



Forest Finance Accelerator



**LEAF
Coalition**

Coordinated by Emergent

LEAF Safeguards Requirements

December 7-8, 2022

Who is Emergent and what is LEAF?

Emergent

Non-profit organization providing a platform for transacting TREES Credits

We buy/pay for jurisdictional REDD+ carbon credits issued under TREES and **sell** those credits to corporate purchasers and sovereign donors

Emergent is the **administrative coordinator** of the LEAF Coalition and facilitates transactions for LEAF participants



Coalition formed with the goal of halting tropical deforestation by financing large scale tropical forest protection

Brings together forest nations, companies, and donor governments to **facilitate transactions of high integrity TREES Credits**

The **LEAF Coalition is NOT a GHG program or standard**. All credits transacted by LEAF are issued by the ART program under the TREES standard

How we work



Emergent aggregates demand from LEAF corporates and sovereigns for TREES Credits from jurisdictions

Reinvestment in projects supporting sustainable development and improving lives and livelihoods of people in LEAF jurisdictions



Funds paid to LEAF jurisdictions and other constituents by Emergent through **Financial Intermediary**, according to *fund management best practice* for reinvestment in sustainable development/forest protection.



Emergent signs: ERPAs with Corporates buyers, ERPAs and FI agreements with jurisdictions, and agreements with sovereign donors

LEAF jurisdictions reduce deforestation against a benchmark, through national or sub-national scale forest protection programs and in conformance with TREES requirements (including safeguards)



Monitored emission reductions (ERs) are verified by independent verification bodies against TREES requirements, issued by ART and retired on the ART registry.

What are LEAF's Safeguard Requirements?

Pre-Credit Issuance



- TREES selected by LEAF for **buyer confidence in its high integrity requirements**, including Cancún Safeguards
- Jurisdictions must **demonstrate compliance with TREES safeguard requirements** during the entirety of the TREES crediting period
- LEAF only transacts credits that have been **independently validated and verified** under TREES and issued by ART

Post-Credit Issuance and Delivery

- Safeguards applied to **monitoring use of proceeds** under LEAF
- Fund Management and Reporting safeguards are **LEAF-specific requirement**
- Measures taken to ensure **no duplication of safeguard reporting** requirements with ART/TREES
- Jurisdictions continue to **demonstrate compliance with TREES safeguard requirements** during the 5 yr TREES crediting period



Pre-Credit Issuance Requirements:

- TREES Standard Safeguards

What else does LEAF ask for related to safeguards?

Prior to ERPA Signing

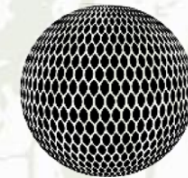
- For jurisdictions that have **initiated or completed the validation/verification** process under ART:
 - Emergent asks for copies of existing benefit distribution mechanisms, stakeholder engagement processes, and implementation plans
- For jurisdictions **still preparing for validation/verification** under ART:
 - Emergent asks for information on progress made and plans for developing/implementing above

****JURISDICTIONS ARE NOT REQUIRED TO SUBMIT FINALIZED BSPPS, STAKEHOLDER ENGAGEMENT AND IMPLEMENTATION PLANS PRIOR TO ERPA SIGNING****

****ALL CONSULTATIONS CONDUCTED AND BENEFIT SHARING AGREEMENTS DEVELOPED MUST BE IN CONFORMANCE WITH TREES REQUIREMENTS****

Post-ERPA Signing

- Jurisdictions must **demonstrate compliance with TREES safeguard requirements** and successfully complete validation/verification under ART to issue TREES Credits and receive payments for volumes negotiated in ERPA



ART
Architecture for
REDD+ Transactions

Sample of TREES Safeguards topics that are priority for LEAF buyers

- **Full and effective participation of relevant stakeholders** – in particular IPLCs
- **Equitable benefit distribution mechanisms**/plans/agreements developed in a participatory manner with important stakeholders - in particular IPLCs
- **Promotion of gender equity** across implementation of safeguards
- **Respect the rights and knowledge of Indigenous peoples and local communities**



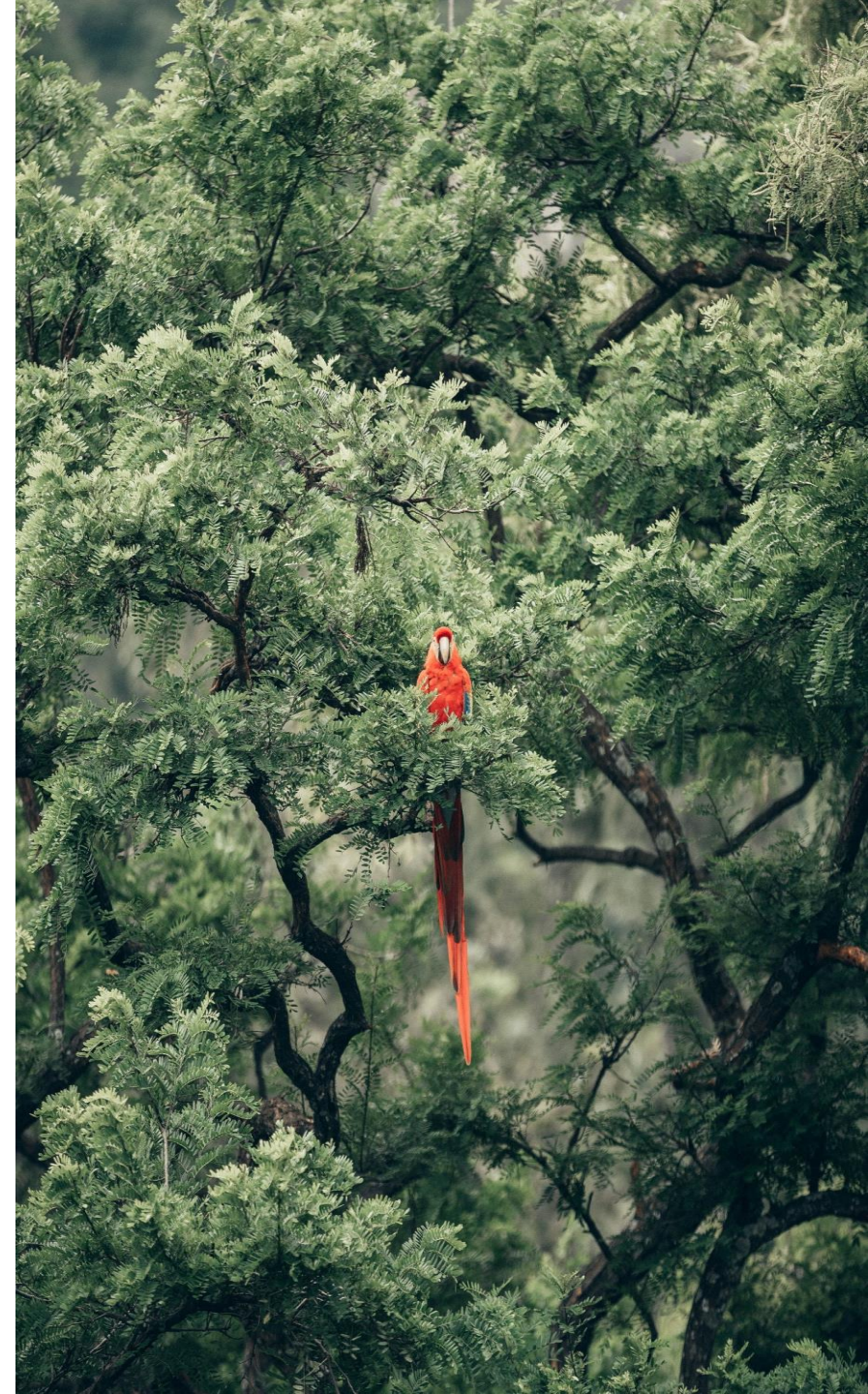
Post-Credit Issuance Requirements:

- TREES Standard Safeguards
- Safeguards for Fund Monitoring & Reporting

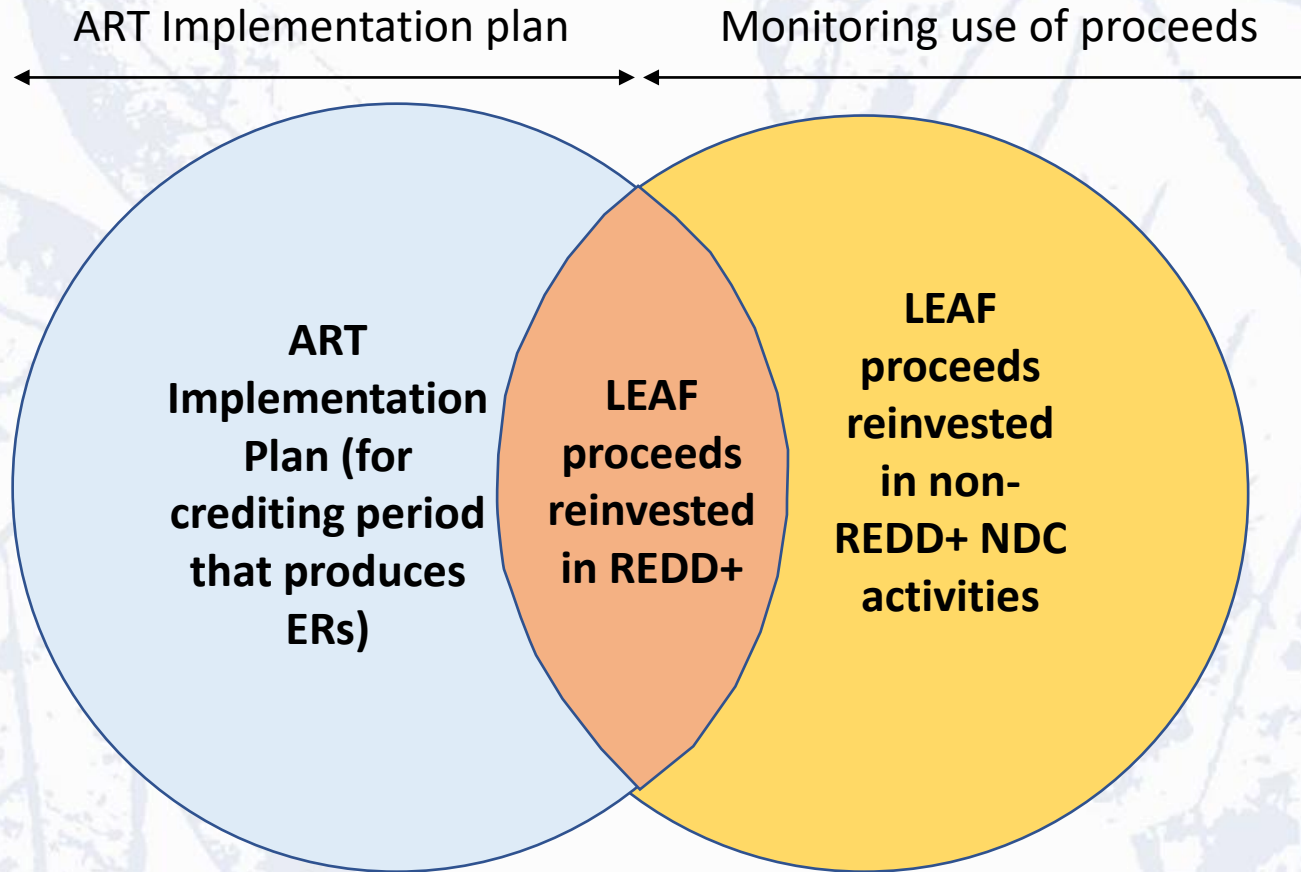


Premises for LEAF safeguards oversight

- Separate from, but complementary to ART / TREES safeguards
- Post-ER credit transaction
- Safeguards applied to **monitoring use of proceeds** under LEAF
 - “Fund Management & Reporting”
- Financial Intermediary ensures that key financial, social, and environmental safeguards are reinforced all along the activity chain
- **No duplication** of ART / TREES validation & verification under LEAF
- Overlap in TREES verification of safeguards over time (as new vintage ERs are validated)
- LEAF oversight of use of proceeds being reinvested in continued forest protection activities or expanded NDC ambition



ART Implementation Plan vs. LEAF Use of Proceeds



LEAF safeguards

- Compliance with ART-TREES safeguards, including the Cancun Safeguards as required by the ART Program
- Host Jurisdiction ERPA stipulates representations, warranties and covenants that ensure compliance with applicable Anti-Corruption Laws, Anti-Bribery, and Anti-Money laundering measures
- Financial Intermediary must be accredited by GCF and ensure robust frameworks for financial management, oversight and accountability
- For as long as proceeds from ER transactions flow, Financial Intermediaries enter into agreements with implementing partners which must also apply key safeguards:
 - human and labor rights provided under applicable laws
 - discrimination or abuse is not tolerated on any grounds (including race, religion, disability, gender, sexual orientation or gender identity)
 - compliance with Anti-Corruption, Anti-Bribery, and AML provisions



Key Safeguards and Capacities of Financial Intermediary

1. Code of Ethics policy/standards
2. Procurement policies and processes
3. Policies on preventing financial irregularities
4. Payment procedures and systems with clear provisions on transparency, and know-your-customer checks
5. Internal controls on the oversight of funded activities
6. Investigation procedures and grievance redress mechanisms, covering financial, environmental, and social safeguards incidents related to funded activities
7. External audit function that ensures an independent review
8. Systems on monitoring and reporting on results of the funded activities, including managing potential risks
9. Policies and procedures to identify Environmental and Social (E&S) risks and impacts of funded activities
10. Policy on prevention of sexual harassment and exploitation





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