
Call for public 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 REDD+ stakeholders on those identified elements through a structured template which is included below. A parallel process focused on GCF procedures and mandates requiring Board decisions and the technical modalities is being conducted for board members.

Input from the REDD+ stakeholders will be shared publically and analysed by the Secretariat for the preparation of the first draft of the RfP.

Input requested

The GCF Secretariat is pleased to invite organizations and all entities involved and interested in REDD+ results-based payments, to provide inputs for the development of the GCF Request for Proposals for REDD+ RBP. The template enclosed below includes guiding questions provided as reference only and can be complemented with additional questions identified by the REDD+ stakeholders.

Submission

Official submission of inputs on behalf of an organization or group of organizations preferably in MS Word format should be sent via e-mail as one document with subject line:

“REDD+ RBP – call for public inputs” to fundingproposal@gcfund.org by **20th March 2017 at 23:59 Korean Standard Time**

The official submission should clearly indicate: Full Name; Title/Position; Organization/Affiliation
Contact details including telephone and e-mail address

Template for receiving inputs

I. Elements related to technical modalities

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.

Guiding questions

1.1: What scale of implementation (national, subnational, nested) should be considered for the RFP?

All scales should be nested with any lower initiatives, incl. REDD+ projects registered (validated) with standards aligned with UNFCCC (such as Verified Carbon Standard), meaning that

- a) any national scale funded should nest within its geographical scope any pre-operational subnational initiative and registered projects;
- b) any subnational scale funded should nest within its geographical scope any registered REDD+ projects

When proper nesting on all scales is implemented, we see it as beneficial to consider national, subnational and nested scales for funding. This promotes transparency, consistency and positive mitigation incentives on all scales, while equally giving GCF flexibility in selecting appropriate funding scales on case by case basis.

Please feel free to consult a publication on best practice for nesting REDD+ which South Pole Group co-authored: <http://www.v-c-s.org/just-released-new-guidance-for-nesting-redd-projects/>

1.2: Should the GCF provide detailed guidance for defining the scale of eligible proposals?

Concepts of national REDD+, subnational REDD+ and nested REDD+ projects are well communicated within the mitigation community. A guidance that gives the requirement of nesting of all lower initiatives within the geographical scope of the funded scale should be included for eligibility. Beyond this, we do not see the detailed guidance on defining scales of proposals as urgent.

1.3: Other questions?

Funding scales that did not properly consult, include and nest lower-level initiatives should be avoided as it leads to friction of stakeholders, brings risks of GHG double-counting, and competition for available RBP funding from GCF and beyond. Best practice on nesting should be provided or referenced.

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?

Follow FCPF approach, which is the most detailed, most widely stakeholder-consulted and elaborated guidance. FCPF is an initiative of another multilateral organization (WBG) and particularly mentioned in UNFCCC decisions as well. Alignment between FCPF and GCF will be crucial. From our technical assessment on realism and environmental integrity of claimed GHG emission reductions & removals, FCPF Carbon Fund Methodological Framework presents an exemplary work that ensures sufficient conservativeness for results-based payment makers and enough flexibility for realistic representation of results-based payment receivers.

The other named initiatives are bilateral and older. Representatives of these initiatives expressed in meetings that their operating agencies could consider aligning with the FCPF approach, which we encourage.

2.2: Is there a need for additional GCF-specific criteria for FREL/FRL and MRV? If so, what type criteria should that be?

Developing and issuing criteria that differ from FCPF could slow down GCF and presents the risk of further fragmentation of mitigation efforts at a time when union and operationality is required. We therefore suggest a review of FCPF FREL/REL and MRV criteria and where additional clarification could be needed in order to fulfil GCF overarching criteria. Else the fundamental approach should be kept and aligned with.

2.3: How should the GCF take into account the results of the analysis of the REDD+ technical annex¹? What process and review criteria, if any, in order to make funding decisions?

Consult and align with FCPF on their process. Ideally, GCF and FCPF would share a same/similar process operated by same/similar entities.

In order to avoid conflicts of interest, to maintain transparency, traceability and good governance, GHG mitigation efforts have traditionally been conducted by a 'trinity' of actors:

- a) Framework setting criteria/standard/protocols to register initiatives (e.g. the CDM, here FCPF/GCF)
- b) Initiative developer/operator (e.g. CDM project developer, here GCF eligible entity submitting proposal)
- c) Independent auditor/verifier (e.g. CDM Designated Operating Entity & CDM Secretariat)

For c), in the GCF context several operational options are possible. Given the multilateral structure of GCF, a REDD+ technical evaluation committee comprised of designated expert entities providing a recommendation to higher GCF decision-making bodies could be considered.

2.4: Should a description of how alignment of subnational FREL/REL to national-scale FREL/REL be required?

Yes, alignment and nesting are a key component and should be required (please see response 1).

¹ Decision 14/CP.19



2.5: Other questions?

GCF could consider a process to sub-contract REDD+ technical expert entities to conduct evaluation missions and help prepare the future GCF REDD+ technical committee to prepare the recommendation on proposal decision. These should have outstanding experience with jurisdictional REDD+ design & MRV aspects and be able to field teams of experts speaking the local official language.

Technical element 3: Operationalization of the ‘Cancun safeguards’

Issue: The Warsaw Framework for REDD+ and earlier COP decisions contain seven safeguards² 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)?

FCPF safeguard policies and processes already include decisions on UNFCCC Cancun REDD+ Safeguards. This decision should be based on a detailed gap-analysis between GCF ESS vs FCPF/UNFCCC Cancun safeguards. This should also include identification of GCF ESS elements not applicable to REDD+ and thus eligible for simplification of process. For credibility, REDD+ proposals should report on a set of safeguards that covers FCPF/UNFCCC Cancun safeguards and applicable GCF ESS.

As in response 2, developing and issuing criteria that differ from FCPF could slow down GCF and presents the risk of further fragmentation of mitigation efforts at a time when union and operationality is required. We therefore suggest a review of FCPF safeguards and where additional clarification could be needed in order to fulfil GCF ESS criteria. Else the fundamental approach should be kept and aligned with.

3.2: Should the GCF develop additional guidance for the reporting on how the Cancun Safeguards are being respected?

We see alignment with existing FCPF & UNFCCC safeguards as more crucial than developing additional guidance.

3.3: Other questions?

N/A

Any additional issues/comments

GCF could consider dispersing tranches of smaller funding for jurisdictional REDD+ programs and proposals that passed defined maturity levels in order to help funding the long and complicated process of

- REDD+ strategy formulation
- Stakeholder consultation
- Institutional coordination and capacity building

² Appendix I to UNFCCC decision 1/CP.16.

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- Development of REL/FREL
- Ensure safeguards compliance
- Develop program of activities for reduced deforestation, degradation and carbon stock enhancement
- Develop monitoring & reporting capacity

where there is no overlap with already sufficient REDD+ readiness funding from FCPF or other entities.