
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: Sophy Greenhalgh. International Emissions Trading Association Secretariat. Director. Greenhalgh@ieta.org +44(0)7469697008

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?

WE RECOMMEND A FLEXIBLE APPROACH AND FOR ALL THREE SCALES TO BE CONSIDERED. FOR SITE BASED ACTIVITIES, SUCH PROJECTS WOULD NEED TO BE APPROVED BY NATIONAL GOVERNMENT ON DEMONSTRATING ALIGNMENT ON THE FREL/FRL AND ENSURING NO DOUBLE COUNTING.

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

PROVIDING GUIDANCE ON THE ELIGIBILITY OF SITE BASED PROJECTS CONSISTENT WITH THE WARSAW GUIDANCE ON FREL/FRL WOULD BE HELPFUL. THIS SHOULD ALIGN WITH THE EMERGING ICAO STANDARD UNDER THE CORSIA.

GCF FUNDED PROJECTS SHOULD DEFINE HOW THEIR SCALE RELATES TO THE NATIONAL OR REGIONAL OPERATING SCALES.

GUIDANCE COULD BE PROVIDED TO ASK FOR OUTLINE ON FOR EXAMPLE:

- HOW IT RELATES TO NATIONAL LEVEL REPORTING UNDER THE UNFCCC.
- FOR A SMALLER SCALE PROJECT, THERE SHOULD BE INFORMATION GIVEN ON THE RELATIONSHIP BETWEEN QUANTIFICATION OF FREL ACROSS SCALES.
- MRV METHODOLOGIES SHOULD BE PROVIDED, OWNERSHIP OF EMISSIONS REDUCTIONS ACROSS SCALES AND EVIDENCE OF ENGAGEMENT OF STAKEHOLDERS AND IMPLEMENTATION OF SAFEGUARDS.
- CLARITY ON HOW THE ERS MAY OR MAY NOT BE USED IN INDC'S.
- PROVISIONS FOR HOW THE ER ISSUANCE/DELIVERY PROCESSES BETWEEN SCALES WILL ENSURE NO DOUBLE SELLING FOR EXAMPLE USE OF REGISTRIES.

GCF FINANCING TO REDD+ ACTIVITIES THAT ADDRESS DRIVERS AND AGENTS OF DF/DG AND PROMOTE LARGE AND SMALLHOLDER SUSTAINABLE LANDSCAPE PRACTICES IS CRITICAL AT THIS JUNCTURE. GCF SHOULD RECOGNIZE THE IMPORTANCE OF APPROACHES THAT REGARDLESS OF SCALE, MAXIMIZE EMISSIONS REDUCTIONS SO LONG AS ENVIRONMENTAL INTEGRITY IS UPHELD. A REDD PROJECT OR SMALLER JURISDICTION SHOULD BE ABLE TO SECURE RBPS FROM GCF, OTHER RBPS (SUCH AS CARBON FUND OR REM) & VOLUNTARY MARKETS AS LONG AS MAINTENANCE AND CLARITY AROUND ENVIRONMENTAL INTEGRITY IS MET REGARDING MRV INCLUDING PROVISIONS TO SAFE GUARD AGAINST DOUBLE COUNTING AND SELLING.

GCF NEEDS TO STRUCTURE PARTICIPATION IN REDD+ RBP, SUCH THAT ACCESS TO FINANCE CAN BE SECURED AT MULTIPLE

SCALES, AND THAT IF LARGER SCALE ACTORS ARE RECEIVING THE PAYMENT, THERE IS A CLEAR PATH FOR FUNDS TO THOSE MANAGING LAND AND GENERATING THE ERS.

1.3: Other questions?

A KEY WILL BE TO CREATE AN INCENTIVE FOR GOVERNMENTS TO ACCELERATE THE COMPLETION OF NATIONAL SYSTEMS, THAT IS STILL SEVERAL YEARS AWAY FOR MANY FOREST COUNTRIES IN NEED OF FINANCIAL ASSISTANCE TO IMPROVE FOREST GOVERNANCE. CREATING A ROBUST, ENVIRONMENTALLY SOUND TRANSITIONAL PATHWAY FOR SITE BASED ACTIVITIES TO WORK WITHIN A NATIONAL LEVEL PROGRAM CAN BE AN TREMENDOUS PUBLIC GOOD CREATED BY GCF GUIDANCE AND FUNDING. WITHOUT THAT, THE CURRENT DISCONNECT BETWEEN PROJECT LEVEL ACTIVITY AND EMERGING NATIONAL PROGRAMS WILL ONLY CONTINUE TO WIDEN, AND EXPOSE THE ENTIRE REDD+ ASSET CLASS TO RISKS THAT CAN BE AVOIDED BY SIMPLY RECOGNIZING THE EXISTANCE OF PROJECTS AND REQUIRING NECESSARY CHANGES TO FOLD THEM INTO EMERGING NATIONAL PROGRAMS. THIS WILL ALSO OPEN & MAXIMISE FUTURE FINANCING STREAMS BEYOND GCF TO ENSURE FINANCIAL SUSTAINABILITY IN THE LONGER TERM.

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?

GCF SHOULD BE FLEXIBLE TO ALLOW FOR DIFFERENT COUNTRY APPROACHES. A SET OF CRITERIA FOR WHICH DIFFERENT APPROACHES CAN BE ACCEPTED ALONGSIDE AND COMPLEMENTARY TO UNFCCC EXPECTATIONS COULD BE DEVELOPED. THERE ARE A SIGNIFICANT AND GROWING NUMBER OF NATIONAL, JURISDICTIONAL AND PROJECT BASED STANDARDS AND METHODOLOGIES WITH VARYING ROBUSTNESS AND COMPLEXITY. IN THE EVENT OF MULTIPLE USES OF APPROACH, THE STANDARDS & METHODOLOGIES CLEARLY DEFINED SHOULD MEET HIGH-LEVEL CRITERIA AS DEFINED BY THE GCF. THE GCF'S ALLOWABLE STANDARDS AND METHODOLOGIES SHOULD BE MAINTAINED AND EXPANDED AS NEEDED OVER TIME. ALL METHODS USED SHOULD BE CLEARLY REFERENCED AND DOCUMENTED.

THE NORWAY-BRAZIL BILATERAL AGREEMENT IS WORTH CONSIDERING FURTHER AS SOME MECHANISM TO ADJUST THE RATES OVER TIME IS REQUIRED TO ACCOUNT FOR CHANGING CIRCUMSTANCES, AND HOPEFULLY REDUCED HISTORICAL EMISSIONS OVER TIME, FORCING TIGHTER CREDITING OVER TIME TO PROMOTE CONTINUED IMPROVEMENTS. THIS IS THE DIFFERENCE BETWEEN CREATING A TRADABLE COMPLIANCE INSTRUMENT THAT REPRESENTS A TON OF REDUCED CO₂E EMISSIONS VERSUS A PAYMENT TO MAINTAIN FOREST CARBON STOCKS. ONCE THE DEFORESTATION CRISIS IS UNDER CONTROL, THE FINANCING MECHANISM TO MAINTAIN THE PROGRESS ACHIEVED BY REDD+ PAYMENTS NEEDS TO SHIFT AND THE SUPPLY OF COMPLIANCE CREDITS SHOULD BE REDUCED ULTIMATELY TO ZERO.

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

WHERE POSSIBLE, UTILIZING EXISTING AND ADEQUATE CRITERIA IS PREFERRED. THE WORLD NEEDS TO SOLVE THE TRANSITIONAL PATHWAY ISSUE FOR EXISTING PROJECTS TO ALLOW CONTINUED FINANCING INTO FOREST COUNTRIES THAT ARE NOT YET READY TO OPERATIONALIZE A NATIONAL PROGRAM, BUT OTHERWISE CRITERIA TO CONSOLIDATE CURRENT APPROACHES AND AVOID CREATING TOO MANY DIFFERING STANDARDS IS USEFUL. IETA HAS EXPERIENCE IN THIS AREA IF FURTHER DETAIL IS REQUIRED.

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?

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

YES. OTHERWISE, WE ARE EXACERBATING THE DIVIDE BETWEEN EXISTING SYSTEMS AND THE WARSAW FRAMEWORK. THAT IS ALSO WHY WE NEED A TRANSITIONAL PATHWAY TO ALLOW CURRENT ACTIVITIES TO BE ACCOUNTED INTO NATIONAL PROGRAMS.

2.5: Other questions?

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)?

IT NEEDS TO BE PRAGMATIC AND CLEAR WHAT A REDD+ PROJECT/PROGRAM NEEDS TO DO. IFC PERFORMANCE STANDARDS ARE EASILY APPLIED AND ARE BEST LINKED TO FINANCIAL TRANSACTIONS SUCH AS RBP. MANY REDD+ PROJECTS ARE ALREADY USING THE BEST-PRACTICE CLIMATE, COMMUNITY & BIODIVERSITY (CCB) STANDARDS TO DEMONSTRATE (AND VERIFY) THE GENERATION OF SIGNIFICANT SOCIAL AND ENVIRONMENTAL BENEFITS, WHILE RESPECTING THE CANCUN SAFEGUARDS AND MEETING THE IFC PERFORMANCE STANDARDS.

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

¹ Decision 14/CP.19

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

3.3: Other questions?

Any additional issues/comments