii) ecosystem services (like biodiversity refuges, carbon sequestration, and hydrological regulation); and (iii) poverty level of the area.

incentives is guided by specific Investment Plans developed by the partners/property owners themselves (both individuals or communities). Where communities are involved, the Investment Plans are approved by their highest authoritative body. The PSB's primary target were collective stakeholders such as Indigenous communities, peoples and nationalities, as well as the Afro-Ecuadorian people, peoples of the coastal region (*montubios*), and communes (hereinafter "**indigenous peoples and other collectives**").

The incentive program of PSB was officially established as part of the Policy for Governance of Natural Heritage. Socio Bosque was and is implemented following applicable Ecuadorian PLR provisions, and including fiduciary controls, transparency provisions, a monitoring and evaluation framework, and regular performance reports.

The MAE's past capability to execute PSB has been demonstrated and supported by documented success. In 2014 alone, the period for which the results-based payments are sought, the PSB:

- i) was a critical contributor at the national level to the registered reduced emissions of 4 831 679 tCO<sub>2</sub>e (a total reduction between 2009 and 2014 of 28 990 071);
- ii) signed 2,748 *convenios* with land titleholders (189 of those *convenios* with communities);
- iii) placed 1,434,061.95 hectares under areas of conservation (1,261,121.44 of those hectares in indigenous peoples and local community lands); and
- iv) provided incentives, and therefore benefits to over 173,233 individuals (161,674 of those beneficiaries being members of indigenous peoples and other collectives).
- v) released \$10,001,899.26 in incentive payments to *socios* (the parties to the *convenios* and hence *beneficiaries*) and of those resources, \$6,337,665.93 went to indigenous peoples and other collectives.

Consequently, the *convenios* with indigenous peoples and other collectives represented the largest amount of lands placed into conservations by PSB, making these collectives the largest beneficiaries of the initiative, and demonstrating how these collectives could help to reduce emissions and preserve native forests, while receiving not only the economic incentive, but also the ecosystem service. In doing so, the PSB reached its other goal of contributing to the eradication of poverty –especially within collective communities as the payments financed previously approved self-determined Investment Plans which included activities aimed at improving health, education, transportation, women's issues, the promotion of ecosystem conservation, land consolidation, and the preservation of cultural practices, among others.

In accordance with applicable policies, laws and regulations, the PSB had fiduciary controls, transparency provisions, a monitoring and evaluation framework, and a requirement of regular performance reports from title holders and monitoring by the *partners/beneficiaries (socios)* and the government. A mechanism administered first through the MAE, was in place to receive, resolve and track approximately 1800 grievances. The agreements signed between the MAE and the partner/beneficiaries also provided all *socios* with a first option in case of grievances, to a right to friendly resolution, then mediation and then legal action.

Furthermore, the PSB has applied a participatory monitoring and evaluation process which was implemented in the period of the achieved results. This process included required periodic legal compliance review, local and community monitoring by spot checks on site, and GIS monitoring (satellite images) to document the compliance with the terms of signed *convenios* and with the previously determined social, environmental and financial parameters. Guidelines for monitoring are available at: <http://sociobosque.ambiente.gob.ec/files/monitoreometodo2011.pdf>. Additionally, Socio Bosque has an internal evaluation and monitoring system (*Sistema de Evaluación Monitoreo y Postulación- SEMOP*), in which periodic monitoring and follow up is recorded from the information provided by the partners/beneficiaries. This system was implemented in the period of results for internal use and some elements are still under development. Live information about conservation areas of PSB is viewable in an interactive map (available at: <http://mapainteractivo.ambiente.gob.ec/portal/>).

There were some execution risks associated with implementation of the PSB, but these were identified early and addressed in implementation. For example, there was criticism for focusing in isolated areas and not including some of the hotspots for deforestation. These risks were successfully managed by improving its monitoring procedures,

checking parameters, capacity building and collaboration with beneficiaries based on PSB's experiences and challenges identified during implementation. PSB risks have been and continue to be addressed by the program. The National REDD+ AP recognizes the importance of Socio Bosque which is why it was included as an important policy for reducing deforestation. Ecuador's REDD+ AP is a broader policy that complements Socio Bosque. Over time PSB decided to complement its intervention, add a focus on other critical areas of páramos and native vegetation formations.

### 3.2 Financing

While the vast majority of resources for Socio-Bosque came from domestic public budgetary resources, some financial support has also been provided by KfW and the Global Conservation Fund - CI Ecuador. Ecuador's capacity to ensure against reversals of conservation achievements over time rests, among other things, on its ability to continue the incentive payments. To date, PSB's financial sustainability has been managed by implementing an equity fund to support the payment of incentives for the 20-year period of the *convenios*. Moreover, private-public partnerships have been agreed to fund some of the activities of PSB. One of these partnerships includes an agreement with General Motors. Additionally, Socio Bosque is trying to diversify the fund's portfolio with a long-term approach considering other donors and alliances.

As shown by the attached PLR analysis and Project Alignment Review, the foundational instruments for Socio Bosque provide the basis for an approach and implementation consistent with the social and environmental safeguards of the UNDP SES. The PSB approach and implementation is further strengthened by the results from numerous engagements with Government and non-Government stakeholders, considering the social and environmental risks, based on a bottom-up approach that included representatives of indigenous peoples and other collectives, smallholders, research institutions, the private sector, and environmental organizations. During these engagements, there was broad agreement on various principles, including: legal compliance; acknowledgement and guarantee of rights; distribution of benefits; economic sustainability, improving standards of living and reducing poverty; environmental conservation and remediation; participation; monitoring and transparency; and governance.

### 3.3 UNDP SES

UNDP's Social and Environmental Standards (SES) objectives are to: (i) strengthen the social and environmental outcomes of Programmes and Projects; (ii) avoid adverse impacts to people and the environment; (iii) minimize, mitigate, and manage adverse impacts where avoidance is not possible; (iv) strengthen UNDP and partner capacities for managing social and environmental risks; and (v) ensure full and effective stakeholder engagement, including through a mechanism to respond to complaints from project-affected people.

The SES include three overarching principles (human rights, gender equality and environmental sustainability) and seven project-level standards that specify key requirements for projects that may present potentially significant adverse impacts across various issue areas: Biodiversity Conservation and Sustainable Natural Resource Management, Climate Change Mitigation and Adaptation, Community Health, Safety and Working Conditions, Cultural Heritage, Displacement and Resettlement, Indigenous Peoples, and Pollution Prevention and Resource Efficiency.<sup>6</sup>

Application of the SES principles and standards is supported by a set of procedural requirements that comprise the SES Policy Delivery Process, namely screening, assessment, and management of risks; stakeholder engagement and response; access to information; and monitoring, reporting and compliance.

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<sup>6</sup> UNDP's Social and Environmental Standards are available at <http://www.undp.org/content/undp/en/home/operations/social-and-environmental-sustainability-in-undp/SES.html>.

### 3.4 Comparison with key objectives of UNDP SES

A summary description of Socio Bosque (in the context of the National REDD+ AP) has been provided below, and a PLR analysis conducted, to determine the extent of consistency with the objectives and requirements of the UNDP SES. Additionally, the PSB has been compared with the key objectives of the UNDP SES, through a targeted project environmental and social compliance review, which also seeks to identify potential consistency with the UNDP SES and areas needing improvement. Where opportunities for strengthening have been identified, the ESA also sought to identify where other relevant applicable standards and/or regulations may apply. For example, the Operational Manual of the Socio Bosque Program does not require that a GRM be created at the project level, but analogous mechanisms or processes available to stakeholders have also been described. For instance, in the context of PSB the agreements signed with the MAE provided for a dispute resolution process of friendly settlement, mediation and then litigation. Also, MAE still invited received, tracked and addressed grievances arising from the PSB. Furthermore, in the context of preparing the National REDD+ AP, there has been significant progress in drafting a GRM mechanism that can apply to all REDD+ projects going forward.

UNDP SES' specific screening questions related to key thematic areas (as applied through attachment 1 of its Social and Environmental Screening Procedures (SESP)<sup>7</sup>) are intended to assess the risks and benefits of a project'. The questions, however, do not *expressly* prompt an assessment of the relevant aspects of a country's legal and policy framework (PLRs) and its capacity to fulfil SES principles and requirements. This assessment however, is necessary to provide the full context within which to answer the SESP screening questions.

Considering this, and as described in section 4 below, a set of legal matrices were created to better assess Ecuador's legal framework to determine if its PLRs are aligned with the principles of the UNDP SES and its respect for Applicable Law.<sup>8</sup> This collective PLR Matrix is found at **Annex A**.

As noted above, where areas of improvement have been identified, the ESA also sought to identify whether other relevant applicable standards and/or regulations may apply. This ESA focuses on PLRs and uses the reporting already available regarding assessing practice, to reflect the UNFCCC approach to "address and respect" safeguards. The ESA therefore attempts to cover both alignment in regard to PLRs, while also highlighting relevant institutional arrangements, and stakeholder involvement.

## 4 Policy, Law and Regulation Alignment Review

Attached at **Annex A** is the "Matrix for the Proyecto Socio Bosque de Conservación: Policy, Law and Regulations Analysis alignment with UNDP SES Standards and Cancún Safeguards" (**PLR Analysis**).

**The PLR review has determined that during the 2014 year for which results-based payments is sought, the PSB was carried out in such a manner that there was a good level of alignment with UNDP's SES. Overall, its activities and framework were consistent with key objectives of UNDP SES, without significant shortcomings. As noted in Annex A, there were several areas identified for future improvement, but even in such cases, positive alignment with UNDP SES dominated and most of the areas for strengthening were covered by other elements of REDD+ programming at that time or planned for the future.**

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<sup>7</sup> The SESP is available at <http://www.undp.org/content/undp/en/home/librarypage/operations1/undp-social-and-environmental-screening-procedure.html>.

<sup>8</sup> Applicable law means national law and obligations under international law, whichever is the higher standard (see p. 6 of the SES).

## 5 Project Alignment Review

Complementing the PLR Analysis, the **Project Alignment Review** assesses the extent to which the implementation of project activities (in the context of the applicable legal and policy framework) was consistent with the UNDP SES (and consequently, the Cancun Safeguards). Where lessons can be learned to strengthen future REDD+ activities, these will be incorporated into relevant Environmental and Social Management Frameworks and Plans (ESMF/ESMP).

For the Project Alignment Review, the following were considered:

- project documentation for evidence of integration of applicable safeguard issues;
- reports describing with stakeholder engagements;
- monitoring reports as required by the project's mandate and agreements;
- environmental and social impact studies;
- documents detailing and disaggregating project beneficiaries;
- third party analysis where available;
- tracking of grievances received and addressed; and
- PSB informational briefings available to the public and used for stakeholder outreach.

Attached at **Annex B** is the “**Project Alignment Review for Proyecto Socio Bosque de Conservación de Ecuador**”. It contains a set of analytical matrices which lists key indicators to assess consistency with each of the UNDP principles and requirement provided for each of the SES thematic issues (i.e. indigenous peoples, biodiversity, resettlement, cultural heritage, etc.).

**The review has concluded that the social and environmental safeguard approach of Ecuador's Socio Bosque Project and the applicable national policies, laws and regulations on forest, the environment and sustainable development -- are well aligned with the country's current regulatory, legal, policy and institutional framework, and contributes to the effective implementation consistent with the UNDP SES.**

As described below, a vast array of PLRs operates together with the Constitution<sup>9</sup> to provide an adequate framework in which the PSB, and consequently, future National REDD+ AP programmes and projects can be carried out consistent with its national safeguard approach and consequently, the UNDP SES.

## 6 Conclusion and Recommendations

**This Environmental and Social Assessment (ESA) Report describes, through the examination of the Socio Bosque Program as a critical initiative implemented to preserve forest and reduce emissions from deforestation, the extent to which the REDD-plus actions for which the results-based payments are sought, were carried out consistently with the key objectives of UNDP's SES (and consequently, the Cancun Safeguards).** This report includes (i) a review of the PLR framework in which PSB operated and which will largely continue to inform future REDD+ investments and activities financed by the GCF, and (ii) an analysis of whether the PSB activities were undertaken in a manner consistent with the key objectives of UNDP's SES.

**As noted above, the ESA demonstrated that overall, the Socio Bosque Program was implemented within legal and policy framework that provided an enabling environment for achieving consistency with the UNDP SES and in**

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<sup>9</sup> The Constitution of 2008 is the institutional umbrella under which safeguards are addressed and respected. It provides the context for implementing the rights-based approach associated with UNFCCC REDD+ safeguards and incorporates environmental variables in production activities, ecosystem management, the fundamental principles to sustainable development and equitable access to the benefits of resources, decentralized conservation, citizen participation in environmental discussions, and respect for the rights of indigenous peoples and local communities.

**practice, the Socio Bosque Program was implemented with alignment with the objectives of UNDP’s SES. Where opportunities for improvement were recognized, recommendations were provided (see below) and if applicable, other REDD+ programming was identified if it was already taking actions to address such opportunities for strengthening.**

PSB overwhelmingly achieved its conservation and poverty reduction objectives and did so in a manner that recognized the **centrality of human rights** to sustainable development, poverty alleviation, enhancing environmental services and co-benefits and the fair distribution of development opportunities and benefits. Socio Bosque largely upheld the principles of accountability and the rule of law, participation and inclusion, and equality and non-discrimination, particularly offering all opportunities to both men and women and striving to focus on underserved populations such as indigenous peoples and other collectives. The initial Ministerial Agreement advancing Socio Bosque did not arise from a specific set of prior stakeholder engagement, however, the mechanisms for its implementation were developed based on stakeholder contributions. The Operations Manual (essentially, the key terms and implementation guidelines for the program) was updated several times based on meaningful stakeholder engagements to ensure it was consistent with the local reality and needs for conservation and improvement of sustainable livelihoods. Indeed, because of iterative stakeholder engagement, as well as their direct involvement in implementation, monitoring and evaluation, five (5) iterations of the manual arose over time –each to better address lessons learned and respond to stakeholder ongoing comments and observations.

Extensive stakeholder engagement continued throughout as cooperation between stakeholders was an essential requirement of the success of the program. The stakeholders participated in project design (as noted above) and many --as parties to the agreements alongside the Government-- had monitoring and accountability responsibilities. Socio Bosque further respected and promoted, among others, the rights of indigenous peoples and other collectives to self-governance; decision-making according to their own values, norms and customs; traditional knowledge; equitable benefit sharing; the identification of their own development priorities, their right to participate in the conservation of natural resources in their lands and to be consulted and provide their consent about projects undertaken on their lands involving renewable resources. Furthermore, in addition to the dispute resolutions provided for in the *convenios*, an additional grievance mechanism overseen by the MAE received, tracked and successfully addressed approximately 1800 grievances, addressing everything from third-party interferences in areas under conservation, *convenio* compliance matters, and title registrations matters.

While the stated objectives of PSB did not expressly include **gender equality and women’s empowerment**, 19.8% of the incentive money was directed to benefit women and it benefited well over 50,776 families, including the women that are central to those households. *The convenio* and incentives for conservation arrangements did not provide a context in which PSB staff could easily and directly challenge cultural norms that tended to favor land ownership (and sometimes decision-making) by men. Also, where *convenios* were predominantly entered into with collective entities in which the traditional governments or associates held the titles on behalf of those indigenous peoples or local communities, in such contexts the gender of the title holder was less relevant or dispositive of equality or gender neutrality. It is acknowledged that PSB did have to walk a difficult road balancing the need to ensure equitable benefit sharing among men and women, while also respecting the customary norms, values and practices and rights of indigenous peoples and other collectives to self-determined development as arrived at through their own institutions and decision-making processes. The result, at times, did mean greater participation of men in land ownership, decision-making and the receipt of benefits and capacity building. Nevertheless, in a culturally appropriate manner, PSB engaged in efforts to actively include and reach out to females, and it plans to continue these efforts going forward.

Indeed, Socio Bosque did not discriminate along gender lines, and it encouraged inclusive participation at all levels of stakeholder engagement, decision-making, capacity building and training etc. Both women and men with titles could submit lands in to the programme, and all community members were invited to participate in PSB-sponsored meetings and trainings. Despite these efforts, one independent study based on beneficiary surveys did indicate that over time (i.e. in the years immediately following the conclusion of the *convenios*), awareness of women and community members overall about PSB activities and benefits may have diminished. Part of this is a result of



community internal communication problems, but it is acknowledged that PSB can improve this situation in the long term by programming additional engagements and support, while still maintaining full respect for the customary laws and practices of the communities in question (see recommendations below).

In terms of *environmental sustainability*, the surrounding PLRs and implementation manuals, templates, and guidelines are all directed toward conservation of biodiversity, avoidance of deforestation, and addressing poverty and inequality through a focus on indigenous peoples and other collectives, all while maintaining and enhancing natural capital. The twenty-year *convenios*, the regular monitoring, the required periodic reporting being tied to the release of economic incentives, the restriction of certain resource uses --all of this is to ensure that environmental sustainability is systematically mainstreamed into PSB and more so, continuing to foster good governance at the national and local levels (including traditional governance structures of the indigenous peoples and other collectives). Consistent with the UNDP SES, PSB strengthens environmental management and protection by working with the *socios*/partners, not just as beneficiaries, but as partners in the development of the PSB framework, the monitoring and implementing of objectives.

The above said, where the primary focus of the Socio Bosque Program is deforestation, conservation and reduction of poverty, the initial monitoring and reporting tended to focus predominantly on ensuring that there were no alterations of the land uses in areas of conservation (i.e. that land cover remained untouched), and that there was accountability for the use of the incentive payments in accordance with the partner's (typically the peoples' or community's) self-designed investment plan. The latter did provide insights into the poverty reduction and to varying extents the social impacts of PSB. This is because the accountability reports demonstrated where the funds were distributed and how they were used properly to address matters of territorial consolidation, cultural revitalization, and social matters such as community education, health, transport, capacity building and women's issues (the designations in the Investment Plans).

The monitoring has since been augmented to include more socio-cultural and socio-economic issues. This has been done in response to observations that PSB could benefit from additional mechanisms to increase the information about the social impacts of the PSB. In 2016, with financing from the Inter-American Development Bank (IDB), an analysis of the socio-cultural impacts of the Socio Bosque was conducted by gathering information from stakeholders from December of 2016 to March of 2017 (the **Ecuador/IDB Study (2017)**). The study found that except for two of fourteen (14) impacts surveyed (capitalization and conflict management), the PSB presented "*broadly positive results in its socio-cultural impacts.*"<sup>10</sup> In the few instances where unintended adverse impacts occurred (i.e. an internal community conflict around governance), the positive impacts still predominated.

As noted in the attached, the good news is that the socio-cultural impacts were positive given the regular incentives to reduce poverty and the broad distribution of the incentives to finance various economic, environmental and social matters. The surveys and opinions further helped to show where opportunities existed to do better, and based on lessons learned, adopt measures to mitigate risks of unintended adverse impacts. For instance, PSB respected and promoted human rights by requiring the indigenous peoples and communities to voluntarily take decisions by their own representative institutions and in accordance with their own decision-making norms and values (both the decision to join PSB and the decisions around how to use the incentive payments). In most cases, this strengthened the representative institutions of indigenous peoples and other collectives in their capacity to govern, educate its members, exercise self-determination, and manage their resources. In just a few cases, internal community divisions arose around differing opinions about which entities were the community's proper representative bodies. Where other issues arose,<sup>11</sup> they too were unintended consequences of Socio Bosque --some even arising from

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<sup>10</sup> *Evaluación Socio Cultural del Programa Socio Bosque (PSB)*, 2017 (Republic of Ecuador and IDB).

<sup>11</sup> In most cases, the restrictions on natural resource uses allowed communities to work with the Government to address third party intruders and illegal users of their resources, in other cases, the communities perceived that their traditional practices were limited (like collections for medicines) and some indigenous peoples had a need for money that they did not have before

misunderstandings around the restrictions and limitations. These consequences, however, were in the context of a program that had at its core, the intention to benefit all the partners, including marginalized indigenous peoples and other collectives; and that actually achieved an overwhelmingly positive outcome for the beneficiaries that chose to participate in PSB.

Considering the conclusions of the ESA (including its PLR Analysis and Project Alignment Review), the extensive document reviews, and the findings of the 2016 Ecuador/IDB Study (2017) as well, the following provides a non-exhaustive list of some of the key recommendations that could be addressed for ongoing PSB implementation as well as future REDD+ programming that has similarities with the PSB activities. Additional recommendations can be found in both of the attached annexes. The list of recommendations below are offered in the context of what has been determined to be a project that met its conservation objectives and provided positive social benefits while doing so --both through the provision of economic incentives, as well as its respect and promotion of the human rights of the indigenous peoples and collectives that participated. In this context, the ESA suggests that the PSB implementing agency (MAE) and partners:

- Continue and strengthen the already successful capacity sessions and technical support initiatives to communities to ensure they can comply with their respective responsibilities and see the value and benefits of maintaining the 20-year agreement.
- Continue and strengthen, wherever needed, the voluntary nature of the mechanism which provides a solid safeguard against adverse impacts.
- As an additional grievance mechanism is finalized, continue the tracking and resolution practices successfully begun under the Socio Bosque Program and provide reporting to the public on the same.
- Increased efforts to clarify with indigenous peoples and other collectives before the signing of the *convenios* (through briefings and capacity sessions) which traditional (non-commercial) activities can still be conducted utilizing the natural resources within the areas of conservation. (Both to avoid misunderstandings and ensure full and informed consent, and unintended violations of the *convenios* that could cause temporary suspension of incentive payments).
- Increase the budget for capacity building and technical assistance resources to support the collective beneficiaries in ensuring that participation and awareness of the population's members (especially women and vulnerable groups within) continues after the initial decisions to place lands within the PSB areas of conservation and includes meetings to define the Investment Plan, talk about results of monitor conservation and land use, as well as reporting on agreement compliance.
- Review Ecuador's relevant PLRs to ensure modifications where needed, or additional interpretations, to make clearer *the requirement* of environmental and *social* impact assessments consistent with the UNDP SES, Cancun Safeguards and international law: particularly the responsible parties, the thresholds and activities that trigger such assessments (beyond just where high risks are associated), the mechanisms for stakeholder participation, the requirements for sharing such assessments with the public, as well as the mechanisms for determining mitigation measures and guaranteeing regular and meaningful and transparent monitoring of the measures and the impacts. These are assessments that are independent of and not merely an "add on" to the environmental impact assessments.
- Review, modify, and reconcile the emerging draft GRM for REDD+, for future application as well to the PSB, ensuring its terms are consistent with prior stakeholder deliberations on the matter, UNDP guidance on GRMs, as well as applicable law, and the 'effectiveness criteria' outlined by the UN Working Group on

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(i.e. to buy material for a roof) or young people expressed concern that they would never learn how to gather and use flora and fauna for traditional medicines.

Business and Human Rights. Also, the program can continue to benefit from support to traditional dispute resolution mechanisms to resolve local conflicts arising from the PSB.

- Where possible, incorporate criteria and activities, per the PSB Operational Manual, to increase dedication of incentive payments (per the Investment Plan) to women's issues and the promotion of gender equality.
- Carry out training and capacity building among MAE, REDD+ and PSB staff, stakeholders and partner on matters of gender equality, the contributions of women to climate change resilience, and the specific harms faced by women in the context of ecosystem destruction and conversion; take affirmative measures to ensure the effective, meaningful and consistent participation of women in all PSB meetings.
- Require and develop capacities to collect and report on accurate disaggregated data with respect to male and female participation in all PSB activities, benefit sharing, and socio-cultural impact analysis (including gender-related key performance indicators for monitoring); share such data across government institutions and make such data publicly accessible.