

Position Paper: Sixteenth Meeting of the Green Climate Fund Board (B.16)

4-6 April 2017

Songdo, Republic of Korea

SUMMARY AND RECOMMENDATIONS

Strong and timely action on climate change is necessary for the well-being of humankind, biodiversity and the natural systems on which all life depends. Nature-based solutions offer opportunities for at least 30 percent of all mitigation action needed to limit global warming to 1.5°C and also provide important adaptation benefits, making them an essential component of the global response to climate change. In line with the mission of the Green Climate Fund (GCF), investing in nature-based solutions to climate change as part of a suite of solutions is critical to simultaneously lower emissions and enhance climate-resilient development.

Conservation International¹ (CI) proposes the following specific policy recommendations for the Green Climate Fund Board at its sixteenth meeting:

Scale up funding for forest-based mitigation and adaptation

- Consider technical inputs from relevant stakeholders and experts, including the inputs in Annex I prepared by Conservation International, Environmental Defense Fund, The Nature Conservancy and WWF-International.
- Agree to conduct a crosswalk comparison between the Cancun Safeguards for REDD+ and the IFC Performance Standards to identify gaps and develop a simplified process for REDD+ results-based payments proposals to demonstrate compliance in these identified gap areas.
- Direct the Secretariat to incorporate the Cancun Safeguards for REDD+ as part of the Fund's forthcoming ESMS to further streamline monitoring and reporting processes.

Support inclusive stakeholder engagement

- Agree to develop an iterative Free, Prior and Informed Consent" (FPIC) process in accordance with the highest standards and best practices to be applied at all stages of GCF project or program development and implementation.
- Decide to adhere to the highest standards and best practices for engaging indigenous peoples and local communities to improve coherence and complementarity with other funds.
- Approve a specialized position within the Secretariat to serve as a liaison and focal point for indigenous peoples and assist the Secretariat in assessing submitted proposals for potential impacts on indigenous peoples and local communities.

BACKGROUND

Nature-based solutions are high-potential investments, which fulfill a number of the Green Climate Fund's objectives. Nature-based approaches to climate action, such as REDD+, peatland conservation, coastal carbon and ecosystem-based adaptation, harness nature to mitigate and support people in adapting to climate change through the protection, restoration and sustainable management of ecosystems. For example, halting tropical deforestation and allowing forests and other carbon-rich ecosystems to regrow can provide 30 percent or more of the emissions

¹ Conservation International was approved as an accredited entity to the Green Climate Fund in July 2015.

reductions and sequestration needed to limit warming to 1.5°C, and can also provide important adaptation benefits.²

Despite the potential for nature to provide 30 percent or more of the solution to climate change, nature-based solutions only received about 2 percent of estimated climate finance in 2014.³ Nature-based solutions are an essential part of meeting global climate goals; therefore, finance must be delivered at an adequate scale to realize the full potential of nature to mitigate and support people in adapting to climate change.

SCALING UP FUNDING FOR FOREST-BASED MITIGATION AND ADAPTATION

Implementation of the initial strategic plan for the GCF

Matters related to guidance from the Conference of the Parties

Work Plan of the Board for 2017

At its fourteenth meeting, the GCF Board agreed on a process for operationalizing results-based payments (RBP) for REDD+. The Board requested the Secretariat to prepare the request for proposals with stakeholder and expert input and should reflect existing, relevant REDD+ decisions, including the Warsaw Framework for REDD+⁴ under the United Nations Framework Convention for Climate Change (UNFCCC), the GCF's "Initial Logic Model and Performance Measurement Framework for REDD+ results-based payments,"⁵ as well as the technical considerations outlined in the Board document GCF/B.14/03.⁶ In this decision, the Board also reaffirmed the Fund's commitment to support the development of national REDD+ strategies and action plans, as well as invest in the implementation of REDD+ activities. The draft request for proposals on results-based payments and guidance on the early phases of REDD+ will be considered by the Board at its seventeenth meeting in July 2017.

In preparing the request for proposals on REDD+ RBP, the GCF Secretariat should consider the technical inputs from relevant stakeholders and experts. **See technical inputs in Annex I prepared by Conservation International, Environmental Defense Fund, The Nature Conservancy and WWF-International.** It is crucial to keep in mind that many of the issues covered in the technical inputs are relevant for the effective delivery of results-based payments in any sector and are not unique to REDD+. These and other technical considerations will also be relevant in the development of results-based payments frameworks for other sectors.

Delivering REDD+ results at scale

REDD+ RBP should be considered for activities implemented at a scale in line with UNFCCC guidance, including the Warsaw Framework for REDD+.

Assessing the quantity and quality of results

A REDD+ proposal should only be considered by the GCF if the involved country has had its forest reference emissions levels (FREL)/forest reference levels (FRL) reviewed and assessed by the technical assessment team (TAT) of the UNFCCC as a prerequisite. The results of the assessment should also be considered to ensure that the

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- ² (a) McKinsey & Company. (2009). Pathways to a low-carbon economy. McKinsey & Company;
(b) Le Quere, C., et al. (2013). Global Carbon Budget 2013. *Earth Syst. Sci. Data Discuss.*, 6, 689–760 (averaged for 2003–2012);
(c) Grace, J., et al. (2014). Perturbations in the carbon budget of the tropics. *Global Change Biology* (data from 2005–2010);
(d) Houghton, R.A. (2013). The emissions of carbon from deforestation and degradation in the tropics: past trends and future potential (data from 2000–2005). *Carbon Management*.
- ³ Buchner, et al. (2015). Global Landscape of Climate Finance 2015. "Climate Policy Initiative." <http://climatepolicyinitiative.org/wp-content/uploads/2015/11/Global-Landscape-of-Climate-Finance-2015.pdf>.
- ⁴ United Nations Framework Convention on Climate Change. (2014). Warsaw Framework for REDD-plus. http://unfccc.int/land_use_and_climate_change/redd/items/8180.php.
- ⁵ Green Climate Fund. (2014). GCF/B.08/08/Rev.01: Initial Logic Model and Performance Measurement Framework for REDD+ Results-based Payments. Available at http://www.gcfund.org/fileadmin/00_customer/documents/MOB2014108th/GCF_B.08_08_Rev.01_Initial_Logic_Model_fin_20141022.pdf.
- ⁶ Green Climate Fund. (2016). GCF/B.14/03: Support for REDD-plus. http://www.greenclimate.fund/documents/20182/409835/GCF_B.14_03_-_Support_for_REDD-plus.pdf/665055cb-78bd-45f3-a666-f3d06fb04a15.

Fund only accepts quality FREL/FRLs. **The Fund should review the outcomes of the TAT's assessment and the degree to which the country has responded to these recommendations when making a determination regarding a results-based payments proposal.**

Addressing safeguards for REDD+ results-based payments

REDD+ results-based payments proposals should demonstrate compliance with the Cancun Safeguards, a prerequisite for all REDD+ activities, as well as the IFC Performance Standards, the Fund's interim safeguards, which are required for all activities financed by the GCF.

Unlike for other sectors, countries have agreed to a framework under the UNFCCC for addressing emissions from deforestation and forest degradation. This means that more guidance is available to ensure high-quality outcomes from this sector than other types of mitigation and adaptation activities; therefore, compliance with the Cancun Safeguards must be demonstrated for all REDD+ programs.

Implementing the Cancun Safeguards means fulfilling all UNFCCC provisions on REDD+ Safeguards regarding social and environmental standards, including those related to providing information on how the Cancun Safeguards have been addressed and respected throughout the implementation of activities. To this end, countries must have a system in place to transparently provide information on how the Cancun Safeguards were addressed and respected throughout the implementation of the activities, while respecting sovereignty. As an institution seeking transformational change, the GCF should consistently apply its social and environmental standards across all approved projects and programs; therefore, all activities, including REDD+ results-based payments proposals, should also demonstrate compliance with the Fund's interim safeguards.

To minimize duplication of reporting efforts and administrative burden, the GCF should compare the Cancun Safeguards and IFC Performance Standards to identify gaps between the safeguard requirements. REDD+ results-based payments proposals should then demonstrate compliance with any element of the IFC Performance Standards identified as a gap, in addition to the Cancun Safeguards required for all REDD+ programs. As the Fund develops its own Environmental and Social Management System (ESMS) to replace the interim safeguards, the GCF should incorporate the Cancun Safeguards for REDD+ as part of the ESMS to further streamline monitoring and reporting processes.

Recommendation:

- Consider technical inputs from relevant stakeholders and experts, including the inputs in Annex I prepared by Conservation International, Environmental Defense Fund, The Nature Conservancy and WWF-International.
- Agree to conduct a crosswalk comparison between the Cancun Safeguards for REDD+ and the IFC Performance Standards to identify gaps and develop a simplified process for REDD+ results-based payments proposals to demonstrate compliance in these identified gap areas.
- Direct the Secretariat to incorporate the Cancun Safeguards for REDD+ as part of the Fund's forthcoming ESMS to further streamline monitoring and reporting processes.

SUPPORTING INCLUSIVE STAKEHOLDER ENGAGEMENT

Work Plan of the Board for 2017

A Green Climate Fund (GCF) Indigenous Peoples' Policy will help to ensure the full and effective participation of indigenous peoples and local communities in the GCF and its activities. This policy should go beyond provisions to minimize the potential harm to indigenous peoples and local communities, but also empower indigenous peoples and local communities to engage with and benefit from the GCF. By utilizing the knowledge of indigenous peoples in mitigating and adapting to the impacts of climate change and building their capacity to participate in the Fund's

activities, the GCF will enhance the effectiveness, equity, sustainability and transformational potential of its outcomes.

The GCF's programs and projects must follow a human rights-based approach and comply with applicable international human rights standards, such as the United Nations Declaration on the Rights of Indigenous Peoples⁷ and the International Labour Organization's Convention 169,⁸ as well as customary law. **Free, Prior and Informed Consent (FPIC) should be applied at all stages of relevant GCF project or program development and implementation processes in accordance with the highest standards and best practices.** The collective nature of indigenous peoples' rights to their lands and resources should also be addressed in the development and implementation of relevant safeguards. The Fund should also support capacity building efforts for relevant actors in the Green Climate Fund, including accredited entities and National Designated Authorities as a positive first step in ensuring an inclusive fund.

See inputs prepared by Conservation International on the essential elements of an Indigenous Peoples' Policy in Annex II.

Recommendations:

- Agree to develop an iterative FPIC process in accordance with the highest standards and best practices to be applied at all stages of GCF project or program development and implementation.
- Decide to adhere to the highest standards and best practices for engaging indigenous peoples and local communities to improve coherence and complementarity with other funds.
- Approve a specialized position within the Secretariat to serve as a liaison and focal point for indigenous peoples and assist the Secretariat in assessing submitted proposals for potential impacts on indigenous peoples and local communities.

⁷ United Nations. (2008). United Nations Declaration on the Rights of Indigenous Peoples. http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf.

⁸ International Labour Organization. (2016). C169 - Indigenous and Tribal Peoples Convention, 1989 (No. 169). http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C169.