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## Call for Board inputs REDD+ Results-Based Payments

The GCF aims to support a paradigm shift in the global response to climate change, for which it allocates ex-ante resources to low-emission and climate-resilient projects and programmes in developing countries. RBP for REDD+ implies the allocation of ex-post resources to reward emission reductions and increased removals by forest. In the context of RBP for REDD+, the REDD+ activities will be in line with the paradigm shift that the GCF aims to support.

At the fourteenth meeting, through decision [B.14/03](#), the Board of the Green Climate Fund (GCF) requested the Secretariat to develop “a request for proposals (RFP) for REDD+ results-based payments (RBP), including guidance consistent with the Warsaw Framework for REDD+ and other REDD+ decisions under the United Nations Framework Convention on Climate Change (UNFCCC).

While the UNFCCC guidance including the Warsaw Framework provides guiding pillars for REDD+, operationalization of REDD+ results-based payments at the GCF requires further analysis and discussion of elements related to technical and procedural aspects in the context of the governing instrument of the Fund and current procedures. These elements have been identified in section 4.1 of document GCF/B.14/03 and section 3 of document GCF/B.15/Inf.07. These elements have also been discussed in the GCF dialogue at the 22nd session of the Conference of the Parties (COP) and analyses undertaken to date on the existing UNFCCC guidance and current GCF policies, standards and procedures.

This call seeks inputs from the Board on those identified elements through a structured template which is included below. In the template, a distinction is made between those elements that relate to the GCF procedures and mandates requiring Board decisions for framing of the RFP and those elements that relate to the technical aspects of the modalities. A parallel process focused on the technical modalities only seeks inputs from relevant global stakeholders, including CSOs, Indigenous peoples’ representatives, private sector and REDD+ experts.

Input from the Board will be shared publicly and analysed by the Secretariat for the preparation of the first draft of the RfP.

### Input requested

The Board is requested to provide input on the following key procedures and technical elements to support the development of the RfP for RBP. The template enclosed below includes guiding questions provided as reference only and can be complemented with additional questions identified by the Board.

Please provide your inputs using the template and send to [fundingproposal@gcfund.org](mailto:fundingproposal@gcfund.org) by **20<sup>th</sup> March 2017 at 23:59 Korean Standard Time** with subject line “**Call for Inputs REDD+ Board**”. Include in the text message: Name title and Organization; Country/constituency

## Template for receiving inputs

### I. Elements related to procedures and mandates of the Fund (for the Board only)

#### Procedure element 1: Access modality

**Issue:** While the COP noted that national entities or focal points of developing country Parties may nominate their entities to obtain and receive RBF,<sup>1</sup> consistent with any specific operational modalities of the financing entities providing them with support, GCF resources are currently accessed through accredited entities.<sup>2</sup> Guidance is required regarding the access modality for channelling RBP in accordance to the Governing Instrument while following COP decisions.

UNFCCC mandates and existing practices of key initiative funds:

- UNFCCC: Formally nominated national entities or focal points to receive RBPs, consistent with any specific operational modalities of the financing entities providing them with support
- Forest Carbon Partnership Facility (FCPF) Carbon Fund: Government or a government-approved entity that is authorized to enter into a legal agreement with the fund
- REDD Early Movers (REM): National and state administrations (e.g. Ministry of Environment)
- Norway-Guyana bilateral agreement: Finance channelled through the Guyana REDD+ Investment Fund
- Norway-Brazil bilateral agreement: The Amazon Fund administered by the Brazilian Development Bank
- Norway-Peru agreement: Implemented by the Inter-American Development Bank

Guiding questions:

1.1: What should be the role of the REDD+ national entities or focal points to the UNFCCC in accessing RBP?

1.2: What should be the role of the accredited entity (AE) in the RBP process?

1.3: Should there be another access modality for RBP other than through AE?

1.4: Should the NDA play a formal role in the RFP proposal process besides providing a NOL, and if so, what role should that be? 1.5 Others?

REDD+ National Entity or REDD+ focal point will be the only institution authorized to approve and submit a proposal for RBP to the GCF. Thus,

it will have an important role in determining the entity through which results-based financing will be channelled in the country. As most of the countries that are preparing for REDD+ implementation do not have yet a national entity that has been accredited by the GCF, and the corresponding process might be long and require important efforts, additional alternatives or arrangements are needed to access RBPs.

REDD+ National Strategies/Action Plans consider intra- and inter-institutional linkages for the implementation of REDD+ measures and actions. Therefore, a key role of the REDD+ National Entity is to ensure compliance with the institutional agreements defined for the implementation of REDD+ RBPs resources.

In the specific case of Ecuador, the objective of the REDD+ National Authority (or National Entity), role assumed by the Ministry of Environment of Ecuador - MAE, is to access directly RBPs. MAE considers a priority to have a national fund that receives this RBPs and other REDD+ financial resources. For this reason, efforts are being made to restructure a former existing fund (the Environmental Fund - Fondo Ambiental Nacional). However, till this process is finalized the country plans to access RBPs and channel them to country stakeholders through an account at the Central Bank, which manages the state's budget.

#### Procedure element 2: Financial valuation of results

**Issue:** Guidance is required on how to determine the relationship between the Emissions Reductions results proposed and the amount of finance to be provided. For example, most initiatives set a payment per tonne of carbon dioxide equivalent (tCO<sub>2</sub>eq).

UNFCCC mandates and existing practices of key initiative funds:

- UNFCCC: No specific guidance on methods of financial valuation.
- FCPF Carbon Fund: Subject to negotiation between the fund and the REDD program but fund participants have currently indicated a willingness to pay up to USD 5 per tCO<sub>2</sub>eq. No additional payment premium for co-benefits provided.

<sup>1</sup> UNFCCC decision 10/CP.19, paragraphs 1 and 2.

<sup>2</sup> Except for resources for readiness and preparatory support which can be accessed by national designated authorities.



- REM: USD 5 per tCO<sub>2</sub>eq
- Norway-Guyana bilateral agreement: USD 5 per tCO<sub>2</sub>eq
- Norway-Brazil bilateral agreement: USD 5 per tCO<sub>2</sub>eq

Guiding questions:

2.1: How should the valuation of results (payment/tonne CO<sub>2</sub>) be estimated?

- a) A single, fixed payment; if so, indicate the amount and rationale.
- b) A payment (or volume paid) adjusted according to methodologies used (i.e. use of IPCC tier 1-3 Good Practice Guidance, uncertainty level of estimated Emission Reductions, etc.)
- c) Open prices submitted to the RFP
- d) Other?

An estimated value of results, based on a single and fixed payment, may distort local perceptions on Emissions Reductions management and calculations; and above all, over planned actions. It might undermine countries efforts on determining its real costs on reducing emissions and maintain deforestation at very low levels. In addition, associated co-benefits must be considered while guiding a valuation of results process.

For example, In Ecuador, opportunity costs were calculated based on the foregone income of potential land use conversion scenarios for each of the six prioritized regions of homogenous deforestation processes. Additionally, implementation costs were estimated based on the costs of REDD+ actions and measures and administrative costs for REDD+ implementation. Transaction costs, on the other hand, included costs of national registry, registry of projects, interinstitutional arrangements, safeguard reports, REDD+ fund fee, national and external verification, MRV systems, negotiation processes, and preparation of project profiles.

Having these kind of studies, will prompt any given country to strengthen its capacity to execute REDD+ associated measurements and actions at real costs, while having a fixed and single price might only make viable actions in places with low impact in terms of co-benefits associated to emissions reduction (particularly, when not considering the monetary value of biodiversity conservation, hydric regulation, non wood forest products, protection of ancient traditions and cultures, and poverty reduction).

Differentiated transaction, opportunity and implementation costs shall be considered; especially due to deforestation dynamics and other activities produced by deforestation drivers. Such impacts, might differ from one region to another. These costs vary also according to territorial diversity, where some actions have higher costs due to territories located in remote distances or where high biological and cultural diversity is present.

Hence, a payment adjusted to specific local circumstances, resulting from different calculation methodologies and open prices and thus associated to robust evaluation criteria, is proposed. It would be related to a good practice guidance while determining the relationship between the Emissions Reductions results proposed and the amount of finance to be provided.

Procedure element 3: Size of the RFP

**Issue: The Board would need to determine the overall size of the RFP in terms of funding. This decision could take into account the existing funding available, the estimated potential demand for RBP during the period of the RFP, the potential to meet the objectives of the GCF via a RBP program, and other considerations such as the length of the RFP (discussed below under Procedure element 7).**

UNFCCC mandates and existing practices of key initiative funds:

- UNFCCC: No guidance on funding size, but encourages GCF to collectively channel adequate and predictable results-based finance in a fair and balanced manner, taking into account different policy approaches (Decision 9/CP.19 paragraph 5).
- FCPF Carbon Fund: Around US\$ 735 million in committed funding for emission reduction payments through 2025
- REM: US\$ 56.5 million
- Norwegian International Climate and Forest Initiative (NICFI): US\$ 365 million/year



Guiding questions:

- 3.1: What should be the total amount of funds to be set aside for the RFP at this time?
- 3.2: On what basis should the GCF estimate the total amount of funds to be set aside for the RFP?
- 3.3: How should the funds be channeled in a fair and balanced manner?
- An initial RFP for a limited number of countries with an equal cap per country.
  - An initial RFP for a limited number of countries without a cap
  - An initial equal cap per country allowing transferability of funds among countries
  - A regional allocation of the overall funding available
  - Other?

Regarding RBPs size, GCF planning and transparency is required for countries to know the amount of resources available, and mechanisms defined to access them. The distribution of RBPs should be guided by an equity principle.

Procedure element 4: double financing

**Issue: The current REDD+ finance landscape provides finance through a range of bilateral and multilateral funding sources. There is also a potential overlap of finance provided for a country to generate emission reductions through ex-ante finance which could later pursue ex-post payments. This could take place from different sources of funding as well as from the current finance provided by the GCF under the regular project cycle and through RBP.**

UNFCCC mandates and existing practices of key initiative funds:

- UNFCCC: Risk of double finance is not mentioned in the COP decisions. Nonetheless, paragraph 9 of Decision 9/CP.19 establishes the information hub aiming to increase transparency of information on results-based actions, and the corresponding payments.
- FCPF Carbon Fund: Requirement that emission reductions sold and transferred to the Carbon Fund are not used again by any entity for sale, public relations, compliance or any other purpose. An ER transaction registry is required to offer insurance against double counting and provide transparency to the public that there is no double claiming of the environmental benefit, in respect of the GHG emission reductions or removals.
- REM: REDD+ partner countries should have a mechanism, such as a registry, in place that prevents double counting as well as payments or the use of these ERs as offsets.

Guiding questions:

- 4.1: In what instances may double financing of results generate a concern? How could this concern best be addressed?
- 4.2: How should the GCF take into account the ex-ante finance provided either by the GCF regular project cycle or other sources of finance?
- 4.3: Should GCF create or utilize an existing registry to track GCF-funded Emission Reduction tonnes in some way, in addition to the UNFCCC information hub?
- 4.4: Other?

Ecuador understands from UNFCCC guidance (9/CP.19) that results based financing, as an enabler of the final stage of REDD+, is meant to channel new and additional funding, which entails that resources from stage two and stage three of REDD+ are different from one another.

It is also important to take into account that with multiple partners supporting multiple activities and measures of the REDD+ AP, and due to the challenges of addressing drivers of deforestation at the national level, it is almost impossible to directly attribute emission reductions in terms of tCO<sub>2</sub>eq to any single investment or to a specific action, measure, initiative or region. Rather, each funding source will have made a contribution alongside many others.



Given that phase three of these activities has to follow up on the provisions from decision 1/CP.16, the purpose of results based payments will be to offer financial sustainability of REDD+ actions in the eligible country, which will create a replicability of efforts and create an incentive for developing countries to continue to undertake these actions in the mid and long term.

If a country requesting RBPs from the GCF (phase 3) is already receiving, or has received RBPs (phase 3) from an existing initiative (e.g. FCPF-Carbon Fund, BioCarbon Fund, REM). This could be called the risk of “double payment” in phase 3. It should be avoid using the Lima REDD+ information hub under the UNFCCC.

#### Procedure element 5: Use of proceeds

Issue: The Board may need to consider if any restrictions are needed on how the GCF RBPs are subsequently used, for example for activities implemented that do not contradict the results achieved or more broadly contradict the objectives of the GCF. This is also related to Operationalization of the ‘Cancun Safeguards’ discussed below.

UNFCCC mandates and existing practices of key initiative funds:

- UNFCCC: Use of proceeds is not mentioned in the UNFCCC decisions
- FCPF Carbon fund: Programs to provide a description of the benefit-sharing arrangements including a benefit sharing plan
- REM: Programmatic benefit-sharing and investment plan are set in bilateral agreement; Requires that at least 50% of RBP reaches local level.
- Norway-Indonesia bilateral agreement: Transparent and equitable benefit-sharing mechanism required.

#### Guiding questions:

5.1: Should the GCF place any conditions or restrictions on the use of RBPs? If so, what kind of conditions would that be?

5.2: Other?

Considering that agreed decisions indicate that co-finance for the implementation of the REDD+ Action Plan (financial gap), and applying safeguards as requested by Decision 12/CP.17 (Notes that the implementation of the safeguards [...] and information on how these safeguards are being addressed and respected, [...] should support national strategies or action plans and be included in, where appropriate, all phases of implementation referred to in decision 1/CP.16). It could be expected that RBPs contribute to the implementation of REDD+ National Strategies or Action Plans, and to the application of safeguards; however, as these payments recognize countries’efforts and the resulting emission reductions, the same countries should decide strategically on the use of these resources. No additional investment framework, requirements or restrictions are expected or needed.

On the other hand, processes to address and respect Cancun Safeguards throughout the three REDD+ phases should be encouraged.

#### Procedure element 6: Ownership, legal title and implications for NDCs

Issue: The COP decisions do not provide any guidance regarding transfer and legal title of emissions reductions that result from REDD+ activities for the financial mechanisms like the GCF. Board would need to consider providing clarity on the status of Emission Reductions paid with GCF funds (may also apply for ex-ante finance).

UNFCCC mandates and existing practices of key initiative funds:

- UNFCCC: REDD+ in the UNFCCC is referred to as “policy approaches and positive incentives”. Also, decision 2/CP.17, paragraphs 66 and 67, refer to both appropriate market-based approaches and non-market-based approaches could be developed to support the results-based actions by developing country Parties. While the COP decisions do not mention title creation and transfer, article 6 of the Paris Agreement envisions the use of internationally transferred mitigation outcomes on a voluntary basis as authorized by participating Parties through a mechanism established under the authority and guidance of the COP (rules, modalities and procedures are yet to be defined).
- FCPF Carbon fund: Requires transfer of ERs, formalized through emission reduction payment agreements (ERPAs)



- REM: No transfer of ERs; ERs are retired and cannot be used for offsets, but recipients may report ERs to UNFCCC
- NICFI: No transfer of ERs.

Guiding questions:

- 6.1: Should there be any legal title or transfer of ownership associated with the payments? If so, should the GCF-funded Emission Reductions be fungible with other mechanisms?
- 6.2: Should GCF “pay” for results without claiming any emission reductions? If so, would there be any obligation from the recipient country in relation to the “paid” emission reductions?
- 6.3: What are the implications for reporting in a country NDC from GCF-funded Emission Reductions?
- 6.4: Other?

RBPs / RBF under the UNFCCC do not require the creation, transfer or acquisition of title over ERs. Decision 9/CP19 paragraph 16 remarks that REDD+ results on the information hub does not create any rights or obligations for any Party or other entity.

So title creation and transfer associated with REDD+ emission reductions would not maintain consistency with the UNFCCC.

**Procedure element 7: Eligibility date for payments and length of the RFP**

Issue: Under the current UNFCCC REDD+ decisions, Parties, when constructing their national (or subnational) forest reference emission level and/or forest reference level, may choose their own baseline. This flexibility results in various reference and accounting periods that vary by country. The Board may need to set a starting date from which it will operationalize financing for results achieved by countries. This will be linked to the overall length of the RFP.

UNFCCC mandates and existing practices of key initiative funds:

- UNFCCC: no reference to eligibility date for payments.
- FCPF Carbon Fund: payments can be made for emission reductions during the term of the Emission Reduction Payment Agreement (ERPA).
- REM: varies by country, in the case of Acre-Brazil emissions reductions are accounted from 2012 to 2015 while in Colombia from 2013-2017.

Guiding questions:

- 7.1: What should be the starting date for considering eligible results for RBP?
- 7.2: Should the starting period be the same for all countries or defined on a case by case basis?
- 7.3: What should the payment period be – over what timeframe? i.e., when should it end?
- 7.4: Other questions?

REDD+ was included in the Bali roadmap in 2007 and since then a lot of resources (domestic and international) have been spent on REDD+ readiness (phase 1). These efforts resulted in important policy changes in many countries. In addition, to conclude the first stage (preparation) requires a deep technical analysis and significant human and financial resources, to define and implement according to countries circumstances the elements of the Warsaw Framework for REDD+. GCF should recognize the time and efforts devoted to achieve these. Not recognizing past efforts could be seen as a perverse incentive for countries to increase deforestation, and reduce the implementation of REDD+ actions, jeopardizing the sustainability of REDD+ and resulting in reduced access to RBPs.

The guidance provided by UNFCCC allows flexibility of the FREL based on countries national circumstances, this flexibility should be maintained when it comes to time periods of FREL/FRLs and the corresponding time period for reporting on REDD+ results. This allows the recognition of past efforts to reduce deforestation. For example: i) Brazil launched the Action Plan for Prevention and Control of the Legal Amazon Deforestation in 2006, and ii) Ecuador Launched the Socio-Bosque Program in 2008.

**Technical element 1: Scale of implementation**

Issue: UNFCCC provisions request forest reference emission level and/or forest reference level (FREL/FRL) and measurement, reporting and verification (MRV) to be national with some flexibility for subnational scale as an 'interim measure'. Guidance is required for defining the scale of implementation for countries requesting RBPs. The GCF needs to state in the RFP **what scale of implementation is acceptable in proposals**; while being consistent with UNFCCC guidance on FREL/FRL and MRV. The GCF should **also contemplate whether and how the existing REDD+ initiatives at different scales and approaches can be considered** in the RFP.

UNFCCC mandates and existing practices of key initiative funds:

- UNFCCC: Requires national FREL/FRL or, if appropriate, as an interim measure, subnational FREL/FRL, in accordance with national circumstances (Decision 1/CP.16 paragraph 71).
- Forest Carbon Partnership Facility (FCPF) Carbon Fund: Allows for national and subnational (jurisdictional) level. Most programs are subnational.
- REDD Early Movers Program (REM): Allows for national and subnational. So far the experience has been subnational.
- Norwegian International Climate and Forest Initiative (NICFI): Mainly national level agreements with national governments, although implementation occurs at subnational scales in some countries.

A proposal for RBPs should have the same scale then the UNFCCC assessed FRL/FREL, otherwise it would be inconsistent with the Warsaw Framework and the UNFCCC which establishes that reference levels are benchmarks for assessing each country's performance in implementing REDD+ activities.

In order to keep consistency with the UNFCCC Warsaw Framework and related decisions a national FREL/FRL and National Forest Monitoring Systems, considering a subnational monitoring systems and subnational FREL/FRLs in an interim phase, should be considered for RBP. Furthermore, consistency between the Technical Annex of the BUR and the FREL/FRL, that has been submitted to the UNFCCC and assessed through the UNFCCC process, should be guaranteed.

The implementation of REDD+ at a national scale should be prioritized compared to subnational approaches. National scale implementation has higher risks of displacement of emissions.

A nested approach for REDD+ would bring extra complexities and costs, as it results from different or opposite guidance and modalities than the ones provided by to UNFCCC.

**Technical element 2: Forest reference emissions levels (FREL)/forest reference levels (FRL)**

Issue: Warsaw Framework for REDD+ articulates modalities for the development and technical assessment of FRELs/FRLs, and for monitoring, reporting and verification (MRV) of emission reductions achieved through REDD+ activities. Under the current UNFCCC REDD+ decisions, Parties, when constructing their national (or subnational) forest reference emission level and/or forest reference level, may choose their own baseline. This flexibility results in various reference and accounting periods that vary by country. The GCF needs to consider ways to link these procedures with RBF while considering specific countries' circumstances.

Existing practices of other funds:

- FCPF Carbon Fund: Follows UNFCCC requirements of using historical averages and adjustment but it only allows limited adjustment for "high forest low deforestation" (HFLD) countries with justified changes in deforestation trends and puts in place further requirements on the historic averages by requiring that the historic period considered is about 10 years before the end date which should be the most recent date prior to two years before the start of the draft ER Program Document assessment.
- REM: Historical average rates
- Norway-Guyana bilateral agreement: Mean value of historic average rate and developing country average, with downward adjustment option
- Norway-Brazil bilateral agreement: Historical average rates, updated every 5 years

Guiding questions:

2.1: How should the GCF take into account the different approaches used for defining FREL/FRL and translated into verified REDD+ results?



- 2.2: Is there a need for additional GCF-specific criteria for FREL/FRL and MRV? If so, what type criteria should that be?  
2.3: How should the GCF take into account the results of the analysis of the REDD+ technical annex<sup>3</sup>? What process and review criteria, if any, in order to make funding decisions?  
2.4: Should a description of how alignment of subnational FREL/REL to national-scale FREL/REL be required?  
2.5: Other questions?

The FREL/FREL that has been assessed through the UNFCCC process which is expressed in tonnes of carbon dioxide equivalent per year (tCO<sub>2</sub>e/year), is the benchmark for assessing each country performance in terms of REDD+ implementation activities, therefore, in order to maintain consistency with UNFCCC decisions, this process should be accepted by the GCF as the benchmark against which RBPs. No additional review process should be required for accessing RBP

Despite the flexibility for the countries in the use of their own methodologies for reference level construction, it is important that it maintain consistency with national GHG inventories and IPCC Guidance and Guidelines. FRELs / FRLs submitted to the UNFCCC are subject to a technical assessment, which must be supportive to the capacities of the countries for any future improvements. When there is flexibility on the FREL/FRL construction, the GCF should guarantee the flexibility in the UNFCCC decisions, to the greatest extent possible. This is aligned with decision 9/CP.19, paragraph 7 of the Warsaw Framework which states: "Requests the Green Climate Fund, when providing results-based finance, to apply the methodological guidance consistent with decisions 4/CP .15, 1/CP .16, 2/CP .17, 12/CP.17 and 11/CP.19 to 15/CP.19, as well as this decision, in order to improve the effectiveness and coordination of results-based finance"

Regarding the scale of the FREL/FRL and in response to the question 2.4, we agree that a description of how subnational FREL/REL aligns to national-scale FREL/REL be should be required. The GCF would need to integrate as part of the review of proposals for RBPs, how these monitoring and reporting requirements specific to subnational REDD+ have been addressed during the results period, in order to ensure environmental integrity, transparency, accuracy and avoidance of double counting.

#### Scope of the FREL/FRL (REDD+ activities, pools & gases)

As the guidelines for submissions of information on FRELs/FRLs to the UNFCCC indicate that no significant activities, pools or gases should be excluded, prioritization and treatment of significant activities may relate to a displacement risk that may occur between activities, it is important to be aware that addressing and respecting the safeguard on displacement should involve evaluating and aiming to reduce the risk of displacement between activity categories. We believe that given the benefit of minimizing displacement risk, prioritization of those countries that do include all significant activities could be considered. However, if a country has a high level of certainty associated with its FREL/FRL estimates and the limitation on scope enhances the conservativeness, then that country should not be penalized for excluding the other activities.

#### Adjustments to the FREL/FRLs

We recommend that the GCF rely on the UNFCCC TA process to determine if an adjustment has been reasonably justified or not, therefore, accept the FREL/FRL that results from the UNFCCC Technical Assessment (TA) process. In the case of adjustment to a FREL/FRL, the UNFCCC TA team must have found an adjustment sufficiently justified in order for it to be eligible as is under the GCF. If the UNFCCC TA team did not find an adjustment sufficiently justified, but an RBP proposal met all other requirements and criteria, the GCF could call for the country to address the identified issues, nevertheless, the country could still be able to access to a first disbursement of RBPs until proposed adjustment could be demonstrated through future reporting.

#### FREL/FRL Technical Assessment and Technical Analysis of REDD+ Results

The submissions of the FREL/FRL and REDD+ results, in the context of seeking RBPs, as well as the FREL/FRL TA process and technical analysis of the REDD+ results are all already fully covered under the UNFCCC decisions. Therefore we recommend to do not set any additional requirements and the country would be able to access to RBPs despite of any findings from the technical assessment team (AT), except for extreme cases where need for significant improvements have been flagged by the AT.

The GCF should accept the BUR REDD+ technical annex as the means of reporting REDD+ results, and the results should be "verified" via the UNFCCC process (technical analysis of the REDD+ technical annex as part of ICA process). the GCF would do

<sup>3</sup> Decision 14/CP.19



some level of screening/review of the report by the LULUCF experts convened by the UNFCCC for the technical analysis, however, the GCF should not engage with doing its own full review/verification of the REDD+ results achieved as this would not maintain full consistency with the UNFCCC decisions.

### Technical element 3: Operationalization of the 'Cancun safeguards'

**Issue:** The Warsaw Framework for REDD+ and earlier COP decisions contain seven safeguards<sup>4</sup> that are required to be addressed and respected in all phases of REDD+. The GCF needs to consider how these relate to the existing GCF policies, procedures and reporting requirements, in particular how they can be reconciled with the interim safeguards of the GCF (IFC Performance Standards). The GCF also needs to decide if additional guidance is required on REDD+ RBP-specific considerations in order to operationalize RBP. Such guidance could be warranted, for example, to address the risks of reversals of Emission Reductions achieved, or information may be required to ensure GCF's ESS, fiduciary standards, and gender policy are upheld in activities that produced ERs being rewarded.

#### Existing practices of other funds:

- FCPF Carbon Fund: World Bank safeguard policies and processes (Strategic Assessment and Management Framework); Benefit Sharing Plan
- REM: Cancun REDD+ Safeguards; KfW safeguards; BMZ human rights guidelines
- Norway-Guyana bilateral agreement: World Bank, IDB and UNEP safeguards
- Norway-Brazil bilateral agreement: Safeguards of the Brazilian Development Bank

#### Guiding questions:

3.1: How should the GCF assess the implementation of the Cancun Safeguards in addition to the IFC performance standards (interim GCF ESS)?

3.2: Should the GCF develop additional guidance for the reporting on how the Cancun Safeguards are being respected? No, ya se definió en la COP21 que no se requieren requisitos adicionales.

3.3: Other questions?

The implementation of Cancun Safeguards will be assessed through the submission of summaries of information on how all the Cancun Safeguards are being addressed and respected<sup>5</sup>. This process should take strongly into account social and environmental circumstances specific to each country. It is also important to base REDD+ safeguards-related processes (including the development of summaries of information) on countries' legal, political and institutional framework, as well as on actions and procedures determined to address and respect the mentioned safeguards.

No additional guidance is required for reporting on how Cancun Safeguards are being addressed and respected. The UNFCCC decisions framework regarding this topic was discussed during several COPs and was finalized with the Decision 17/CP. 21. The diversity of national social and environmental circumstances is exemplified by the experience of Ecuador on developing its first summary of information. This diversity needs to be taken into account; thus, flexibility is needed on the format and content of safeguards reports that countries submit to the UNFCCC.

Regarding other questions, Ecuador would like to encourage the GCF to simplify the processes for addressing safeguards and reporting information, by taking into account the framework already defined by the UNFCCC and ultimately unifying UNFCCC and GCF requirements and processes. This will avoid high transaction and implementation costs, the multiplication of safeguards procedures and criteria. In addition, when considering safeguards criteria associated to RBPs several countries will benefit from an incentive approach versus a barrier/strict approach. The first, an incentive approach, could be associated to incremental and progressive disbursements for RBPs that recognize a country's efforts and plans for stepwise improvement over time. While the second could discourage countries and make it difficult to access RBPs, instead of setting up technical barriers, flexible requirements are needed.

<sup>4</sup> Appendix I to UNFCCC decision 1/CP.16.

<sup>5</sup> Decision 12/CP.17, paragraph 3 and Decision 9/CP.19, paragraph 4



Any additional issues/comments