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# Analysis of the experience with and the progress made towards achieving the objectives of the pilot programme for REDD-plus results-based payments: a midterm review

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## **Summary**

This document presents the analysis by the Secretariat of the experience with, and the progress made towards, achieving the objectives of the pilot programme for REDD-plus results-based payments as requested by the Board in its decision B.18/07.

This paper includes recommendations concerning further analysis needed for possible continuation options of providing REDD-plus results-based payments as part of the overall sectoral guidance for forest and land use.

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## I. Introduction

### 1.1 Background

1. The Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) agreed that Parties should collectively aim to slow, halt and reverse forest cover loss and carbon loss, in accordance with national circumstances, consistent with the ultimate objective of the Convention. In UNFCCC decision 1/CP.16, paragraph 70, the COP encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks. Collectively, these activities are referred to as “REDD-plus”.
2. REDD-plus can be implemented in phases:
  - (a) Phase 1: Development of national strategies or action plans, policies and measures, and capacity-building;
  - (b) Phase 2: Implementation of national policies and measures and national strategies or action plans that could involve further capacity-building, technology development and transfer, and results-based demonstration activities; and
  - (c) Phase 3: Results-based actions that should be fully measured, reported and verified.
3. GCF plays an important role in all phases of REDD-plus. In particular, UNFCCC decision 9/CP.19 identified a key role for GCF when it encouraged financing entities to “collectively channel adequate and predictable results-based finance in a fair and balanced manner, taking into account different policy approaches, while working with a view to increasing the number of countries that are in a position to obtain and receive payments for results-based actions”.<sup>1</sup>
4. This was further emphasized in UNFCCC decision 7/CP.21, paragraph 23,<sup>2</sup> which urges the Board to operationalize results-based payments for activities referred to in UNFCCC decision 1/CP.16, paragraph 70, and decision 1/CP.21, paragraph 54,<sup>3</sup> which recognizes the importance of adequate and predictable financial resources, including for results-based payments for REDD-plus.
5. In response, the Board, through decision B.18/07, approved the establishment of a REDD-plus results-based payments pilot programme (hereinafter referred to as the pilot programme), allocated up to USD 500 million to the pilot programme and authorized a request for proposal (RFP) to operationalize the pilot programme.
6. The pilot programme will operate until the last meeting of the Board in 2022. The Board requested the Secretariat (decision B.18/07)<sup>4</sup> to conduct an analysis of the experience with, and the progress made towards achieving the objectives of, the pilot programme for REDD-plus results-based payments for its consideration. This analysis was requested for the last Board

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<sup>1</sup> For the other phases of REDD-plus, the Board approved the document GCF/B.17/16 titled “Green Climate Fund support for the early phases of REDD-plus” in order to provide further guidance to support efforts by national designated authorities (NDAs) or focal points to engage with GCF in the early phases of REDD-plus using existing modalities, tools and programmes.

<sup>2</sup> See <<https://unfccc.int/sites/default/files/resource/docs/2015/cop21/eng/10a02.pdf>>.

<sup>3</sup> See <<https://unfccc.int/sites/default/files/resource/docs/2015/cop21/eng/10a01.pdf>>.

<sup>4</sup> See <[https://www.greenclimate.fund/documents/20182/820027/GCF\\_B.18\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_\\_eighteenth\\_meeting\\_of\\_the\\_Board\\_30\\_September\\_\\_2\\_October\\_2017.pdf/b55d8183-005c-4518-91dc-152113506766](https://www.greenclimate.fund/documents/20182/820027/GCF_B.18_23_-_Decisions_of_the_Board__eighteenth_meeting_of_the_Board_30_September__2_October_2017.pdf/b55d8183-005c-4518-91dc-152113506766)>.

meeting of 2019, but it is expected to be considered at the twenty-fifth meeting of the Board (B.25) together with the reviews of other RFPs.

## 1.2 Scope

7. The objective of this document is to provide an analysis of the experience with, and the progress made towards achieving the objectives of, the pilot programme for REDD-plus results-based payments.

8. The objective of the pilot programme is stated as “to operationalize REDD-plus results-based payments and gather experience to further improve the procedural and technical elements of results-based payments using GCF resources in the learning stage”.<sup>5</sup>

9. The scope of this document is therefore to analyse the progress towards the goal of operationalizing REDD-plus results-based payments through the pilot programme, both in terms of technical elements and processes, and to analyse the experiences by the Secretariat, countries, accredited entities (AEs) and other organizations in implementing the pilot programme.

## 1.3 Methodology and structure of this document

10. The analysis of the pilot programme is structured as follows:

- (a) Section 2 of this document provides an analysis by the Secretariat of the progress towards operationalizing REDD-plus results-based payments through the pilot programme. It considers the establishment of the procedural and technical elements required for the pilot programme as well as the current status of the pilot programme’s portfolio and pipeline as at 31 December 2019;
- (b) Section 3 provides an overview of the experiences in implementing the pilot programme. For this, the Secretariat invited all stakeholders, country representatives, AEs, civil society organizations (CSOs) and other organizations to provide inputs and share their views on and experiences with the pilot programme.<sup>6</sup> A total of 22 contributions from different countries, AEs, CSOs and other organizations were received between 1 August and 7 September 2019 (see annex I for details). In addition, the Secretariat conducted a series of semi-structured interviews with countries and AEs that have an approved funding proposal (see annex II). Complementary information was extracted from a survey<sup>7</sup> that the Secretariat conducted between 15 May and 15 August 2019 to assess AE engagement on REDD-plus. All AEs of the GCF were invited to provide their inputs and 24<sup>8</sup> responses were received (out of the 94 entities accredited to GCF); and

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<sup>5</sup> Document GCF/B.18/23, annex XI.

<sup>6</sup> The template used to request inputs is accessible at <<https://www.greenclimate.fund/redd>>.

<sup>7</sup> See <[https://docs.google.com/forms/d/e/1FAIpQLSfC4o6J5kqCbjLdjF1ylCLPsByhL-ANKca1v1fovp\\_g35Zavw/viewform](https://docs.google.com/forms/d/e/1FAIpQLSfC4o6J5kqCbjLdjF1ylCLPsByhL-ANKca1v1fovp_g35Zavw/viewform)>.

<sup>8</sup> The following 24 entities provided responses to the GCF survey: Protected Areas Conservation Trust Belize, National Bank for Agriculture and Rural Development, Luxembourg Agency for Development Cooperation, Inter-American Development Bank Invest, Conservation International, Fondo Acción, United Nations Environment Programme, United Nations Development Programme, Foreign Economic Cooperation Office, World Bank, Peruvian Trust Fund for National Parks and Protected Areas, National Bank for Agriculture and Rural Development, World Wildlife Fund, Kreditanstalt für Wiederaufbau, Japan International Cooperation Agency, International Union for Conservation of Nature, National Rural Support Programme, European Investment Bank, Inter-American Development Bank, Food and Agriculture Organization of the United Nations, International Finance Corporation,

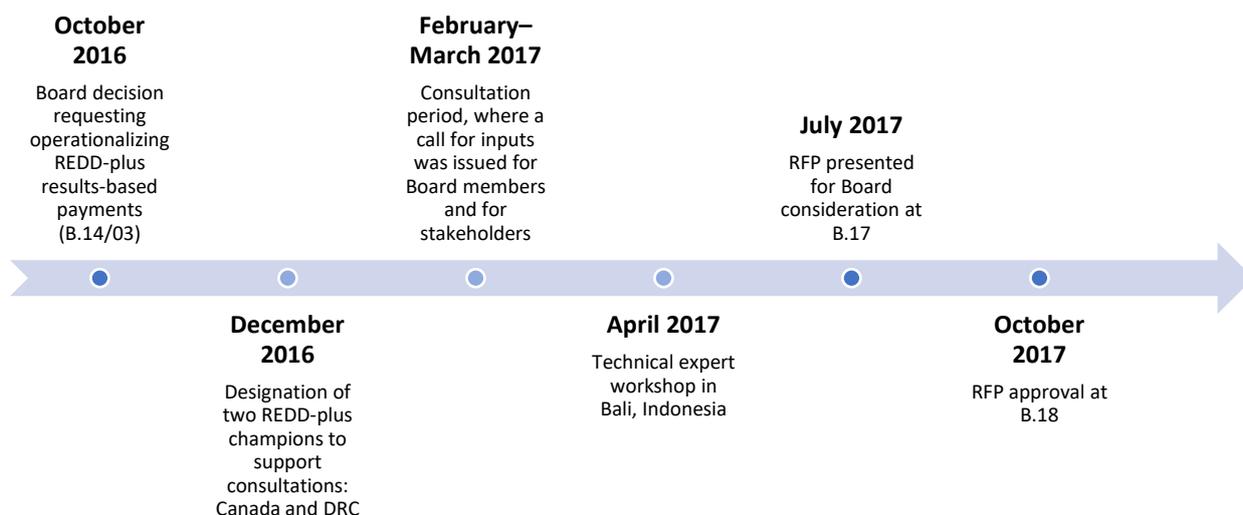
- (c) Section 4 identifies the lessons learned from the experiences while section 5 makes some recommendations on the way forward.

## II. Process towards operationalizing REDD-plus results-based payments

### 2.1 Pre-approval stage: design of the pilot programme

11. Prior to the operationalization of the pilot programme, a roadmap was designed to ensure an open and transparent design process, in light of UNFCCC decision 1/CP.21 and decision 7/CP.21 as well as previous UNFCCC decisions relevant to REDD-plus (see Figure 1). There was a clear intention that the process should benefit from lessons learned outside GCF. Therefore inputs were sought from governments and country representatives (Board members, REDD-plus focal points and national designated authorities (NDAs)), subnational authorities (e.g. at state, district or province levels), the UNFCCC, multilateral agencies and development agencies (including GCF AEs), CSOs, observers, and academic and research institutions.

**Figure 1: Key steps in the design of the pilot programme**



*Abbreviations:* B.17 = seventeenth meeting of the Board; B.18 = eighteenth meeting of the Board, DRC = Democratic Republic of the Congo, RFP = request for proposal.

12. Under the guidance of two REDD-plus champions nominated by the Board, an online call for inputs for the design stage of the pilot programme took place between February and March 2017. In this process, 23 contributions from Board members and 23 submissions from stakeholders were received.<sup>9</sup> These inputs responded to both technical and procedural elements that were further presented and validated in an expert workshop conducted in April 2017 in Bali, Indonesia. This expert meeting aimed to collect views on technical and procedural elements related to the design of the RFP (see Table 1) and to discuss and identify the challenges that countries face in REDD-plus financing; and the ways in which GCF could address those gaps in line with its objectives and guiding principles.

Netherlands Development Finance Company, Central American Bank for Economic Integration, Land Bank of the Philippines.

<sup>9</sup> The inputs are available at <<https://www.greenclimate.fund/reddplus-results-based-payments>>.

**Table 1: Key issues analysed during the design of the pilot programme**

<b>Key issues</b>	<b>Elements for consideration</b>
<b>Procedural elements</b>	<ul style="list-style-type: none"> <li>• Access modality</li> <li>• Financial valuation of results</li> <li>• Size of the request for proposal</li> <li>• Risk of double financing</li> <li>• Use of proceeds</li> <li>• Ownership, legal title and implications for nationally determined contributions</li> <li>• Eligibility date for payments and length of the request for proposal</li> </ul>
<b>Technical elements</b>	<ul style="list-style-type: none"> <li>• Scale of implementation</li> <li>• Forest reference emission level/forest reference level and monitoring, reporting and verification</li> <li>• Operationalization of the Cancun REDD-plus safeguards</li> </ul>

13. As part of the process, the Secretariat conducted several additional consultations:

- (a) Technical consultations: the purpose of these consultations was to identify and discuss outstanding issues related to the implementation of REDD-plus results-based payments. The participants included REDD-plus experts, the UNFCCC secretariat, ongoing REDD-plus initiatives (e.g. REDD-plus Early Movers, World Bank's Forest Carbon Partnership Facility, UN-REDD, United Nations Forum on Forests) and CSOs. Consultations with these groups were conducted through small group discussions via video/phone conferences or face-to-face meetings with experts at relevant REDD-plus related events; and
- (b) Targeted consultations: the objective of these consultations was to request inputs from the Board members at an early stage as well as to engage in bilateral/multilateral discussions with active REDD-plus countries in a small working group allowing dynamic and manageable discussions. This small working group included countries that were actively engaged in REDD-plus discussions, but they also allowed any other interested country to participate. Targeted discussions were conducted through frequent exchange of information via email, video/phone conferences, face-to-face meetings at relevant REDD-plus events and informal discussions during Board meetings.

14. At B.18 pending issues regarding the approval of the RFP were discussed and agreed on, including, but not only:

- (a) The size of the envelope and the cap per country;
- (b) The retroactive application and assessment with GCF policies; and
- (c) The assessment of funding proposals using the scorecard developed by the Secretariat.

15. The discussion during B.18 on these issues addressed the integration of different positions on the volume of the envelope, concerns about the retroactive assessment, the need for robust rules and criteria for assessing the funding proposal and the use of proceeds as well as simplified reporting when compared with standard GCF funding proposals.

16. One of the lessons learned from this process is that the active participation of Board members, country representatives and stakeholders, including experts and CSOs, was key to ensure a robust and legitimate origination process. Also, the designation of REDD-plus champions among the Board members, the continuous exchange and constructive discussion with widely recognized experts, and the momentum built after the Paris Agreement contributed for the approval of the pilot programme at B.18. It was noted that during Board deliberations

prior to the RFP approval, Board members counted on the technical support of REDD-plus experts due to the specialized nature of the topics under discussion.

## 2.2 Post-approval stage: establishment of procedural and technical elements

### 2.2.1. Procedural elements

17. Following the adoption of the terms of reference at B.18, the Secretariat found editorial issues in annex XI and XII to GCF/B.18/23. Consequently, the Secretariat made amendments to these annexes, which are described in the published version of the terms of reference.<sup>10</sup> In this process, it was noted that one editorial change in section 2(b)(vii) of the scorecard would have implications in future submissions of countries; thus this was amended to the original text.

18. The terms of reference for the pilot programme for REDD-plus results-based payments identifies two procedural stages (see Figure 2):

- (a) In the first stage, concept notes may be submitted to the GCF on a rolling basis throughout the period of the RFP, allowing all interested countries that fulfil the UNFCCC requirements to request REDD-plus results-based payments; and
- (b) In the second stage, eligible countries (per scoring of the concept note) are invited to submit a results-based payment funding proposal to GCF.

19. In its decision B.18/07, the Board requested the Secretariat to develop all corresponding templates and guidance for NDAs and AEs to use when applying to the RFP.

20. The Secretariat consequently developed a specific “REDD-plus results-based payments concept note template” and a “REDD-plus results-based payments funding proposal template”. These templates were specifically designed to respond to the information requested in the terms of reference for the pilot programme in the section on the proposal approval process. The two templates were made publicly available on the GCF website in December 2017.<sup>11</sup>

21. It was noted at the time of development of the templates that the concept note template could be improved by including an additional section for the estimates of volume of REDD-plus results (tonnes CO<sub>2</sub>eq) to be offered to the pilot, as this could be used as an indication of future demand for programming in relation to the availability of funding.

22. The funding proposal template allows flexibility to incorporate additional information that could complement the documents submitted to the UNFCCC web page. In this regard, it was also noted that additional guidance could be provided into the templates to provide more details on how the proceeds would be used.

23. In addition to the concept note and funding proposal templates that were designed specifically for the pilot programme, a simplified annual progress report (APR) was formulated because the monitoring and accountability framework of the GCF was exclusively designed for forward-looking investments. Similarly, a term sheet template and a funded activity agreement (FAA) template were further developed to respond to the pilot programme features.

24. In terms of the approval process, the pilot programme was implemented following the proposal approval process for all funding proposals with some adjustments, namely, a letter of support from the REDD-plus focal point. This requirement aimed to improve coordination

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<sup>10</sup> See <<https://www.greenclimate.fund/document/terms-reference-pilot-programme-redd-results-based-payments>>.

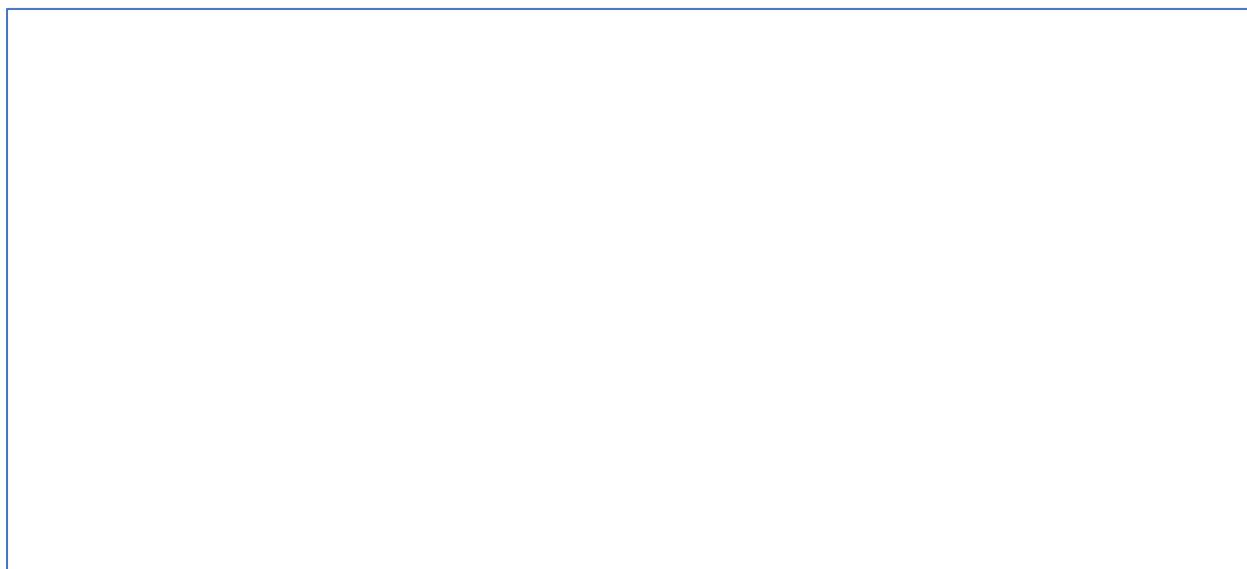
<sup>11</sup> See <<https://www.greenclimate.fund/news/gcf-begins-redd-results-based-payments-pilot-programme>>.

between the NDA and the REDD-plus focal point, given that in many countries these are different focal points.

25. The application of the scorecard for the assessment of the proposals proved to be a very useful tool because it was not only consistently applied for the assessment by the Secretariat and independent Technical Advisory Panel (TAP), it was also used by countries and AEs as guidance when preparing their funding proposals, including the submission of the forest reference emission level (FREL)/forest reference level (FRL) and results to UNFCCC.

26. The determination of the volume of payments occurs at the end of the process prior to the approval by the Board. In this case, the AE and the countries had a short time to adjust the budget based on the final determination of the amount to be paid for.

**Figure 2: Procedural stages as defined for pilot programme for REDD-plus results-based payments**



*Abbreviation:* NDA = national designated authority.

**2.2.2. Technical elements:**

27. In UNFCCC decision 9/CP.19, the COP requested GCF, when providing results-based finance, to apply the methodological guidance consistent with UNFCCC decisions 4/CP.15, 1/CP.16, 2/CP.17, 12/CP.17 and 11/CP.19 to 15/CP.19, as well as decision 9/CP.19. Accordingly, in the terms of reference for the pilot programme for REDD-plus results-based payments, the Board approved a scorecard to be used for the assessment of the concept notes and the funding proposals, including FREL/FRL and results submitted to the UNFCCC. No other technical elements were put in place for the pilot programme apart from the scorecard.

28. The scorecard contains quantitative elements, with a scoring system (0, 1 or 2) and qualitative elements that qualify either a pass or a fail. A country must score a pass on all criteria to be eligible for results-based payments. The payable emission reductions (“GCF volume of ERs”) are calculated by dividing the total score achieved by the maximum possible score (48 points) and multiplying this by the emission reductions offered by a country. An additional 2.5 per cent of the resulting value will be included in the final payment for any country that: (i) provides information that is consistent with GCF policies and is in line with the country’s nationally determined contribution (NDC), REDD-plus national strategy or action plan and/or low-carbon development plans and policies; and (ii) explains the nature, scale and importance of non-carbon benefits for the long-term sustainability of REDD-plus activities.

29. In accordance with the process described in the terms of reference, the Secretariat performs second-level due diligence and a review of the funding proposals against the relevant sections of the scorecard relating to GCF policies and procedures. The independent TAP assesses the funding proposal against the scorecard and other technical criteria set out in the terms of reference. For section 2(a) of the scorecard, items (i)–(xii) are scored on the basis of the UNFCCC assessment of the proposed FREL/FRL. This assessment is summarized in a technical assessment report (TAR) prepared by the UNFCCC. Similarly, for section 2(b) of the scorecard, items (i)–(vi) are scored on the basis of the UNFCCC technical analysis of the technical annex to the country’s biennial update report (BUR). This technical analysis prepared by the UNFCCC is summarized in a technical report on the technical analysis of the technical annex (TATR). Both the TAR and the TATR have a standardized content and are usually around 15–20 pages (see box 1 for an overview of the UNFCCC process). Both the Secretariat and the independent TAP will rely on the TAR and the TATR for certain parts of the scorecard. For the other sections they will rely more on their own experience in REDD-plus assessment and analysis.

**Box 1: United Nations Framework Convention on Climate Change process to obtain and receive results-based finance for results from the implementation of REDD-plus activities**

In order to obtain and receive results-based finance for results from the implementation of REDD-plus activities, developing country Parties should have the following in place:

- A national strategy or action plan;
- An assessed forest reference emission level and/or forest reference level (FREL/FRL);
- A national forest monitoring system;
- A system for providing information on how the safeguards are being addressed and respected; and
- The results-based actions should also be fully measured, reported and verified (MRV).

The verification by the United Nations Framework Convention on Climate Change (UNFCCC) is a two-step process: first, there is a technical assessment of the proposed FREL/FRL. Second, the actual results (as compared to the assessed FREL) are submitted in a technical annex to the biennial update report (BUR). Those results undergo a separate technical analysis. The UNFCCC land use, land-use change and forestry experts undertaking the technical analysis check whether data and information provided in the technical annex is transparent, consistent, complete and accurate; consistent with the assessed FREL and guidelines for technical annexes with REDD-plus results; and that results are accurate, to the extent possible.

Each REDD-plus result that has been reported in a BUR as a technical annex on REDD-plus results and has undergone a technical analysis is included in the Lima REDD-plus Information Hub. This information hub was created with the aim of increasing transparency of information on REDD-plus results-based actions.

In addition, written consent for participation in the request for proposals must be provided by the REDD-plus national entity or focal point to the UNFCCC and the country’s national designated

30. The terms of reference for the pilot programme state that, in order to assess the technical elements, the independent TAP should ensure that it has relevant expertise for the review of the proposal through the use of experts in Land Use, Land-Use Change and Forestry (LULUCF) selected from the UNFCCC secretariat’s roster of experts with experience in REDD-plus assessment and analysis. The independent TAP requests the support of one LULUCF expert from the UNFCCC roster to assess the funding proposals against the scorecard. Throughout the

pilot programme, the Secretariat and the independent TAP have worked together to contrast and confirm the interpretation of the scorecard and to promote consistency in the application of the scorecard across different funding proposals. Nonetheless, it was noted that, in some cases, there were different interpretations on some scorecard criteria that required further discussion among the independent TAP and the Secretariat. As a lesson learned in this regard, the most objective application of the scorecard will require further technical discussions with LULUCF experts, the independent TAP and the Secretariat, as well as capacity-building with AEs and the countries' representatives responsible for REDD-plus implementation in their countries.

### **2.2.3. Current status of REDD-plus results-based payment Pilot Programme's portfolio and pipeline**

31. In accordance with the terms of reference for the pilot programme, a minimum of three concept notes from three different countries needed to be submitted to initiate the RFP evaluation process. This milestone was reached in September 2018 after three concept notes were received.

32. At the time of the establishment of the pilot programme, it was estimated that, given the time frame of the overall RFP period, 8–10 countries could participate in the pilot programme. This estimation was based on the fact that as of September 2017, 25 countries had submitted their FRELs/FRLs, of which 12 had been assessed by the UNFCCC secretariat. As of December 2019, 54 Parties not included in Annex I to the Convention (non-Annex I Parties) had submitted their first BUR, 29 had submitted their second BUR and 9 had submitted their third BUR. To date 10 countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Indonesia, Malaysia, Papua New Guinea and Paraguay) have submitted to the UNFCCC their technical annex containing the REDD-plus results. With the exception of Malaysia, reported results included part of the period when results were eligible for the GCF REDD-plus results-based payment pilot programme (31 December 2013 – 31 December 2018). Other countries are also working on reporting their REDD-plus results. However, countries are required to submit the results as a technical annex to their BURs, and, in some instances, countries faced challenges in aligning the submission of their results and the submission of the BURs, causing delays for some of them to present their proposals or making them unable to submit them to the pilot. The Secretariat has therefore advised and supported countries to take note of these timelines and to plan strategically when developing their BURs to ensure that it is coordinated with the submission of the technical annex. In particular, for countries that have not submitted their first BUR, there is more room for flexibility and to ensure that their first BUR should only be submitted once their technical annex is ready.

33. As of December 2019, there were 14 REDD-plus results submissions to the UNFCCC web page from ten countries: more than double the number of countries reporting results since July 2018. Together, the results reported amount to 8.84 billion tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) of emission reductions achieved between 2006 and 2017. The large majority of these emission reductions (92.45 per cent) are from one country: Brazil. Unlike the initial submissions, which covered only two REDD-plus activities (deforestation and sustainable management of forests), by the end of 2018 all REDD-plus activities were being covered in the reported results (although no single country yet covers all activities) (see table 2).

**Table 2: Overview of the REDD-plus results submitted to the United Nations Framework Convention on Climate Change<sup>a</sup>**

Year	Submission	Results ('000 tCO <sub>2</sub> eq)	Percentage of total results	Average annual results ('000 tCO <sub>2</sub> eq)	Results period	Length results period (years)	REDD-plus activity
2014	Brazil (Amazon A)	2 971 022	33.68	594 204	2006–2010	5	Deforestation
2016	Colombia (Amazon I)	28 984	0.33	14 492	2013–2014	2	Deforestation
2016	Ecuador	28 990	0.33	4 832	2009–2014	6	Deforestation
2016	Malaysia	97 470	1.10	19 494	2006–2010	5	Sustainable management of forests
2017	Brazil (Amazon B)	3 154 502	35.76	630 900	2011–2015	5	Deforestation
2018	Chile	19 362	0.22	1 614	2014–2016	3	Deforestation, forest degradation, enhancement, conservation
2018	Colombia (Amazon II)	31 475	0.36	15 737	2015–2016	2	Deforestation
2018	Indonesia	244 892	2.78	16 326	2013–2017	4	Deforestation, forest degradation
2018	Paraguay	26 793	0.30	13 397	2016–2017	2	Deforestation
2019	Brazil (Amazon C)	769 001	8.72	384 500	2016–2017	2	Deforestation
2019	Brazil (Cerrado)	1 274 723	14.45	182 103	2011–2017	7	Deforestation
2019	Papua New Guinea	9 003	0.10	4 502	2014–2015	2	Deforestation, forest degradation, enhancement
2019	Argentina	165 173	1.87	55 058	2014–2016	3	Deforestation
2019	Costa Rica	14 795	0.17	7 398	2014–2015	2	Deforestation, enhancement

*Abbreviations:* tCO<sub>2</sub>eq = tonnes of carbon dioxide equivalent.

<sup>a</sup> Updated December 2019 from data obtained from the Food and Agriculture Organization of the United Nations. See <<http://www.fao.org/3/ca6031en/ca6031en.pdf>>.

34. As of December 2019 (after B.24), four proposals from four countries have been approved by the Board: Brazil (FP100, approved at B.22), Ecuador (FP110, approved at B.23), and Chile and Paraguay (FP120 and FP121, approved at B.24). In addition, Indonesia and Colombia have each submitted a funding proposal for the pilot programme and Argentina, Costa Rica and Papua New Guinea have each submitted a concept note (see table 3).

**Table 3: Status of project pipeline and portfolio of the REDD-plus results-based payment pilot programme (as of December 2019).**

Country	Stage	Approval	Expected submission to the Board	Scale	Accredited entity
Peru	CN assessed	-	-	Subnational (Amazon region)	Submitted by NDA
Brazil	Approved	B.22-2019	N/A	Subnational (Amazon biome)	UNDP
Ecuador	Approved	B.23-2019	N/A	National	UNDP
Chile	Approved	B.24-2019	N/A	Subnational (5 regions <sup>a</sup> )	FAO
Paraguay	Approved	B.24-2019	N/A	National	UNEP
Colombia	FP received	N/A	B.26-2020	Subnational (Amazon region)	FAO
Indonesia	FP received	N/A	B.26-2020	Subnational	UNDP
Argentina	CN received	N/A	B.27-2020	Subnational (4 regions <sup>b</sup> )	FAO
Costa Rica	CN received	N/A	Not yet determined	National	UNDP
Papua New Guinea	CN received	N/A	Not yet determined	National	FAO

Abbreviations: CN = concept note, FAO = Food and Agriculture Organization of the United Nations, FP = funding proposal, N/A = not applicable, NDA = national designated authority, UNDP = United Nations Development Programme.

<sup>a</sup> Maule, Bio Bio, Los Lagos, Los Ríos, Araucanía.

<sup>b</sup> Parque Chaqueño, Selva Paranaense, Yungas and Espinal (Caldén & Ñandubay districts).

35. During B.08, the Board established its performance measurement framework for REDD-plus results-based payments.<sup>12</sup> Table 4 shows the results for the four currently approved funding proposals against this framework.

**Table 4: Pilot programme outcomes for the currently approved funding proposals (as of December 2019)**

Country	Has the country received payments for results-based actions from other sources	Results paid for by GCF in accordance with performance measurement framework				
		Reduced emissions (tCO <sub>2</sub> eq) from deforestation	Reduced emissions from forest degradation	Reduced emissions and increased removals (tCO <sub>2</sub> eq) through the conservation of forest carbon stocks	Reduced emissions and increased removals (tCO <sub>2</sub> eq) through the sustainable management of forests	Increased removals (tCO <sub>2</sub> eq) through the enhancement of forest carbon stocks
Brazil	Yes	18,819,946	-	-	-	-
Ecuador	Yes	3,623,759	-	-	-	-
Chile	Yes	300,373	-9,163,559 <sup>a</sup>	3,073,784	18,200,631	
Paraguay	No	15,300,000				

Abbreviations: tCO<sub>2</sub>eq = tonnes of carbon dioxide equivalent.

<sup>a</sup> This estimate was calculated on the basis of the ratios in the biennial update report and allocation to the volume that GCF will pay for. This reflects that emissions from degradation increased and it was compensated for by sustainable management of forests.

36. Countries receiving REDD-plus results-based payments must reinvest the proceeds in activities in line with their current or next NDC, their REDD-plus national strategy or action plan, or low-carbon development plan. These activities must also be consistent with the GCF investment framework<sup>13</sup> of GCF. The use of the proceeds set out in the funding proposal should inform the measures to be taken to ensure that such emission reductions will not be transferred or used for other purposes (e.g. offsetting). The use of proceeds in the approved funding

<sup>12</sup> Document GCF/B.08/45, annex XI.

<sup>13</sup> See <[https://www.greenclimate.fund/documents/20182/24943/GCF\\_B.07\\_06\\_-\\_Investment\\_Framework.pdf](https://www.greenclimate.fund/documents/20182/24943/GCF_B.07_06_-_Investment_Framework.pdf)>.

proposal provides the countries with a high level of flexibility on deciding the precise nature of the proceeds. Table provides an overview of the use of proceeds in the four funding proposals approved so far.

**Table 5: Summary of use of proceeds in the approved funding proposals**

Country	Use of proceeds
Brazil	<ul style="list-style-type: none"> <li>• Floresta+ pilot programme: <b>Environmental services incentive programme for conservation and recovery of native vegetation.</b> Monetary compensation, financial incentives and other financial mechanisms to landowners, land users, associations of indigenous peoples, traditional peoples and communities, and other public institutions, civil associations and private law foundations related to conservation and recovery of native vegetation</li> <li>• Expand forest monitoring system and monitoring, reporting and verification</li> <li>• Development of a <b>monitoring tool to measure the impacts of REDD-plus policies and investments</b></li> <li>• Improve Brazil's safeguards information system for REDD-plus</li> <li>• Enhance stakeholder participation in CONAREDD-PLUS</li> <li>• South-south cooperation programme on forests and climate change, strengthening technical and institutional capacities of developing countries to achieve REDD-plus results</li> </ul>
Ecuador	<ul style="list-style-type: none"> <li>• <b>Mechanism of direct funding</b> to local governments, non-governmental organizations and others to help execute REDD-plus actions identified in local land use plans</li> <li>• Baseline and information system for the monitoring of land-use zoning within the protective forests</li> <li>• <b>Private-public partnership for marketing deforestation-free commodities</b> from the Amazon. Benefitting local producers and eliminating intermediaries in the chain</li> <li>• Supporting small and medium-sized enterprises, based on research and development for non-timber forest products, by creating business clusters with participation of different stakeholders along the value chain</li> <li>• Agreements signed with key stakeholders in prioritized areas to implement soil rehabilitation activities</li> <li>• Strengthen the institutional capacities of the Ministry of Environment to tackle current coordination challenges of the multiple partners and activities within the REDD-plus action plan</li> <li>• Elaboration of a national degradation map</li> <li>• Strengthening REDD-plus implementation in indigenous peoples' territories</li> </ul>
Chile	<ul style="list-style-type: none"> <li>• Implementation of activities defined in the <b>National Strategy on Climate Change and Vegetation Resources (ENCCRV)</b>: afforestation and revegetation programme, strengthening the ecological restoration programme, programme of restoration after forest fires, preventive forestry programme with emphasis on rural-urban interface, forest management programme, strengthening of the wood energy programme</li> <li>• Establishment of a <b>benefit-sharing mechanism for incentives</b> to conserve forests at regional and local levels while supporting the implementation of the activities prioritized in the ENCCRV</li> <li>• <b>Enabling conditions for ENCCRV implementation</b>: environmental education and dissemination programme, strengthening of forest and environmental enforcement, programme for the technological transfer of management and use alternatives for silvoagricultural waste, adaptation programme for the management of vegetation resources in the context of climate change, desertification, land degradation and drought</li> </ul>
Paraguay	<ul style="list-style-type: none"> <li>• Implementation of the <b>National Strategy for Forests and Sustainable Growth (ENBCS)</b>: review of safeguards information system, preparation of a new forest inventory, enhancement of satellite land monitoring systems, new national</li> </ul>

greenhouse gas inventory for the land use, land-use change and forestry/agriculture, forestry and other land use (AFOLU) sectors. Also, strengthen the capacities of INFONA and MADES, launch financial incentives for prioritized initiatives, call for proposals for innovative initiatives to reduce greenhouse gas emissions in the AFOLU sector, protection of high conservation value areas under pressure from deforestation, and communications campaign to support the paradigm shift

- **Establishment and capitalization of the Climate Fund:** incentives to avoid deforestation, analysis of investment models. Investment in design of the monitoring, tracking and reporting system for compliance with safeguards

37. Looking ahead for the remaining period of the pilot programme, table 6 combines the REDD-plus results for the countries in the pipeline, the REDD-plus results offered to the GCF and the volumes the GCF actually paid for these results so far. Currently, a **total of USD 228.63 million** in GCF resources (results-based payments) has been approved for the four projects in the portfolio corresponding to a **mitigation impact of 44.6 million tCO<sub>2</sub>eq**.

**Table 6: Results achieved, and amounts paid for the current pipeline (as at 31 December 2019)**

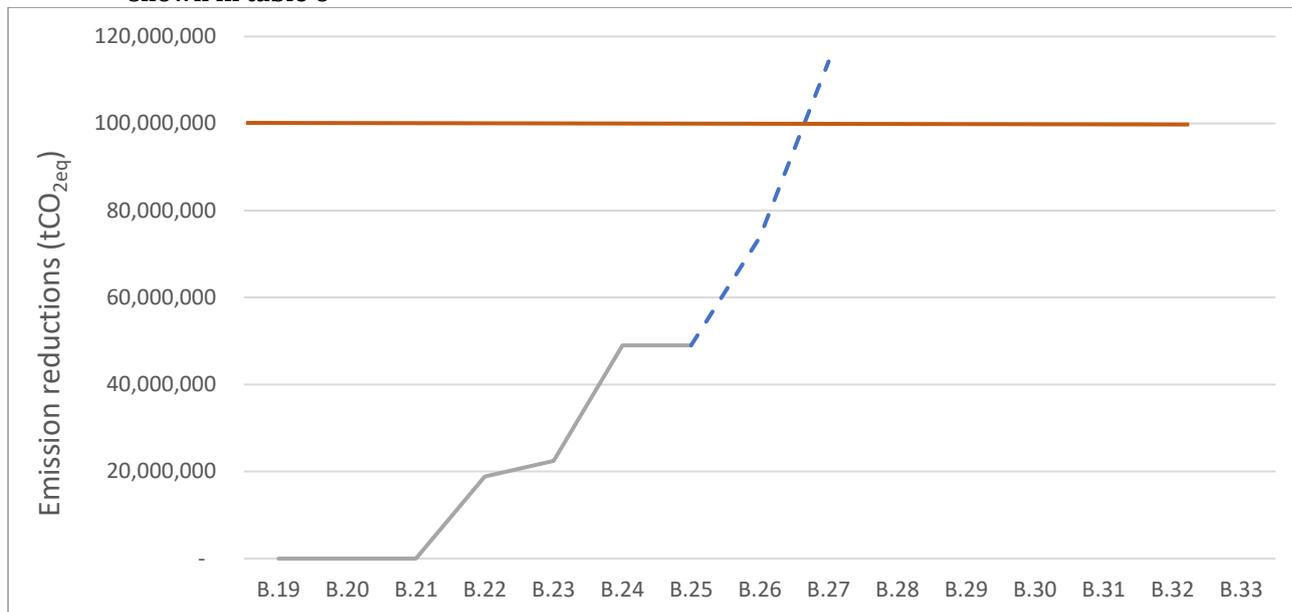
Country	Years covered	Expected REDD-plus results for the eligibility period according to the technical annex to the BUR (tCO <sub>2</sub> eq)	REDD-plus results offered to the pilot programme in the funding proposal (tCO <sub>2</sub> eq)	Volume of emission reductions the GCF paid for (tCO <sub>2</sub> eq) <sup>a</sup>	Amount paid by the GCF (in USD)
<b>Brazil</b>	2014–2015	1,254,663,127	43,913,209	18,819,946	96,452,228
<b>Ecuador</b>	2014	4,831,679	4,831,679	3,623,759	18,571,766
<b>Chile</b>	2014–2016	18,409,425	18,409,425	12,411,229	63,607,552
<b>Paraguay</b>	2015–2017	26,793,311	23,000,000	9,756,098	50,000,000
<b>Colombia</b>	2015–2016	31,474,936	TBD	Not assessed yet	Not assessed yet
<b>Indonesia</b>	2014–2017	195,913,708	TBD	Not assessed yet	Not assessed yet
<b>Argentina</b>	2014–2016	165,172,705	TBD	Not assessed yet	Not assessed yet
<b>Costa Rica</b>	2014–2015	14,794,749	TBD	Not assessed yet	Not assessed yet
<b>Papua New Guinea</b>	2014–2015	9,003,000	TBD	Not assessed yet	Not assessed yet

*Abbreviations:* BUR = biennial update report, TBD = to be determined, tCO<sub>2</sub>eq = tonnes of carbon dioxide equivalent.

<sup>a</sup> Volume paid for by the GCF after scorecard assessment.

38. With the USD 500 million that has been set aside for the pilot programme, at the set price of USD 5 per tCO<sub>2</sub>eq, the pilot programme can make payments for up to 100 million tCO<sub>2</sub>eq. In practice this will be less because of the potential payment of an additional 2.5 per cent of the value of proposals scoring a “2” in section 3(b) (non-carbon elements). On the basis of Table , the Secretariat made a projection of the funding volume that could be offered to the pilot programme based on the current pipeline. It must be noted that these amounts are speculative and subject to the completion of the UNFCCC technical analysis, the choice of the country on the quantity of emission reductions to be offered to the GCF, and the results after the application of the scorecard. The result of this projection is shown in table 6. Figure 3 depicts a forward projection of the expected payments, indicating that the pilot programme could disburse all funds before the pilot programme end date of 2022.

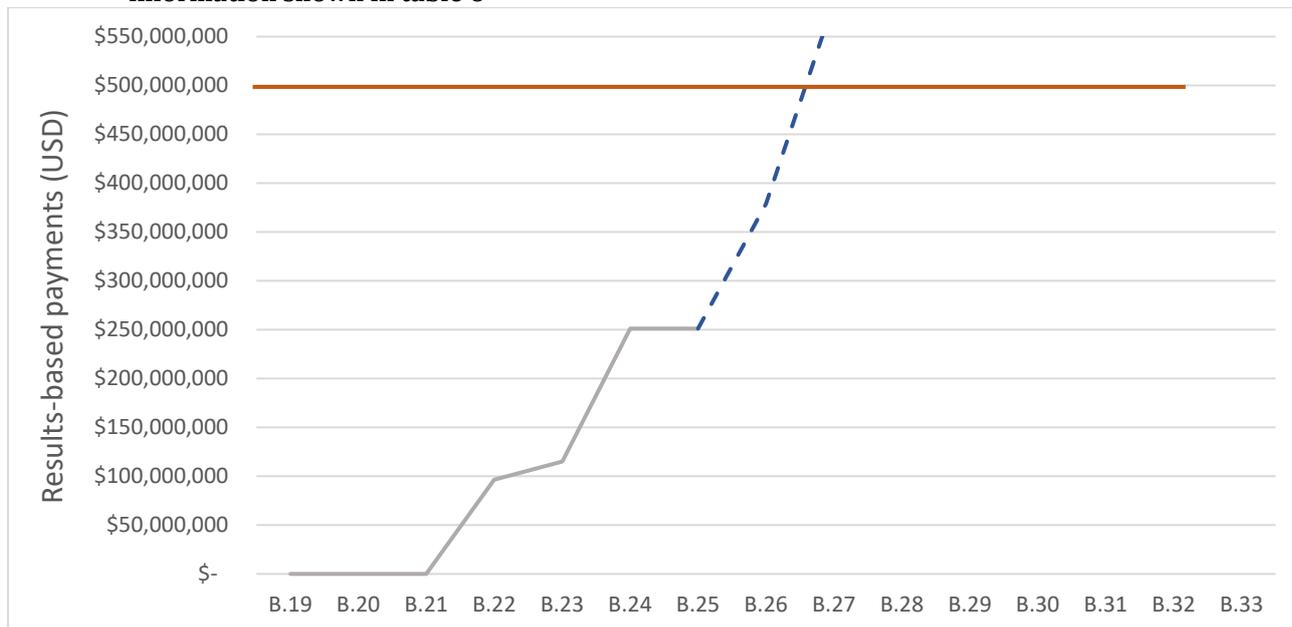
**Figure 3: REDD-plus results (tCO<sub>2</sub>eq) under the request for proposals based on the information shown in table 6**



Notes: executed (solid line) and projected (dashed line)

Abbreviations: B.19 = nineteenth meeting of the Board, tCO<sub>2</sub>eq = tonnes of carbon dioxide equivalent.

**Figure 4: REDD-plus results-based payments (in USD) under the request for proposal based on information shown in table 6**



Notes: executed (solid line) and projected (dashed line)

Abbreviations: B.19 = nineteenth meeting of the Board.

### III. Inputs from stakeholders related to the implementation of the pilot programme

39. This section provides an overview of the inputs provided and experiences shared by stakeholders, countries, AEs, CSOs and other organizations on the pilot programme. This section covers the experiences with the procedural elements, the technical elements as well as other

aspects of the terms of reference. Each of these topics is discussed in more detail below, including both positive and critical comments.

### 3.1 Stakeholders' views in implementing the procedural elements

40. Based on the inputs received, several topics were highlighted regarding implementation of the procedural elements of the pilot programme, namely: (i) interactions with GCF on the pilot programme; (ii) the role of the AEs; (iii) the use of templates, guidance and other documents that support the process; (iv) the transparency of the process; (v) the differences between the pilot's procedural elements and other GCF process related to the project cycles; and (vi) the approval process.

#### 3.1.1 Interactions with the Secretariat on the pilot programme

41. Respondents welcomed the opportunities to interact with the Secretariat during the design and implementation of the pilot programme.

42. For the design stage of the pilot programme, it was recognized that the terms of reference and its annexes are the result of a negotiation process that required inputs and compromises from a variety of stakeholders. Some respondents used the opportunity to restate issues and positions from the design stage.

43. Based on their experiences with assessing the funding proposals, the members of the independent TAP emphasized that they would like to have been involved in the process from the design phase, which included the development of the scorecard. The first funding proposal received under the pilot programme created a challenge for the independent TAP, even with the support of the LULUCF expert. In response, the Secretariat will take into account this request from the independent TAP when developing a possible future similar programme.

44. As mentioned in section 2.2 above, following the adoption of the terms of reference at B.18, the Secretariat found editorial issues in annex XI and XII to GCF/B.18/23 and made changes to these annexes. Some of the respondents were of the opinion that the Secretariat should not have made these changes without discussing them with the Board, given that some changes could have implications for some countries. After several exchanges with those stakeholders who raised their concern, only the editorial modification to section 2(b)(vii) of the terms of reference was agreed to be returned to the original text.

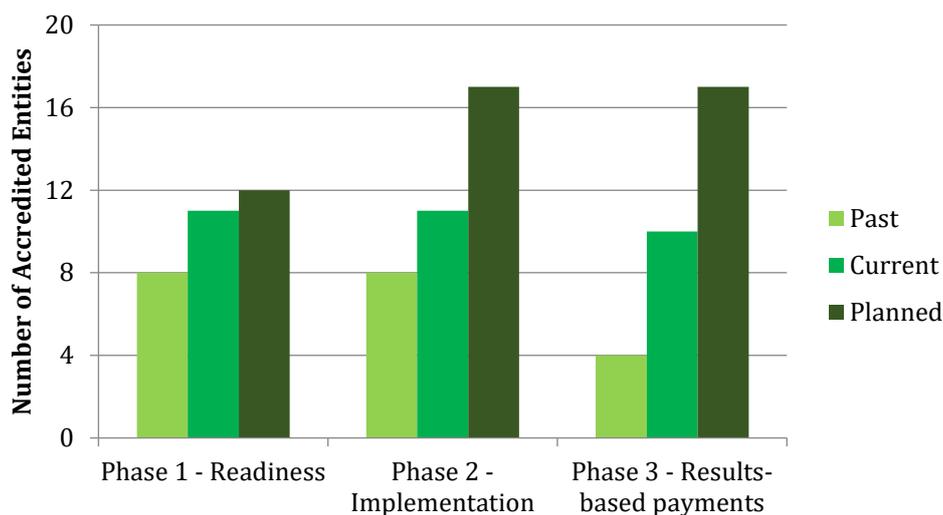
45. Nonetheless, most respondents appreciated the level of interaction with the Secretariat during the implementation of the pilot programme so far. Countries appreciated the capacity-building efforts provided by the Secretariat, although some countries which actively engaged in the pilot also emphasized that, as they progressed through the process, more support from the Secretariat would have been useful. Finally, some respondents emphasized that aligning expectations between countries, Board members, the Secretariat and the AEs has been a challenge. Some therefore called for a stronger REDD-plus dialogue within the GCF (possibly in the margins of Board meetings) to enhance learning and the quality of funding proposals. In the interviews conducted by the Secretariat, some respondents also emphasized the challenges of aligning entities, including challenges related to coordination between agencies, political changes and making everybody understand the concept of results-based payments.

#### 3.1.2 The role of the accredited entities

46. A survey conducted by the Secretariat to assess AE engagement on REDD-plus showed that AEs have provided support to targeted countries in all three phases of REDD-plus: readiness, implementation and results-based payments. The number of AEs planning to provide

support in the future is higher than the current number of entities providing support, and higher than the support given in the past. Thus, a positive trend can be observed towards increasing the number of entities working on REDD-plus, especially in the third phase of results-based payments (Figure 5).

**Figure 5: Support provided by the accredited entities to targeted countries for REDD-plus and for each REDD-plus phase**



47. Respondents recognized that the role of the AE is fundamental to the process and the success of the pilot programme, but it was also noted that there are still significant differences in capacity and understanding between countries and AEs when it comes to the pilot programme and all of its technical and procedural details. Therefore, the roles and division of responsibilities between the AE and host country government were not always clear.

48. One respondent noted that concept notes were also submitted directly from the NDA of a host country even when there were several AEs in discussion to be brought onboard. In that regard, it would be important to further inform AEs and NDAs that the approved policies for funding proposals also apply to those submitted to the pilot programme; thus, NDAs can also submit concept notes, although this is not specified in the terms of reference. On the other hand, countries mentioned that they feel “a bit at a loss” (and left out) when it comes to the procedures and some of the interactions between the AE and the Secretariat, whereas they feel they should be in the driving seat, especially when it comes to the decision on the use of proceeds.

49. Both countries and AEs mentioned issues related to the AE fee. AEs felt that significant funding was required for the preparation of the funding proposals. In addition to discussions related to the project management cost, some countries felt that, from the very beginning of discussions between the country and the AE, the fee should be more transparent and standardized. It is important to consider that, as per the approved terms of reference, the AE fee determination is delegated to the Executive Director of the Secretariat. In that sense, the AE fee is approved considering the differences in the obligations of the AEs to GCF for results-based payments in comparison with a forward-looking investment. Therefore, AEs and countries agreed on the project management costs for the implementation of the proceeds.

### 3.1.3. The use of templates, guidance and other documents that support the process

50. In general, it was felt that the template for the concept note and the funding proposal for the pilot programme are adequate, although it was mentioned that the proposal template would have benefitted from more details on the expectations on information to be provided. One specific area that was highlighted in this regard was the annexes to the funding proposal; specifically, on environmental and social safeguards and gender. It was felt that these annexes are more targeted at standard projects and their adequacy for results-based payment proposals needs to be explained further in terms of both the content and details required. Based on their experience, the independent TAP also felt that, in some cases, countries were not clear on some of the critical criteria included in the scorecard, in particular on the determination of the risks of reversals and the need to clarify the rights to the results to be paid for.

51. The need for some additional guidance was also mentioned by several respondents. The idea of developing a “manual” for developing REDD-plus results-based payment proposals was suggested. Such a manual could contain all the information for countries and AEs in preparing funding proposals, including how much detail to provide in different sections of the application, and would complement the information provided in the terms of reference. The Secretariat developed additional guidance, which included a road map and a calendar detailing the internal milestones of the review cycle, which is useful to clarify the deadlines and the required information for countries. Specific areas where more guidance could be provided were also mentioned, such as evidence demonstrating that the past actions had met all GCF policies and safeguards, and how to summarize the planned use of the proceeds. Some countries also suggested that the guidance on methodological and more technical issues could be improved, including topics such as uncertainty and bias correction, and operational guidance on functional safeguards systems.

52. One of the important documents for the pilot programme is the scorecard, as included in the terms of reference. Section 3.2 below discusses user experiences with the technical elements captured in the scorecard in more detail. Most respondents were positive about the use of the scorecard as the approach to assess the funding proposals. However, some respondents suggested that conceptual changes to the scorecard are needed, including revisions to the score weightings. The same respondents also suggested that it could include more pass-fail requirements and reduce the instances where score 0 is allowed. On the other hand, during the interviews conducted by the Secretariat it was also suggested that the scorecard should not go beyond what is required by the UNFCCC. These respondents felt that some elements of the current scorecard that go beyond the UNFCCC requirements should be removed and these respondents also called for fewer pass/fail criteria. Others felt that the scorecard could be simplified and most of the pass/fail questions could be replaced by scores. This was based on the understanding that the emission reductions are already generated and confirmed by the UNFCCC system. In summary, although the use of the scorecard as the instrument for assessing funding proposals is generally supported, opinions and feedback received on the content of the scorecard are varied and heterogeneous (also see section 3.2). It is important to note that the scorecard responds entirely to the mandates received from COP decisions to GCF and also that it needs to respond to the policies approved by the Board, thus, some elements included in the scorecard need to go beyond UNFCCC requirements.

### 3.1.4. The transparency of the process

53. Several respondents suggested that the transparency of the process could be improved. It was suggested that documents that need to be submitted and the deadlines for submission need to be publicly available. Several CSOs requested that the funding proposals would be available earlier, before the Board meetings, so that there would be more time to review them.

In response to these points, the Secretariat has been announcing the submission deadlines and making the funding proposal publicly available prior to Board deliberations. In addition, the Secretariat reports at each Board meeting the status of the pipeline, including concept notes that are at the early stage. It was also suggested that the Secretariat should explore ways to alert CSOs of concept notes as they are being submitted. One suggestion was to have webinars where the AE presents the project proposal.

### 3.1.5. **The differences between the pilot's procedural elements and the regular cycle of funding proposals**

54. AEs shared their experiences of adapting the existing GCF procedures that were created for investments projects to fit results-based payments.

55. One key issue identified is that, since in the pilot programme the funding amount is determined by the scorecard assessment, it is challenging to plan the use of proceeds with partner country governments because it gives little time to consult stakeholders and develop inclusive environmental and social management frameworks. At the same time, the use of proceeds is one of the key concerns for GCF. Since the first project was brought to the Board, several discussions have emerged in the Secretariat, with independent TAP and the Board on the use of proceeds and, in particular, the reporting and monitoring of the use of proceeds.

56. Another issue identified is the need to ensure that the information provided in the environmental and social assessment should be sufficient to demonstrate that the past actions to identify, assess and manage environmental and social risks and impacts in the context of the REDD-plus proposal were consistent with the requirements of the applicable GCF environmental and social safeguards, as indicated in the terms of reference. For some AEs and countries this is sometimes misunderstood to mean that the requirement would be to apply GCF environmental and social safeguards policies retroactively, which is not the case. However, it is recognized that this could also increase the oversight responsibilities of the AE compared with normal investment projects.

57. A third issue highlighted was the requirements of the simplified reporting regime through the APRs. The APRs replace the requirements set out in the monitoring and accountability framework and differ from regular GCF projects. The simplified reporting requirements are closely related to the level of information required on the use of proceeds. The views from one AE suggest that there is a lack of clarity on the level of detail required for this, creating a situation where results-based payment proposals could end up being treated in a manner very similar to regular grant projects. Nonetheless, the simplified APR template was tailored to respond to the features of results-based payment proposals. Several discussions have emerged relating to including in the simplified APRs additional information on the use of proceeds, with some amendments.

58. Some of these key issues are also reflected in the term sheet and FAA used, which are significantly different from those used for investment projects. Some differences were specifically highlighted, such as the disbursement schedule (multiple versus single), and remedies in case of safeguard issues. It was highlighted that some of the requirements in the FAA were considered too complicated, increasing transaction costs for AEs as well as increasing perceived risks. Therefore, these differences have important consequences for the project implementation arrangements, and the AEs indicated that this issue required careful analysis and discussion with government counterparts and with the Secretariat to fully understand expectations and responsibilities.

### 3.1.6. The proposal approval process

59. A country that went through the process highlighted that more interaction is required between the country and the independent TAP, in particular, giving countries a chance to interact with the independent TAP on the evaluation considering the particular nature of the results-based payment proposals. In response, the Secretariat responded that, while further guidance may be required to improve the process, the business model of GCF requires the AEs to take the lead on the interactions with the independent TAP.

60. Since the TAR and TATR are not specifically designed to provide information for the scorecard, it was recognized that the use of these documents to complete certain parts of the scorecard can create challenges and room for interpretation. Some participants in the review asked for greater specificity and detail in the scorecard to improve consistency and predictability for countries. Others suggested adjusting the approach and using an external verification body to assess the funding proposals. The independent TAP also noted that the use of the TAR and TATR can be challenging in cases where the language used in these documents is not always consistent. They also noted that sometimes more information is provided in the funding proposal, so the question is how far they should go to verify information from the funding proposal. On this, both the Secretariat and UNFCCC secretariat could explore opportunities for closer collaboration to enhance the process from the technical analysis and assessment by experts from the UNFCCC roster of experts to the GCF review by the Secretariat and the independent TAP.

## 3.2 Experiences of implementing the technical elements

61. For the purpose of this review it is considered that the technical elements of the pilot programme are captured in the scorecard of the pilot programme. Section 3.1 presented general feedback on the use of the scorecard. In addition, many respondents shared their views on and experiences with the different elements contained in the scorecard. These views and experiences are discussed in more detail in this section.

### 3.2.1. Scorecard section 2(a): Forest reference emission level/forest reference level

62. In accordance with the UNFCCC requirements, reference levels should take into account historic data and be flexible so as to accommodate national circumstances and capabilities while pursuing environmental integrity and avoiding perverse incentives. In the scorecard, programmes are required to use average annual historical emissions unless the country is a “high forest/low deforestation” (HFLD) country. Scoring considers the length of the historical emissions to be considered (the “reference period”), with the proposal failing if the period considered is too short or too long. There are different views on these requirements. One respondent suggested that the scorecard should consider in more detail the particular conditions of each country, allowing for modeled scenarios instead of purely historical averages. On the other hand, other respondents called for further restricting the allowed reference period, as well as putting stricter limitations on starting dates and end dates of the reference period in order to regulate the gap between the end date of the reference period and start of the eligibility period (this also applies to element (vi) of section 2(b)). One respondent also highlighted the risk of a selective choice of reference level leading to inflated FREs.

63. Regarding HFLD countries, some respondents suggested a review of the conditions set out in section 2(a)(ii), noting that different scenarios apply in different countries, and stating that the current approach does not adequately accommodate this. One respondent suggested is that GCF should begin to explore different approaches because a purely results-based approach is not the best fit for the circumstances of HFLD countries.

64. Some respondents asked how the scorecard could do more to incentivize FRELs to be adjusted down over time in order to increase ambition and encourage emissions from forests to decrease over time (element xiv). Other respondents raised concerns about the inclusion of REDD-plus activities in the FREL, suggesting that there should be a requirement of at least “deforestation” being included (element ix).

65. Based on the experience of using the scorecard, both AEs and the independent TAP identified a number of elements that they felt could be improved or further clarified. These include:

- (a) **(i) Consistency of the FREL with the greenhouse gas inventory:** experiences showed that inconsistency could occur because of improvements in the FREL compared with the national greenhouse gas inventory. It has been suggested that the scoring could allow some flexibility for this situation;
- (b) **(ii) Application of average annual historical emissions during the reference period:** where the indicative guidance could be improved to better match the language of the element;
- (c) **(iv-vii) Transparent, complete and accurate:** it was noted that in most cases the TAR includes these different characteristics in one paragraph under one statement. In that regard the question is whether the same statement should be repeated or if some of these indicators should be combined;
- (d) **(xiii) Recalculation of the FREL:** requirements related to the footnote could be more clearly specified where it provides for countries that have already submitted FRELs/FRLs with longer reference periods to recalculate the FREL/FRL and results based on submitted and technically assessed and analysed data/information, without changing the annualized estimations and using the same methodologies; and
- (e) **(xiv) Comparison of the reference level compared with the previous reference level that applies to the same area:** it was noted that further guidance might be required for cases where countries change the scale of their FREL as part of their stepwise implementation of REDD-plus (for example from subnational to national).

### 3.2.2. Scorecard section 2(b): REDD-plus results reporting

66. Some respondents highlighted element (vii) of section 2(b) of the scorecard, which deals with uncertainties. Some respondents highlighted and questioned the editorial changes that were made by the Secretariat to this element following the adoption of the terms of reference at B.18. Other respondents felt that this element should be strengthened, and the scoring should incentivize measures towards lowering uncertainties. These same respondents also emphasized that more information should be provided by programmes on the aggregate uncertainties of the emissions or removal estimates and it was suggested that further guidance should be developed to help with this. The independent TAP also noted that most of countries have problems with the assessment of uncertainties and very limited information is provided in the TARs and TATRs. The independent TAP highlighted the need for additional guidance and expertise.

67. Many views were shared on element (viii) of section 2(b), which considers payments that have been (or are expected to be) received from other sources for results from the same national or subnational area during the period for which a country is proposing to receive payments from GCF (i.e. “double payments”). Some respondents raised concerns about a situation where a programme might be receiving payments from GCF using one reference level and payments from other sources using different reference levels. These respondents felt that the current elements of the scorecard might require further work to ensure that there is no

double payment, or in a situation where smaller project activities are located within the same area.

68. Similar to comments received on the scorecard section 2(a), both AEs and the independent TAP identified a number of elements that they felt could be improved or further clarified as follows:

- (a) **(ii) Transparency:** it was felt that the indicative guidance might be further clarified versus the description of the element. An interpretation of the indicative guidance could be that transparency may have been resolved through the technical analysis process, even if it is not captured in the technical annex itself. This is not fully reflected in the element itself;
- (b) **(iv) Consistency:** it was noted that there are different aspects to this, both related to consistency between the approach used for the FREL and the approach used for the results, as well as the consistency of the time series used for the results; and
- (c) **(ix) Inclusion of payments in registry:** it was noted by the independent TAP that many countries do not yet have operating registries and it was felt this should be reflected in the elements and the indicative guidance.

### 3.2.3. **Scorecard section 3(a): Safeguards in United Nations Framework Convention on Climate Change decision 1/CP.16, appendix I (i.e. the “Cancun Safeguards”)**

69. Section 3(a) of the scorecard addresses the safeguards as listed in UNFCCC decision 1/CP.16, appendix I. Some respondents felt that the current elements focus in detail on the formal requirement of having a safeguards report accessible on the UNFCCC Info Hub. These respondents called for a more qualitative assessment of the safeguards reports, as well as a general assessment of the functionality of the respective safeguards monitoring and safeguards information system of the country. On the other hand, some respondents felt that the current pass/fail approach does not allow for a stepwise approach and that the scorecard should encourage countries to gradually improve their safeguards information system and summary of information on safeguards.

70. Several respondents also highlighted other areas where they felt this section could be strengthened. One respondent called for opportunities for communities to provide direct input on the assessment of the extent to which the safeguards are respected. Another respondent felt that the requirements of the grievance redress mechanism should be strengthened to require that complaints can be submitted by all individuals or groups, regardless of having a mandate or legal representation by the affected individual or group.

### 3.2.4. **Scorecard section 3(b): Use of proceeds and non-carbon benefits**

71. Section 3.1 above on the experiences with implementing the procedural elements highlights that some respondents felt that further clarity is needed on the simplified reporting requirements and how these relate to the level of information required on the use of proceeds (see subsection on the differences between the pilot’s procedural elements and the rest of the GCF process). This was echoed by others who also felt that the requirements on the use of proceeds is a challenge for countries and AEs, and it creates a need for “double reporting” on both the creation of the emission reductions and the use of the proceeds. On the other hand, other respondents called for more comprehensive information on the use of proceeds and emphasized that the use of proceeds should be monitored, evaluated and reported on to ensure consistency with the information provided in the funding proposal on how the proceeds will be reinvested in activities consistent with the country’s NDC, national REDD-plus strategy and/or low-carbon development plans and policies. It was also highlighted that the assessment of the

investment criteria for REDD-plus funding proposals is a formal process, but implementation risks are high because implementation of the use of proceeds does not have a formal monitoring process. It was suggested by some contributors that reporting and monitoring of the use of proceeds could be a voluntarily process which could be incentivized. It is noted that, according to the assessment made by the Secretariat of the approved projects and projects under consideration for B.24, all REDD-plus results-based payment projects are ranked as “High” in each of the six GCF investment criteria. In response to the comments received, the Secretariat noted that the Investment Criteria Scorecard (ICS) tool used for assessing the project proposals against the investment criteria does not apply for REDD-plus results-based payments projects (e.g. under efficiency and effectiveness, co-finance is not required and cost/tCO<sub>2</sub>eq is fixed).

72. The Secretariat further noted that scorecard includes a step regarding the distribution of payments that allows for a 2.5 per cent increase of the total payment for proposals that demonstrate that the use of proceeds is used in line with the country’s NDC, national REDD-plus strategy and/or low-carbon development plans and policies, and explains the nature, scale and importance of non-carbon benefits for the long-term sustainability of REDD-plus activities. Some respondents stressed the importance of non-carbon benefits and felt that this should be made more prominent in the scorecard by changing the percentage of increase as well as by having non-carbon benefits as a mandatory indicator. It was also highlighted that the terms of reference state that a benefit-sharing plan may also be included in the REDD-plus proposal. One respondent therefore suggested that the benefit-sharing plan should be a mandatory requirement, especially for REDD-plus programmes implemented in indigenous peoples’ and forest dependent communities’ territories.

#### 3.2.5. Scorecard section 4: Investment framework

73. Comments on this section of the scorecard repeated some of the points made on the use of proceeds, discussed above. One respondent suggested that countries should have a significant level of liberty related to the investment criteria in defining how they want to use the proceeds in line with the NDC and or the national REDD-plus strategy. Others emphasized the need for more information on the application of the investment criteria and the need to increase ambition and low-carbon development.

#### 3.2.6. Scorecard section 5: GCF policies

74. One respondent highlighted that with the new GCF Indigenous Peoples Policy in place, this section of the scorecard should be updated to include pass/fail indicators that reflect the elements of the Indigenous Peoples Policy.

### 3.3 Experiences with other aspects of the terms of reference of the pilot programme

75. The terms of reference of the pilot programme contain some other aspects in addition to the procedural and technical elements. Some respondents also shared views on and experiences with these aspects.

76. One aspect highlighted was “ambition”. The terms of reference, in the case of a subnational scale proposal, asks for projects to provide information that demonstrates the ambition to scale up to national level. Several respondents, with reference to the Paris Agreement, called for this to be expanded and to consider how countries increase their ambitions and commitments over time. It was suggested that this increase in ambition should be included in the assessment of REDD-plus results in the future.

77. Another aspect mentioned relates to section 3.6 of the terms of reference, which deals with ownership and legal title. This section of the terms of reference states that ownership of the emission reductions paid for by GCF will not be transferred to GCF. Instead, payments are recorded in the UNFCCC web portal and of the recipient country's national counterpart, and corresponding results will no longer be eligible for results-based payments under GCF or in any other arrangement. Countries can consider, at their own discretion, whether to use the emission reductions towards the achievement of their NDCs. Some respondents emphasized the need to maintain flexibility to accommodate any further guidance deriving from the UNFCCC on this issue. This was emphasized in the context of Article 6 of the Convention and ensuring a distinction between results-based payments and regular climate finance.

78. A third aspect relates to paragraph 12 of the terms of reference, which states that "once a country submits results for any year, they will be expected to present a significant, indicative volume of results for each subsequent year for the remainder of the eligibility period". Some respondents found that this requirement is difficult to quantify and therefore difficult to evaluate. Experiences of AEs and countries that went through the approval process showed that discussion was needed with Board members on the interpretation of this paragraph, leading to changes in the results offered to GCF. However, it was questioned whether this interpretation and approach can be applied in all cases. Further clarification was requested to ensure equal treatment of all countries.

79. Several respondents also highlighted areas they felt were not, or insufficiently, covered in the current terms of reference, as follows:

- (a) **Long-term implementation of actions to address drivers of deforestation:** this mainly pointed to changes in the economic and political context that might occur in countries, which could lead to changes in policies and measures implemented to address drivers of deforestation. There were suggestions to include a requirement that would reaffirm the country's support for continuing the REDD-plus programme activities as well as to confirm the roles and responsibilities for the project in case the mandates of certain agencies and entities were to be changed;
- (b) Related to the point above, several respondents suggested that the GCF should put in place **risk mitigation measures for reversals** (see box 2), including the consideration of a buffer. Some also suggested that such an issue should be reflected in the requirements for updating the FREL. The terms of reference do not require a minimum size of a buffer, and there is no agreed methodology to calculate the size of a potential buffer. In the last two funding proposals approved by the Board, a buffer was used which was determined using the buffer approach developed by the World Bank Forest Carbon Partnership Facility;
- (c) A number of respondents highlighted the issue of **land rights** and called for putting a greater emphasis on mapping and securing community land and resource rights for indigenous peoples and local communities under "customary land use" claims; and
- (d) Some respondents called for a greater emphasis on addressing **leakage or displacement** of emissions, including between countries.

## Box 2: Reversals

In results-based payment programmes, payments are made based on results achieved in a certain period. A situation might occur where, due to political, environmental or economic circumstances, emissions during a subsequent period increase above the baseline leading to an increase of emissions over that period. In that case the cumulative emission reductions over the two periods would be less than what was previously paid for. This is known as a reversal. It must be noted that the risk of reversals occurring is an aspect of results-based payment systems that can happen in all sectors, not only REDD-plus.

Under the United Nations Framework Convention on Climate Change (UNFCCC), reversals for REDD-plus are considered as part of the safeguards set out in UNFCCC decision 1/CP.16, appendix I, (i.e. the “Cancun Safeguards”). As such, actions to address the risk of reversals should be promoted and supported when undertaking REDD-plus activities.

Other REDD-plus results-based payment schemes have taken different approaches, where reversals are quantified and addressed through a risk mitigation mechanism (e.g. through the application of buffer mechanisms).

The pilot programme does not specify requirements on the reversal risk mitigation mechanism and there is no agreed methodology to calculate the size of a potential buffer. In two funding proposals approved by the Board (Chile and Paraguay), a buffer approach was used to manage the risk of reversals. In these cases, the countries used the buffer guidelines developed by the World Bank Forest Carbon Partnership Facility for their Carbon Fund. These guidelines contain a standardized risk assessment tool to determine the size of the buffer. Other funding proposals are suggesting a different approach.

## IV. Lessons learned

80. Based on the experiences and the progress made to date, several lessons can be extracted from the pilot programme at midterm that relate to the operationalization of REDD-plus results-based payments in the GCF as well as the procedural and technical elements.

### 4.1 Lessons learned on the operationalization of REDD-plus results-based payments in the GCF

81. **The pilot is having an impact in countries and is playing a role in the landscape of REDD-plus results-based finance.** The pilot, through the four countries and proposals approved, has shown great diversity, and it has stimulated the interest for other countries to accelerate their readiness and implementation. REDD-plus countries are seeing the payments as recognition of the efforts made in the country to reduce emissions. The pilot programme in general is seen as supporting the UNFCCC process and supporting efforts to further protect or restore forests and incentivizing countries to finalize compliance of the Warsaw Framework elements.

82. **There is appreciation of GCF efforts to increase the number of countries that are in a position to obtain and receive payments for results-based actions.** Based on countries' progress on the REDD-plus process (from readiness to results-based payments), the

development of the REDD-plus simplified approval process (SAP)<sup>14</sup> to support countries in reaching compliance with the Warsaw Framework was appreciated and acknowledged as an important element.

83. Some commentators called for continued support for country REDD-plus readiness and upfront investments. For the upfront investments, it has been suggested that GCF could play an active role in leveraging private capital and could address current obstacles for private actors to support of REDD-plus. Concerns were also raised, regarding REDD-plus SAP, that this should be used for low-risk, community-focused activities. The Secretariat will continue to ensure coherence and complementarity of GCF REDD-plus funding to enhance the effectiveness of the funding mobilized by and for REDD-plus.

84. **However, different opinions do exist on the future of REDD-plus results-based payment in GCF.** Some believe that GCF should suspend its consideration of any further REDD-plus results-based payment projects (after the RFP) until certain issues are resolved. Others are very supportive of GCF continuing REDD-plus results-based payments. Some of those expressing support felt that the programme, with its current procedural and technical elements, is robust enough and therefore ask for REDD-plus results-based payments to be converted into a permanent instrument under GCF. Others proposed that the current pilot programme be extended (and expanded) that a second pilot programme be created.

85. **There are also differences of opinion on how results-based payments should work in the context of GCF.** An example of this is feedback received on the use of proceeds. Some participants in the review argued that more comprehensive information on the use of proceeds is needed and they emphasized that the use of proceeds should be monitored, evaluated and reported. Others argued that this further increases the workload for countries because they have to meet two sets of requirements: one for the already achieved results and one for the use of proceeds. These views will need to be balanced to ensure that the proceeds are used to generate additional emission reductions without making results-based payments a less attractive option than traditional projects.

86. **There are also issues related to different views on the role of the GCF pilot programme within the bigger landscape of results-based payments for REDD-plus.** Based on the experiences so far, some review participants are of the opinion that results-based payments for REDD-plus under GCF should be more aligned with other programmes for REDD-plus results-based payments. This is reflected in both comments on procedural elements (such as suggestions to rely more on external verifiers instead of the UNFCCC process and independent TAP) as well as technical elements (such as further reducing the reference period or introducing more pass/fail elements). Some take this a step further by arguing that GCF should try to link its results-based payment programme to emerging domestic and international carbon market systems. Others argue for staying closer to the UNFCCC decisions and, for example, reducing the number of pass/fail elements in the scorecard.

87. **With these different views existing, the pilot programme should be used to foster a stronger dialogue on REDD-plus.** The need for increased dialogue, discussions and focus on REDD-plus at and around the Board meetings was highlighted. The Secretariat has already started to organize technical side discussions on REDD-plus during Board meetings (B.22, B.23 and B.24) and will continue to enhance the dialogue.

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<sup>14</sup> The REDD-plus SAP was initiated after an initial country survey in January–March 2019. Based on the survey, the Secretariat saw the need and potential for launching a dedicated REDD-plus SAP to support countries with a fast and streamlined approach.

## 4.2 Lessons learned on procedural elements

88. **The pilot is showing that GCF can operationalize results-based payments for REDD-plus.** However, results-based payments are new to GCF and, as part of the pilot, internal processes had to be reviewed and internal capacity built with other divisions within the Secretariat. The experiences shared by some of the AEs show that further streamlining might be required on the procedural elements, including the term sheet and the FAA.

89. **The role of the Secretariat is highly appreciated although more support is requested, especially on GCF-specific processes.** This is recognized by the Secretariat. Since results-based payments are new to GCF, internal processes had to be reviewed and internal capacity built with other divisions, especially when it came to the latter stages of the process, such as the term sheet and the FAA template. A significant number of meetings and training sessions were held over the course of 2018 and 2019 to introduce the new concept note to Secretariat colleagues. Furthermore, a series of webinars have been produced and these also served to support Secretariat staff in understanding the concept better and how to navigate in the review process. The review process for FP119 and FP121 was more smooth, fast and expeditious than for FP120 and FP121 because of the expertise gained by the Secretariat in the review of REDD-plus results-based payment projects.

90. **Although the templates are generally adequate, more guidance is required to help countries understand the requirements of the pilot programme.** To address this comment, the Secretariat could be requested to develop additional guidance for countries to help them better understand the different steps in the process and the level of detail needed in some of the documents.

91. **Countries appreciate the role of the AEs but there is a need to further support an increase in the number of AEs.** It is especially important to increase the number of national and direct access AEs that sufficiently understand the pilot programme. At the moment, all REDD-plus results-based payment projects approved, as well projects in the pipeline, have been submitted and are being submitted by international AEs. Having more national AEs would help to reduce the transaction costs, reduce AE fees and improve the supervision of the projects. There will eventually be the possibility for international and direct access AEs to join forces when developing proposals.

92. **AEs also need further guidance and support to meet the requirements for showing how the activities undertaken in the past lead to the results for which the results-based payment is requested have been implemented in a manner consistent with GCF policies.** There are several concerns, specifically on the environmental and social safeguards standards. The Independent Evaluation Unit of the GCF is performing an independent evaluation of the GCF environmental and social safeguards and the environmental and social management system, which includes a special study on REDD-plus results-based payments.<sup>15</sup> This can further inform the pilot programme.

93. **The approval process can be further strengthened.** The experiences showed that more interaction between the country/AE and the independent TAP could help with the transparency of the process. Another aspect is the alignment of the UNFCCC process and reports (the TAR and TATR) with the scorecard, to improve consistency and predictability for countries.

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<sup>15</sup> Available at <<https://ieu.greenclimate.fund/evaluations/ess>>.

### 4.3 Lessons learned on technical elements

94. **The scorecard as an instrument is considered as robust but it was a compromise and the experiences in the pilot have not necessarily consolidated positions.** The agreement on the terms of reference for the pilot programme and in particular the scorecard required compromises between different stakeholders. The views and experiences that were shared shows that stakeholders still have different views on some of these issues. This is reflected in comments on the individual elements as well as in suggestions to review the weighting of the criteria and the number of pass/fail elements.

95. **If the scorecard were to be reviewed, there are some elements of the scorecard that stakeholders would like to be considered, including:**

- (a) FREL/FRL;
- (b) Aggregate uncertainties of both the FREL and the reported results;
- (c) Consideration of payments that have been (or are expected to be) received from other sources for results from the same national or subnational area during the period for which a country is proposing to receive payments from GCF (“double payments”);
- (d) Application of the safeguards in UNFCCC decision 1/CP.16, appendix I (i.e. the “Cancun Safeguards”); and
- (e) The use of proceeds and non-carbon benefits.

96. **There are also some other topics that were raised which could potentially impact the scorecard.** One topic is the consideration of HFLD countries. If greater consideration is given to these countries, this would impact the scorecard, especially since there are big differences in the national circumstances. Another topic would be the risk mitigation measures for reversals. The Secretariat is already seeing that some of the funding proposals are incorporating risk mitigation mechanisms, such as buffers, in the volume of results that is being offered to GCF. Two countries used the buffer guidelines developed by the World Bank’s Forest Carbon Partnership Facility to estimate the risk of reversals. The Secretariat noted that if this practice were to be formalized, it could mean new elements in the scorecard and that the evidence provided by countries for justifying the evaluation needs to be strengthened. This would require specific guidance to countries for estimating and justifying the risk of reversals. One other element of the terms of reference that seems to be creating confusion is the requirement on the “significant indicative” volume of results for each subsequent year for the remainder of the eligibility period. This requirement needs to be further clarified.

## V. Recommendations on the way forward

97. The number of responses to the call for inputs shows that the pilot programme is being closely monitored and stakeholders continue to look to GCF to catalyse and mobilize finance for REDD-plus. Many, sometimes opposing, views and experiences have been shared and the midterm review has generated important lessons for the pilot programme, on both procedural and technical elements, particularly on the need to engage with different groups of stakeholders early in advance, and the need to conduct extensive consultations when considering the continuation of providing REDD-PLUS results-based payments.

98. **Considering the projections shown in section 2.2, it is likely that the current financial envelope (USD 500 million) will be exhausted by early 2021, which is earlier than the expected end-period of the pilot programme.** Given the high demand from countries and the need to respond to COP decisions as well as serving the Paris Agreement

(Article 5), the Board may wish to consider requesting the Secretariat to undertake a further analysis of alternatives for the continuation of the implementation of REDD-plus results-based payments during 2020, taking into account the lessons learned, and present it to the Board for its consideration at B.28.

99. Several options, not mutually exclusive, have been suggested during the call for inputs for the future of REDD-plus results-based payments under GCF, including:

- (a) An extension of the pilot programme with an expanded eligibility period for results and an expanded financial envelope;
- (b) A second pilot programme with some adjustments based on the lessons learned, including changes to the scorecard;
- (c) The establishment of REDD-plus results-based payments as a funding window under GCF with defined rules; and
- (d) A grandparenting period for additional countries that are ready to receive REDD-plus payments while adjusting requirements for future results to be achieved by countries.

100. For the technical elements contained in the scorecard, the recommendation from the Secretariat is therefore **not to make any changes to the existing pilot programme during the implementation of the current RFP to ensure equal treatment for all countries**. Any adjustment to a future configuration of the pilot programme could be considered when discussing the continuation of the pilot programme.

101. Experience has shown that, especially on the technical elements, stakeholders still have different views. It is anticipated that a similar participatory process is needed as the one that led to the first terms of reference, although with greater involvement of AEs, CSOs and the independent TAP. As noted in this analysis, the current terms of reference and the scorecard, required compromises from different stakeholders. A new process would require similar compromises. To ensure that a future configuration of REDD-plus results-based payments capitalizes on the lessons of the pilot programme, the Board might want to consider providing guidance to the process by indicating the objectives of such continuation in relation to the first one, under an adaptive management approach.

102. In considering the future of REDD-plus results-based payments under GCF, there are several design issues that the Board might want to address. One issue was highlighted in section 3.3 on ownership of the emission reductions paid for by GCF and other uses of these emission reductions. The Board might want to consider any further decisions or guidance on this topic from the UNFCCC. The need to increase the financial valuation of the REDD-plus results was also an important element raised by many contributors. At the moment the pilot programme applies a uniform price of USD 5/tCO<sub>2</sub>eq.

103. This paper includes recommendations concerning further analysis needed for possible continuation options of providing REDD-plus results-based payments as part of the overall sectoral guidance for forest and land use. These recommendations could be part of the future review of the RFP and funding allocation.

104. The proposed topics for this more detailed analysis include the following:

- (a) The experiences with this first round of funding proposals (progress and lessons learned);
- (b) The role of the private sector in REDD-plus results-based payments;
- (c) The opportunities for ensuring coherence and complementarity with other multi- and bilateral funding arrangements;



- (d) The analysis of the market and non-market contexts (post-2020);
- (e) The experience of the first year of the first replenishment of GCF; and
- (f) The analysis of alternatives for the future action of GCF on REDD-plus results-based payments.

## Annex I: List of contributors during the call for inputs

**Table: List of contributors during the call for inputs**

<b>Countries</b>	
Japan	Forestry Agency
Colombia	Ministry of Environment and Sustainable Development
United States of America	U.S. Department of State, Office of Global Change
Brazil	Ministry of Foreign Affairs
Chad	Ministry of Environment, Water and Fishery
Norway	Ministry of Climate and Environment
Germany	Federal Ministry for Economic Cooperation and Development
United Kingdom of Great Britain and Northern Ireland	Department for Business, Energy and Industrial Strategy
<b>Accredited entities and civil society organizations</b>	
United Nations Development Programme	Global Environment Finance Unit
Conservation International	Executive Director Office
Japan International Cooperation Agency	Office for Climate Change, Global Environment Department
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	GCF Focal Point Office
Wildlife Conservation Society	Office of the Executive Director
The Nature Conservancy	Policy Unit
Environmental Defense Fund	Climate and Energy Program
Onghanga Energy	Projects Office
Climate Advisers Trust	Global Forest Policy Program
Gauss International Consulting	REDD-plus expert
Independent consultant	UNFCCC expert
Witech Africa	Executive Director Office
Heinrich Böll Foundation	Executive Director Office
Rainforest Norway	Policy and Campaign Department

## Annex II: List of interviews conducted

**Table: List of interviews conducted\***

<b>Countries</b>	
Brazil	Ministry of the Environment Ministry of Foreign Affairs
Ecuador	Ministry of Environment, Water and Fishery
Chile	National Forestry Corporation
Paraguay	Secretariat of Planning for Economic and Social Development Ministry of the Environment and Sustainable Development
<b>Accredited entities</b>	
United Nations Development Programme	
United Nations Environment Programme	
Food and Agriculture Organization of the United Nations	

\* Semi-structured interviews were conducted in four countries with approved projects. The three entities considered for interviews were those serving as accredited entities for the approved projects.