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Results Based Payments for REDD+ under the Green Climate Fund: Lessons Learned on Social, Environmental and Governance Safeguards¹

Background

The United Nations Framework Convention on Climate Change (UNFCCC) recognizes that REDD+ activities are prone to environmental and social risks. Consequently, REDD+ implementing entities must inform the UNFCCC of their forest activities' social, governance and performance measurements, per the Cancun Safeguards (CS).

The research paper summarized in this 2-page brief examines early lessons from a GCF pilot programme for REDD+ results-based payments established by the Board in 2017 (referred to as the pilot herein). The GCF Board operationalized the pilot by approving the terms of reference and a scorecard based on relevant UNFCCC decisions for REDD+ results-based financing. Due to close in 2022, the pilot's phase 1 assesses the consistency of REDD+ activities with the CS and studies the GCF pilot's assessment procedures.

Introduction

The UNFCCC's Conference of the Parties adopted the Warsaw Framework for REDD+ (WFR) in 2013. The WFR requires developing countries to commit to strategies, action plans and REDD+ activities that promote the CS. Specifically, the CS requires countries to ensure they:

- Comply with national forest programme objectives and international conventions
- Apply transparent and effective national forest governance structures
- Respect the knowledge and rights of indigenous peoples and members of local communities
- Encourage meaningful stakeholder involvement
- Incentivize the protection of natural forests' social and environmental benefits

Further, the WFR requires countries to report on the execution of these safeguards through its

safeguards information system (SIS). Further, the UNFCCC requires countries seeking results-based payments to present their most recent Summary of Information (Sol) to demonstrate compliance with the safeguards.

Materials and methods

The paper draws on the pilot within the context of the IEU's independent evaluation of the GCF's Environmental and Social Safeguards and the Environmental and Social Management System.² To examine the coherence between the pilot and the WFR's guidance for REDD+ results-based financing, the study team examined external literature, reviewed Board decisions and used qualitative methods and data. The WFR also underscores GCF's role among REDD+ financing entities and requests it to apply UNFCCC methodology to improve the coordination and effectiveness of results-based finance. This approach will increase the number of countries that can receive results-based payments.

Results

The terms of reference and scorecard. The scorecard contains quantitative elements, such as a 0-1-2 scoring system and qualitative factors that determine a pass or fail. A funding proposal must satisfy all criteria to be eligible for results-based payments. Meanwhile, as required by the terms of reference, the GCF Secretariat performs second level due diligence and reviews funding proposals against relevant sections in the scorecard.

However, in assessing compliance with the CS using a pass/fail approach, the pilot's scorecard only records if (i) a country's SIS exists, (ii) an Sol is available and (iii) all safeguard findings are reported.

Further, the scorecard is unable to appraise an SIS or examine it relative to UNFCCC's SIS guidance. It is also unable to appraise the information in Sols

¹ The citation for the publication discussed in this brief is: María García Espinosa, Andreas Reumann and Jyotsna Puri (2020) Results Based Payments for REDD+ under the Green Climate Fund: Lessons Learned on Social, Environmental and Governance Safeguards

² <https://ieu.greenclimate.fund/evaluation/ess2020>

regarding the UNFCCC's methodological guidance. These factors hindered the pilot's ability to determine if all CS were applied during REDD+ implementation.

Lessons from approved funding proposals. The pilot uses a staged approach to assess and approve concept notes and funding proposals. The first stage includes assessing a concept note's eligibility. These notes must demonstrate evidence of (i) a system that confirms if the relevant UNFCCC safeguards have been addressed and (ii) having submitted an Sol to the UNFCCC with information on the compliance with safeguards.

As evidenced by the pilot's thus far approved funding proposals, countries need only to provide a link to the SIS web platform, and the Sol submitted to the UNFCCC. The GCF Secretariat does not conduct a qualitative assessment of these elements at this stage.

The second stage includes assessing funding proposals. At this point, the GCF introduces an additional safeguard that requires countries to demonstrate conformance with: (i) the CS in the context of REDD+ actions for which results-based payments would be granted and (ii) its interim environmental and social standards.

The GCF's interim standards (as of 2020) require that all potential environmental and social impacts from GCF-financed activities are eliminated. Where this is not possible, adequate and equitable, compensation must be considered.

The pilot is also tasked with presenting an Environmental and Social Assessment report that retroactively reviews REDD+ activities for which results-based payments are sought to demonstrate consistency with the GCF's interim environmental and social standards. As of 2019, the Board had approved four funding proposals. The study found the Environmental and Social Assessment reports

focused on how the measures for identifying, assessing, and managing potential environmental and social issues aligned with GCF's interim environmental and social standards. It recognized that funding proposals requiring compliance with the GCF's interim environmental and social standards for past REDD+ activities could pose challenges for countries. As per WFR guidance, countries seeking results-based payments were expected to have implemented CS-consistent REDD+ activities only and not the interim GCF environmental and social standards for activities undertaken before the pilot's implementation. Consequently, countries had to prove their CS approach aligned with the GCF's interim environmental and social standards. This proved onerous to countries whose REDD+ activities had been conducted along the WFR lines.

Conclusions

The pilot's scorecard approach for assessing funding proposals does not indicate how well REDD+ results-based financing complies with the CS. There should be a qualitative assessment of how and if REDD+ activities adhered to the CS. The pilot's pass/fail approach does not assess compliance with the CS in a way that allows consideration for the country-tailored approaches expected of countries. Also, the pilot's pass/fail approach does not assess actual CS compliance in a way that allows consideration for the country-tailored and progressive nature through which countries are expected to implement.

The study summarized in this brief aims to inform the continuation of the GCF's REDD+ results-based payments window. The lessons learned will hopefully allow the GCF to fulfil its key role in delivering results-based finance fairly and increasing the number of countries able to access results-based payments.



Forests contribute to the livelihood and cultural needs of the indigenous people in Indonesia's Kalimantan province on the island of Borneo.
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