

**Governance arrangements for the Nakau Programme  
(Drawa Project Example). Updated February 2018**

Party	Drawa Block Forest Communities Cooperative (DBFCC)	Live & Learn Environmental Education, Fiji	Nakau Programme Pty Ltd
Role	Project Owner	Project Coordinator (or 'project developer')	Programme Operator
<b>Responsibilities</b>	<p>Leasee<sup>1</sup> (holder of the forest conservation covenant)</p> <p>Co-manage employment of local rangers</p> <p>Manage and disbursement of income received from project at community level</p> <p>Responsibility for ensuring eligible forest area is protected at the local level</p>	<p>Co-manger of project design and development</p> <p>Administer employment of local rangers</p> <p>Provide governance and planning assistance to DBFCC</p> <p>Implement project monitoring</p> <p>Technical advice and support to DBFCC</p>	<p>Co-manger of project design and development</p> <p>Establish program rules, governance systems, accountability procedures etc</p> <p>Programme integrity – quality assurance systems</p> <p>Technical support and capacity building</p> <p>Implement project monitoring</p> <p>Technical advise and support to Project Coordinator</p> <p>Marketing and sales agent for projects</p>
<b>Entity type</b>	Registered Cooperative (under Fiji law) in 2015	<p>Incorporated under the Fiji Charitable Trusts Act (CAP 67) on the 29 September 1999 as a local non-government organization.</p> <p><i>Note: Live &amp; Learn Fiji is a separate legal entity from all other Live &amp; Learn entities.</i></p>	<p>Australian Company limited by Shares registered in 2015.</p> <p><i>Note: Value of each share is set at \$20 AUD and there are 4 shares in total</i></p>
<b>Who owns this entity?</b>	9 participating mataqali from the Drawa Block	N/A – not owned by any individual or other legal entity	<p>Wholly owned by 2 not-for profit registered charities:</p> <p>Live &amp; Learn Environmental Education (Australia): 2 shares</p> <p>Ekos (NZ): 2 shares</p> <p><i>The Nakau Programme is not owned by any individual person/s</i></p>
<b>Why this entity type?</b>	<p>Selected by mataqali members as preferred option after extensive analysis of options and governance / business education program.</p> <p>Allows for group ownership and governance and transparent / equitable disbursement of benefits to landowners</p>	<p>Incorporation under the Charitable Trust Act is a an appropriate structure to progress Live &amp; Learn’s mission: <i>to reduce poverty and foster greater understanding and action towards a sustainable future through education, community mobilisation and supportive partnerships</i></p>	<p>Allows for legal disbursement of funds to countries outside of Australia. <i>Not for profit associations registered within Australia cannot disburse funds overseas unless they are registered as <u>international</u> charities. Registration as an international charity can take years to establish, has expensive and onerous reporting requirements, and other limitations that would have constrained its purpose.</i></p>

<sup>1</sup> (At January 2018) the conservation lease has been drafted and a lease offer received (and accepted) but the final lease is yet to be signed

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<b>Governance structure</b>	<p>Board consisting of 2 members from each the 9 landowning mataqali, plus 2 women's representatives and 2 youth representatives</p> <p>Elected executive including of chair, treasurer, public officer and secretary</p> <p>Suva mataqali members subgroup meets separately in Suva and reports to the board (does not have separate voting rights)</p>	<p>Governance board as per the Fiji Charitable Trust Act</p>	<p>Board of Directors currently consisting of 5 members (max 7). NB: Directors are voluntary / unpaid</p> <p><u>Board members:</u></p> <p>Ms Anjali Nelson  Mr Christian Nielsen (Also exec director of Live &amp; Learn International)  Mr Robbie Henderson  Mr Hugh Lovesy  Dr Sean Weaver (Also trustee of Ekos)</p> <p><i>Board members are nominated / selected by shareholders, whom have equal voting rights. Live &amp; Learn and Ekos each have a board of trustees who have zero equity in their respective organisations as per their not for profit / charitable status.</i></p>
<b>How income is received</b>	<p>Through sale of carbon credits. All carbon credits generated and sales income belongs to the DBFCC. The income is received into a Project Trust account held by the Nakau Programme Operator. Disbursements from the Project trust account are to be made quarterly. The DBFCC gives permission to the Programme Operator to pay some costs out of their income before it is disbursed to them (i.e. through an ESCROW arrangement within the PES Agreement). This guarantees the project is sustainable – for example so that annual monitoring costs are set aside before income is disbursed.</p>	<p>L&amp;L Fiji is paid a fee for service at the cost of delivering that service plus a 10% administrative fee. The costs of delivering the service are calculated using a budget that has been made available to the landowners and is available (open book philosophy) to anyone requesting to view it.</p>	<p>The Nakau Programme is paid a fee for service from the sale of the carbon credits. The services fees are determined from the cost of delivering that service plus a 10% administrative fee. The costs of delivering the service are calculated using a budget that is available (open book philosophy) to anyone requesting to view it.</p> <p>Nakau also raises funds through consultancy work and applied for grants.</p> <p>Approximately ½ of all Nakau staff inputs between 2016 – 2018 were in-kind (voluntary)</p>
<b>How target income is calculated</b>	<p>Target income is equivalent of opportunity cost plus costs of project implementation (budgeted). Hence is equivalent to what would have been received in a logging scenario. However actual income will also depend on the volume of sales and prices for carbon credits that can be achieved on the market.</p>	<p>Target income calculated at cost of services delivered, which includes salaries for local rangers, plus 10%.</p>	<p>Target income calculated at cost of services delivered, plus 10%.</p>

Party	Drawa Block Forest Communities Cooperative (DBFCC)	Live & Learn Environmental Education, Fiji	Nakau Programme Pty Ltd
<b>How income or payments are used</b>	DBFCC has a local benefit sharing system using 'the Money Story.' This is designed to ensure income is put aside to meet costs and contingencies before it is disbursed. Profit (after costs) is to be used at the discretion of the board, however the board has a community development plan to guide their investments. The board may decide to make disbursements of profit to the mataqali members at their discretion.	Payments are used cover costs of service delivery to the project and DBFCC including covering administration costs.	Payments are used to cover costs of service delivery to the project including a contribution to keeping the administration of the Programme viable
<b>Beneficiaries</b>	Mataqali members Members of the village communities	No individual receives a payment arising from equity (ownership) of carbon credits. Some staff will receive a contribution to their salary arising from the fee for services income received.	No individual receives a payment arising from equity (ownership) of carbon credits. Staff will likely receive a contribution to their salary arising from the fee for services income received. If the Nakau Programme has a surplus (after costs) it is legally allowable for dividends to be paid to the owners, (i.e. the not for profit charities). Although the above is unlikely to occur (the Nakau programme will seek to retain any surplus to grow the programme), if dividends were paid they must (by law) contribute to the charitable purpose of the charities that receive them. No individual would receive a dividend.
<b>Grants and subsidies</b>	DBFCC may be the beneficiary of other grants that contribute to the project purpose of REDD+. They are currently the main beneficiaries of an NZAID beekeeping project.	Live & Learn Fiji manages various grant projects, some of which contribute to the DBFCC and Drawa REDD project. Currently the NZAID beekeeping project supports development in Drawa that addresses drivers of deforestation.	<p>The Nakau Programme Operator has a consultancy arm that aims to raise revenue to subsidize the costs of supporting Nakau Programme REDD+ Projects and to ensure financial sustainability.</p> <p>Nakau Programme may apply for grants, but has no current grants.</p> <p>Inkind: Live &amp; learn International provides inkind support (e.g. administrative support). Individual Nakau directors have worked (collectively) in excess of 30 hours per week unpaid since company inception. To date no person has drawn a salary from the Nakau Programme company.</p>

## Relationship between parties

Participation in the Nakau Programme by the key stakeholder entities is governed by agreements and contracts as follows:

- License Agreement
- Programme Agreement
- PES Agreement

### License Agreement

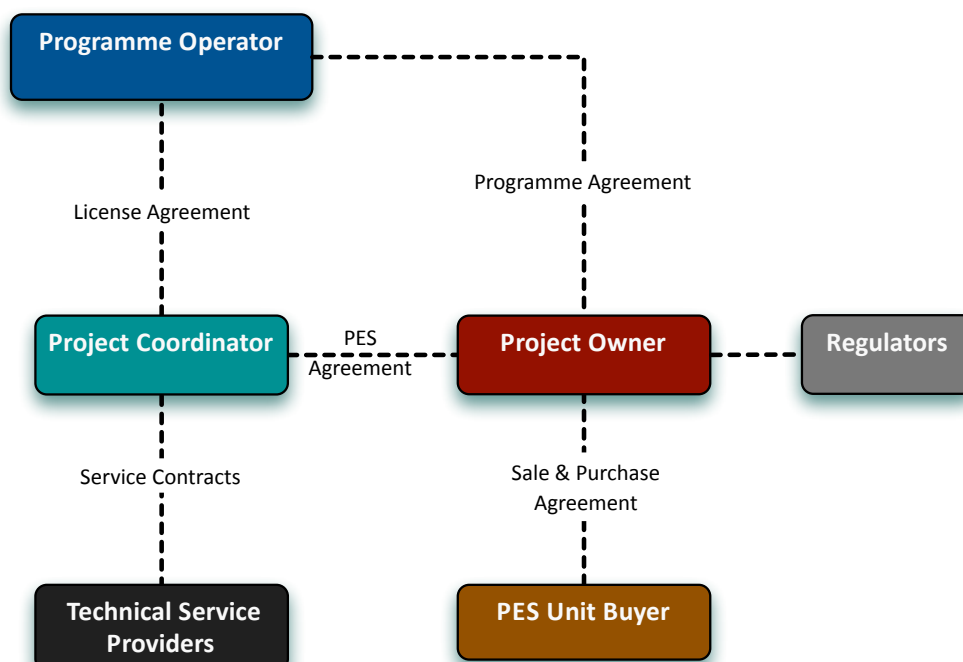
The License Agreement is a contract between the Nakau Programme Operator and the Project Coordinator (Live & Learn Fiji). The Programme Operator grants a Project Coordinator License to a Project Coordinator entity that meets the eligibility criteria for gaining such a license. The License Agreement safeguards the integrity of Project Coordinator entities operating in the Nakau Programme.

### Programme Agreement

The Programme Agreement is a contract between the Nakau Programme Operator and the Project Owner (DBFCC). The purpose of the Programme Agreement is to bind the Project Owner to the rules for participating in the Nakau Programme.

### PES Agreement

The PES Agreement (or 'Payment for Ecosystem Services Agreement') is a service contract between the Project Owner (Drawa Cooperative) and the Project Coordinator (Live & Learn Fiji), where the Project Owner engages the Project Coordinator in project coordination activities and responsibilities associated with PES unit production and sale (activities following PD validation and through the course of project management, monitoring and verification). The PES Agreement is also the legal foundation on which the Project Owner and Project Coordinator implement the project and distribute costs and benefits associated with the project. In November 2015 the PES agreement was independently assessed by Siwatbau @ Slaon lawyers in Fiji and the report was delivered to the Conservator of Forests and other stakeholders. The PES Agreement was also translated into Fijian.



## Plan Vivo Standard

The Nakau Programme, including the Drawa Project, was designed to meet the Plan Vivo International carbon standard. The Plan Vivo Foundation is an international, Edinburgh-based charity, which has created a set of requirements for smallholders and communities wishing to manage their land and natural resources more sustainably.

Based on the design documents and independent audit (including stakeholder visits and interviews), Plan Vivo have already determined that the Drawa project meets their Standard for governance and benefit sharing systems and structures. They have also approved the same structure mirrored in the Nakau project in Loru (Vanuatu), which is now fully validated, verified and trading in the voluntary carbon market.

We believe the Plan Vivo Standard should provide the national REDD Steering Committee with confidence that the governance and benefit sharing system within the Nakau Drawa project is financially sustainable and fair to all parties, and it will result in the landowners being the main beneficiaries. The following provides links to credible sources that have acknowledged Plan Vivo's leadership in socially responsible REDD+.

2012 | The Global Canopy Programme highlights Plan Vivo in the '[Little Forest Finance Book](#)' as best practice both in blending social and environmental outcomes, and for its focus on community governance.

2011 | The FAO's '[Payments for Ecosystem Services and Food Security](#)' report includes a case study of the Plan Vivo System, noting the amount of the carbon purchase income which goes directly to communities and the high community and conservation benefits of the system.

2011 | The International Fund for Agricultural Development (IFAD), in an assessment of different climate adaptation strategies and approaches, found Plan Vivo to be a "*viable strategy to create the conditions to attract voluntary carbon investments, contribute to mitigating climate change at the global level, while reducing rural poverty and bringing environmental benefits locally*".

2010 | the FAO's '[Climate-Smart Agriculture](#)' review highlights Plan Vivo as an example of how carbon sequestration through land use, land use change and forestry (LULUCF) can both promote sustainable rural livelihoods as well as generate verifiable carbon emissions reductions for the international community.

2009 | Rainforest Alliance. The 2009 Rainforest Alliance report, '[Guidance on Coffee Carbon Project Development](#)' identifies the Plan Vivo Standard as one of the two most suitable standards for certifying carbon projects involving smallholder coffee producers, recognising the pioneering work done by the Mexico Plan Vivo programme, Scolel'Te in engaging coffee smallholders in forest carbon.

2008 | Forum for the Future. A DFID commissioned Forum for the Future Report, 'Making Voluntary Markets Work for the Poor', highlighted the Plan Vivo project, Scolel Te as an example of best practice in pro-poor carbon projects. Download the report [here](#).

Dec 2007 | ODI Report on the potential for payments for ecosystem services for tropical forests, describes Plan Vivo as a model demonstrating 'promising pro-poor experiences, involving credible measurement, monitoring and verification procedures.' [Download report](#)

2006 | Stern Review. HM Treasury's seminal Stern Review on Climate Change featured the Plan Vivo project in Mozambique (N'hambita Community Carbon) as an example of the beneficial relationship between emission reduction activities from land-use and poverty reduction