
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?

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

1.3: Other questions?

Inputs

The scale of implementation is influenced by several factors that reflect in policy, institutions, capacity and investments supporting REDD+ priorities in subnational or national contexts. The scale reflect the ambition and geographic coverage of programs and has major implications for cost effectiveness, scalability and impacts of programs. The guidance by GCF on the scale of programs can assist countries in designing programs that are cost effective and have potential to increase scale and ambition.

1.1 Scale of Implementation

In the light of the Green Climate Fund's role in channelling financial resources to developing countries and catalysing climate finance, criteria to assess whether a RFP targets the appropriate scale of implementation could include:

- Ambition of a program reflected in forest policies and strategies to support a REDD+ program;
- Progress in the implementation of REDD+ strategy;
- Strengths of institutional arrangements and capacity to deliver results; and
- Investments in interventions to support REDD+ priorities.

In the World Bank's experience of designing and implementing REDD+ programs, several factors that influence the scale of implementation are identified such as data and capacity needed to establish FREL/FRL, implementation of national forest monitoring systems, and constraints to mobilizing investments in support of REDD+ interventions and institutional arrangements needed for implementation. Reflecting the phased approach to REDD+ referred in the decision 1/CP.16, paragraphs 73 and 74, most countries are implementing programs for results based payments at subnational scale although some countries have submitted national FREL/FRL to the UNFCCC for review and assessment. Therefore, it is reasonable to assume that a large number of countries pursue subnational scale of implementation of REDD+ programs in the foreseeable future.

It is anticipated that the experience gained from subnational implementation can contribute to the design of REDD+ programs that can be scalable to national scale. The sub-national REDD+ programs can therefore be considered eligible for RFP assuming that programs at this scale have potential to make a significant contribution to reducing national forest emissions and enhancing removals. Subnational programs also allow flexibility to design and implement policies tailored to that scale.

Furthermore, subnational programs provide opportunities for countries with limited capacity to strengthen their institutional capacity to implement programs and permit opportunities for community participation and to adjust programs to specific



subnational contexts. Additionally, countries implementing subnational programs with RBP may like to have flexibility to implement different financing mechanisms in other subnational jurisdictions to achieve national REDD+ priorities.

REDD+ programs focusing at national scale are few and are limited to countries with a record of forest sector policies and investments, national REDD+ strategy, institutional arrangements, capacity to define FREL/FRL and implement monitoring at national scale and to provide investments in support of REDD+ priorities.

Programs that propose to apply a nested approach in which reference levels are established and monitored at both project and sub-national/national scales could do so as long as (i) results are determined based on sub-national/jurisdictional reference (emissions) level and monitoring; and (ii) subnational/jurisdictional reference level and monitoring can be expected to evolve to national scale over a period of time. Nested approach can potentially face challenges in promoting harmonization between national, subnational and project levels. If a nested approach is considered, its implementation and results should be assessed in relation to reference level and monitoring frameworks relevant at subnational/jurisdictional level.

Most of the programs proposed for implementation under the FCPF Carbon Fund are subnational programs, which can potentially evolve into national scale programs with enhanced policy support, investments in support of REDD+ and scale up based on experience gained from subnational implementation.

1.2 Guidance on scale of eligible proposals

The GCF guidance on the scale of eligible programs should be detailed enough to assist countries to consistently reflect scale and ambition in the design and implementation of programs for receiving results-based payments. The GCF can consider the following aspects in its preparation of guidance on eligible proposals.

- Subnational programs are significant in scale and extent in contributing to national REDD+ objectives of reducing forest emissions or increasing removals.
- Policies and measures reflect the scale and ambition in addressing drivers of deforestation and forest degradation in one or more subnational jurisdictions.
- There is a plan to scale up or extend subnational programs to multiple subnational jurisdictions and to national level over a specified period.
- The scale of programs are large enough to limit the risk of displacement of emissions beyond program jurisdictions.
- Commitment to promote consistency of methods and procedures used in subnational FREL/FRL and corresponding forest-related GHG emissions and removals in national greenhouse gas inventory; and a plan to achieve consistency in methods and procedures of national FREL/FRL with those of national greenhouse gas inventory is presented.
- Programs implementing RBP should be aware of reporting requirements of subnational and national registries in order to appropriately reflect the results of programs implemented at different scales.

1.3 Other questions – Criteria to assess the scale of implementation

Development of specific guidance on the criteria to be used for categorizing programs as national, sub-national and nested can assist countries to transparently communicate the scale of programs and to clarify ambition to move towards higher scales of implementation.

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 FREs/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 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?
- 2.5: Other questions?

Inputs

Review of approaches to FREL/FRL piloted by different multilateral, bilateral and national initiatives provide useful information for identifying the criteria relevant for defining FREL/FRL and MRV. The FCPF Carbon Fund has adopted a set of criteria and indicators to assist countries to transparently define FREL/FRL for the programs implemented under the FCPF Carbon Fund. The review of criteria and indicators used in FCPF Carbon Fund Methodological Framework and the approaches used for FREL/FRL in other initiatives can facilitate identification of criteria that are common and enable a consistent and harmonized approach to the definition of FREL/FRL for REDD+ programs to be implemented with RBP.

2.1 Different approaches used for defining FREL/FRL translate into verified results

Annex to Decision 13/CP.19 requires countries to show how historical data are taken into account in establishing the FREL/FRL. As a follow up to the Decision 13/CP.19, most initiatives that piloted RBP, including the FCPF Carbon Fund have used historical average of a reference period for defining FREL/FRL.

ER programs of the FCPF Carbon Fund propose reference levels that inform or are informed by the national approach to FREL/FRL. The FCPF Carbon Fund's adoption of a reference period of 10-15 years for estimation of FREL/FRL highlights the consideration to use the most recent period prior to program implementation as the reference period most closely approximates the evolution of FREL/FRL in the absence of program interventions. The Carbon Fund also uses historical deforestation as a point of departure to adjust FREL/FRL in high forest low deforestation (HFLD) countries, thereby reflecting the consideration of national circumstances of HFLD countries.

Taking into account the experience of multilateral, bilateral and national initiatives in defining FRELs/FRLs, the GCF can consider developing guidance that can promote a consistent approach to the establishment of FRELs/FRLs in REDD+ programs implemented with results-based finance.

Building on the above discussion, criteria relevant for defining FREL/FRL and MRV for the GCF programs implemented with RBP are presented in the section 2.2 below.

2.2 GCF specific criteria for FREL/FRL and MRV

The GCF can consider adopting specific criteria that promote a consistent approach to FREL/FRL and MRV of programs implemented with RBP. Some aspects relevant in this regard are:

- Reference period adopted for a program corresponds to the period immediately preceding program implementation and closely represents the evolution of FREL/FRL over a program period.
- Criteria for minimum and maximum length of the reference period should be defined to assist identification of a reference period that is representative of FREL/FRL.
- Criteria defined for identification of reference period should reflect national circumstances of FREL/FRL.
- Adjustments to FREL/FRL, if any, should be based on criteria that transparently reflect national circumstances.
- REDD+ activities that have significant contribution to FREL/FRL; and are closely linked to each other such as deforestation and forest degradation should be considered as a priority in defining FREL/FRL.

¹ Decision 14/CP.19



- Criteria should include compliance with the recommendations of the UNFCCC technical assessment on FREL/FRL in order for the RFPs to be eligible for GCF funding for RBP.
- Criteria should be defined to check the appropriateness of FRELs/FRLs and adequacy of MRV of programs implemented with RBP.

2.3 Process and criteria on the analysis of REDD+ technical annex

The review of data and information from UNFCCC analysis of the technical annex submitted by countries can facilitate an assessment of programs implemented with RBP. The process to collect information from UNFCCC analysis of the technical annex needs to be specified and criteria to collect information from the technical annex need to be adopted.

- The process can include a role for an independent technical advisory panel to assess the compliance of the recommendations of UNFCCC analysis of the technical annex submitted by countries and the MRV requirements of programs with RBP.
- The guidance should also include the process to be followed by the independent advisory panel to assess the monitoring requirements of results-based programs that are not covered in the UNFCCC analysis of the technical annex.
- The GCF can consider preparing a template with the MRV criteria that countries need to use for reporting on the programs with RBP in the technical annex submitted for UNFCCC analysis.
- The criteria identified should ensure transparent estimation and reporting of emissions and removals, including uncertainty associated with the results of the programs.

2.4 Alignment of subnational FREL/REL to national FREL/REL

Alignment of subnational FREL/REL helps to reflect the ambition of a country to scale up programs with RBP to national level. It will assist countries in identifying and mapping drivers of deforestation and forest degradation and to identify interventions that are common to one or more subnational jurisdictions and to national level.

Most programs for implementation under the FCPF Carbon Fund seek to achieve alignment following a phased approach. The FCPF Carbon Fund Methodological Framework also requires the programs to specify the steps intended for achieving consistency between the FREL/FRL and the country's greenhouse gas inventory.

Taking into account the progress of countries in establishing subnational and national FREL/FRL, the GCF guidance on alignment of subnational FREL/FRL and national FREL/FRL can consider the following aspects.

- The need for programs with RBP to demonstrate compliance with the recommendations of technical assessment conducted on the FREL/FRL submitted by countries to the UNFCCC.
- Clarify the resources and capacity needed to demonstrate the alignment of subnational and national FREL/FRL.
- Steps to be adopted by programs to harmonize approaches and methods of subnational FREL/FRL with the corresponding national GHG inventories and REDD+ MRV.

2.5 Other questions – Guidance and criteria to characterize national circumstances

The decision 1/CP.16, paragraph 70 and the Warsaw Framework on REDD+ recognize the national circumstances in the implementation of REDD+ interventions. National circumstances are expected to reflect economic, social, legal and institutional contexts. Lack of criteria to assess the national circumstances in a transparent manner can result in biased results and in results that are subject to high uncertainty.

- The GCF Guidance on the criteria to be used for assessing national circumstances that potentially influence FREL/FRL and MRV can facilitate a transparent approach assessing national circumstances that have influence on program design and implementation.
- Identifying criteria that can assist in recognition of national circumstances relevant to programs can assist countries in transparent definition of FREL/FRL and MRV; and can assist the independent technical advisory panel to review program design and implementation.

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)?

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

3.3: Other questions?

Inputs

In addition to climate benefits, Cancun safeguards highlight wide ranging social and environmental benefits of REDD+ programs. Robust and cost effective approaches to ensure that the Cancun Safeguards are respected becomes a priority for programs implemented with RBP as the safeguards have implications for institutions (forest governance, consistency with national policies, programs and international agreements); social (rights of indigenous people, effective participation of stakeholders); and environmental integrity (actions to address risks of reversal, reduce displacement of emissions, and avoid conversion of natural forests) .

Adopting a process for transparent assessment of the implementation of Cancun Safeguards can facilitate in demonstrating the environmental and social viability of programs. As part of the process, the GCF can adopt a suite of approaches to ensure cost effective implementation of the Cancun Safeguards and to prepare guidance that can ensure transparent reporting of how Cancun Safeguards are respected as well as to adopt measures to strengthen the national safeguards and safeguard information systems (SIS) in countries.

3.1 Assess the implementation of the Cancun Safeguards in addition to the IFC performance standards

The programs implementing the RBP should have adequate capacity to ensure that the Cancun Safeguards are respected. The GCF guidance should include the procedures and steps on how the Cancun Safeguards are promoted and supported in a RFP so that the process and standards adopted by the GCF can assess the implementation of the Cancun Safeguards. The approaches relevant in this regard include:

a) The GCF can permit the use of the safeguards of its accredited entities to assess the implementation of Cancun Safeguards. Several GCF accredited entities that support implementation of REDD+ programs funded with RBP have safeguard frameworks, which can be used to support the implementation and to assess the progress of programs on Cancun Safeguards. The safeguard policies of accredited entities can be reviewed, and if found adequate to support the implementation of Cancun Safeguards, they can be adopted. Alternatively, if a manageable number of gaps is found, a plan can be suggested to address those gaps. For new entities seeking GCF accreditation, capacity to support the Cancun Safeguards can be considered as one of the criteria for accreditation.

For the programs proposed for implementation under the FCPF Carbon Fund, the Carbon Fund Methodological Framework requires the program to meet World Bank Safeguards and to promote and support the Cancun Safeguards.

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



(b) GCF can allow for the use of IFC Performance Standards (interim GCF ESS) for programs that do not have functional national safeguards systems until such time as the GCF approves an ESS.

3.2 Need for additional guidance for reporting on how Cancun Safeguards are respected

The GCF can develop additional guidance for reporting on Cancun Safeguards to enable countries that do not have fully functional national safeguard information systems (SIS) to report on how the Cancun Safeguards are respected in programs implemented with RBP.

Additional GCF guidance on requirements for reporting on Cancun Safeguards is potentially required as the actions implemented to address risk of reversals and to reduce displacement of emissions can have implications for programs implemented with RBP.

The GCF can consider issuing guidance on reporting on the Cancun Safeguards as part of the Environmental and Social Management Plan (ESMP) to be prepared by accredited entities to manage and mitigate the risks and impacts identified in GCF funded programs.

3.3 Other questions – Support to strengthen national safeguard and information systems

The guidance developed by GCF can cover mechanisms to feed experience of implementing and reporting on Cancun Safeguards so as to strengthen the national safeguard systems and to deal with issues of non-compliance of Cancun Safeguards in the programs with RBP.

Any additional issues/comments