

Annex IV: Principles for mainstreaming REDD+ results-based payments

1. A long-term offer of REDD+ results-based payments would provide the incentive necessary to unlock the principle of a REDD+ virtuous cycle whereby the proceeds of results-based payments are reinvested into REDD+ activities as set out in COP decision 1/CP.16, further generating emissions reductions eligible for results-based payments. This, in turn, could perpetuate the reduction of emissions from deforestation and forest degradation.

2. The Secretariat will prepare for the Board's consideration and approval a proposal on integrating results-based payments for REDD+ funding modality into the regular project and programme approval cycle of the Fund considering the lessons learned from the request for proposal and the consultations held in the lead-up to the thirty-seventh meeting of the Board, and building on the following principles aimed at defining the starting point for developing a proposal:

- (a) **Mainstreaming.** Results-based payments will be offered as part of the regular project and programme activity cycle of the Fund under the regular funding windows and on an open-ended basis, including periodical revisions to the REDD+ results-based payments funding modality;
- (b) **Total funding.** The total funding allocated to REDD+ results-based payments under each cycle will be determined in alignment with the relevant cycle's Strategic Plan and GCF's programming priorities, including efforts to ensure a balance of funding across result areas and geographies, with no prejudice to the use of financial instruments other than results-based payments or the overall GCF allocation parameters across result areas, themes, sectors and portfolio targets contained in the relevant Strategic Plan;¹
- (c) **Price per tonne of carbon dioxide equivalent (t CO₂ eq).** The price of carbon will be set as a fixed value or a set of fixed values between USD 6.35 and USD 8/t CO₂ eq, subject to periodical revisions;
- (d) **Scorecard.** A scorecard will be applied to assess the REDD+ results on aspects such as transparency and environmental integrity, and calculate the portion of the results which will be considered for payment;
- (e) **Country programmes.** REDD+ results-based payments proposals will be considered along with other funding proposals by each country, which can be included in GCF country programmes;
- (f) **Country caps.** A financial cap per country and per GCF replenishment cycle for REDD+ results-based payments (RBP) will be applied to ensure allocation across a wide range and number of countries;
- (g) **Results periods.** Proposals may present results for one or more results periods, either fixed or relative to the year of submission and consistent with the scorecard;
- (h) **Use of proceeds.** The use of RBP proceeds will be subject to a simplified approval and reporting process, building on the experience of the pilot programme. They will be aligned with GCF's relevant Strategic Plan and programming targets and contribute to achieving climate impact (mitigation and/or adaptation) by further reducing deforestation and forest degradation to maintain the possibility of a virtuous cycle;

¹ https://www.greenclimate.fund/sites/default/files/document/investment-framework_1.pdf.

- (i) **Alignment with GCF policies and Cancun Safeguards.**² All relevant GCF policies and the Cancun Safeguards will apply to REDD+ RBP proposals in a fit-for-purpose manner;
- (j) **United Nations Framework Convention on Climate Change (UNFCCC) requirements.** The REDD+ emissions results presented to GCF must comply with the following UNFCCC requirements:
- (i) The beneficiary country shall make publicly available on the Lima REDD+ Information Hub³ the National REDD+ Strategy or Action Plan, the forest reference emissions level/forest reference level, the National Forest Monitoring System and the Safeguard Information System; and
- (ii) The REDD+ results, for which payments are requested, have been included in the Technical Annex of the country's biennial update report/biennial transparency report, as appropriate, submitted to the UNFCCC;
- (k) **Jurisdictional scale.** The scale of the REDD+ results-based payments proposal is national or, on an interim basis, subnational, with a view to increasing the jurisdictional scale over time;
- (l) **Payments.** The amount of result-based payment to be provided will be determined based on, inter alia, (i) the volume of emissions reductions achieved and verified; (ii) the risk of reversals,⁴ leakage⁵ and non-permanence;⁶ (iii) non-carbon benefits of the use of proceeds; and (iv) the application of the scorecard mentioned in paragraph (d) above, building on the outcome of consultations mandated by the Board in decision B.35/12;
- (m) **Ownership.** Emissions reductions proposed to GCF will remain under the ownership of the country that submitted the emissions reductions for RBPs, and will not be transferred to GCF. Emissions reductions submitted to GCF for REDD+ RBPs will not be eligible for any further payments or carbon market trading; and
- (n) **Periodical revisions.** This proposal will include provisions for periodical revisions, providing an opportunity to revise the approach based on assessments of the previous period, including on the alignment of the use of proceeds with the concept of the REDD+ virtuous cycle, and adjust elements according to additional considerations such as GCF's Strategic Plan, programming allocations, and priorities.

² Set of social and environmental safeguards for REDD+ adopted at the sixteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in 2010. These safeguards aim to minimize any social and environmental risks of REDD+ actions and enhance their benefits. The full list is available at <https://www.un-redd.org/glossary/cancun-safeguards>.

³ UNFCCC Lima REDD+ Info Hub: <https://redd.unfccc.int/info-hub.html>

⁴ Reversals refer to situations where the initial successes of a REDD+ are reversed at a later date.

⁵ Leakage is the unexpected loss of anticipated carbon benefits due to the displacement of activities outside the jurisdiction, resulting in the return to a business-as-usual scenario.

⁶ Permanence refers to the concept that carbon remains stored in forests for an extended or indefinite period of time.