




Green Climate Fund

Onboarding webinar in preparation for the upcoming technical workshop on REDD+ results-based payments

27 August 2024

BACKGROUND AND OBJECTIVES

GCF PILOT ON REDD+ RBP

- At B.18 the, the GCF Board approved the establishment of a pilot programme on REDD+ results-based payments through a Request for Proposal (RfP)
- Financial envelope of 500 million USD 
- RfP consisted of:
 - Terms of Reference (TOR) which defined general requirements
 - Scorecard used to assess REDD+ results reported to UNFCCC and determine volume for result-based payments
- RfP specific templates and process developed as part of pilot programme

Fully committed between B.22 (Feb 2019) and B.27 (Nov 2020)

B.27
Argentina USD 82 M
Costa Rica USD 54.1 M

B.26
Colombia USD 28.2 M
Indonesia USD 103.7 M

B.24
Chile USD 63.6 M
Paraguay USD 50M

B.23
Ecuador USD 18.6 M

B.22
Brazil USD 96.5 M

Countries:
7 in LAC
1 Asia
0 Africa

DECISION AT B.39 ON PILOT PROGRAMME

At B.39 the Board made the following decision related to the pilot programme

- The Board noted that four eligible concept notes for the Lao People's Democratic Republic, Papua New Guinea, Uganda and Viet Nam, respectively, had been submitted under, and within the period of, the pilot programme and were not able to be considered under the pilot programme due to the funding envelope approved for that pilot programme being exhausted; and
- The Board decided on an exceptional basis to allow the four REDD+ results-based payments concept notes to be submitted as funding proposals under the pilot programme, subject to the relevant review and due diligence to be carried out by the Secretariat for a funding proposal.

FOLLOW UP ON PILOT

- At B.25 several Board Members recommended that the GCF Secretariat would undertake a further analysis of alternatives for the continuation of the implementation of REDD-plus result-based payments, considering the lessons learned and to be presented to the Board once funds of the pilot programme were exhausted
 - Process got stuck because of COVID and limits of GCF₁ funding
- COP27 encouraged the Board to continue supporting results-based payments
- At its 35th meeting in March 2023, the GCF Board requested the Secretariat
 - i. to prepare for B.37 a proposal on the financing of results-based payments (RBPs) for REDD+, building on the outcomes of the pilot phase; and
 - ii. to undertake open, inclusive and transparent consultations on the development of this proposal

FOLLOW UP ON PILOT (CONT.)

- Following B.35, the Secretariat conducted the following consultations:
 - Written consultations where a proposal was circulated to (i) Board representatives, (ii) GCF national designated authorities, and (iii) the public
 - Two technical workshops (July and August 2023) with representatives nominated by Board members, alternate Board members and observers
- Draft request for proposal was presented to the Board at B.37 in document GCF/B.37/14 but not approved
- COP28 requested the Board to continue its consideration of REDD+ results-based payments

GCF BOARD DECISION

At its thirty-ninth meeting (B.39), the GCF Board:

- *Approved the "Principles for mainstreaming REDD+ results-based payments", as the guiding principles to be applied for developing a proposal to integrate a REDD+ results-based payments funding modality into the regular project and programme activity cycle of GCF*
- *Requested the Secretariat to undertake open, inclusive and transparent consultations on the development of the proposal on the financing of results-based payments for REDD+*
- *Requested the Secretariat to prepare for the Board's consideration and approval a proposal ... consistent with the principles approved ...and building on consultations*

APPROVED PRINCIPLES

Mainstreaming

Total funding

Price

Scorecard

Country
programmes

Country caps

Results periods

Use of proceeds

Alignment with
GCF policies and
Cancun safeguards

UNFCCC
requirements

Jurisdictional scale

Payments

Ownership

Periodical revisions

OBJECTIVE OF THIS WEBINAR

- Hybrid workshop planned 3 to 6 September 2024 as part of the open, inclusive and transparent consultations
- The objective of this session is to share information with Board-nominated representatives and observers participating in the workshop and introduce the draft document for discussion
- Aims to help prepare for the in-person workshop
 - No position statements or decisions expected at this webinar
 - Sole purpose is to make sure all participants come prepared and have a shared understanding

DRAFT PROPOSAL FOR INTEGRATING A REDD+ RESULTS-BASED PAYMENTS FUNDING MODALITY INTO THE REGULAR PROJECT AND PROGRAMME ACTIVITY CYCLE OF GCF

POSITIONING OF THE PROPOSAL WITHIN WIDER CONTEXT

- Proposal for a policy for results-based financing for REDD+
- Policy would be integrated into to the regular project and programme activity cycle of the Fund as set out in Board approved strategies and specific operational policies and guidelines
 - proposed policy covers ONLY elements that are specific to REDD+ RBP projects and/or which depart from the procedures under the regular project and programme activity cycle of the Fund which continues to apply
- REDD+ RBP proposals resulting from the implementation of this policy are subject to Board approval as part of the regular project and programme activity cycle of the Fund

STRUCTURE OF THE PROPOSAL

- Structure follows the regular project and programme activity cycle and reflects similar documents for investment proposals in particular:
 - **Investment framework for GCF-2** that sets out the Fund's investment policies and investment guidelines (including investment criteria); and
 - **Updated project and programme cycle** that outlines the key stages, individual steps, relevant actors, as well as the various responsibilities and tasks involved in the project and programme cycle

STRUCTURE OF THE PROPOSAL (CONT.)

- Proposed policy consists of following sections:
 - II. Specific requirements for results-based payments for REDD+
 - Compiles requirements specific to REDD+ RBP funding proposals that supplement existing GCF strategies and policies
 - III. Criteria for assessing proposals for results-based payments for REDD+
 - Eligibility criteria for Funding Proposals
 - Reference to the scorecard contained in Appendix I
 - Guidance on how the Fund's investment criteria are applied to REDD+ RBP funding proposals
 - IV. Additional elements of the regular project and programme activity cycle applicable to results-based payments for REDD+
 - V. Monitoring and Review

ELEMENTS OF PROPOSAL

Section II: Specific requirements for results-based payments for REDD+

| <u>Paragraph</u> | <u>Element</u> | <u>Basis</u> |
|--------------------|---|---|
| <i>Paragraph 4</i> | <ul style="list-style-type: none"> Ownership of the REDD+ results paid for by GCF | <ul style="list-style-type: none"> <i>Principles</i> <i>Paragraph 15 of Pilot Prog.</i> <i>Text based on B.37 proposal</i> |
| <i>Paragraph 5</i> | <ul style="list-style-type: none"> Proceeds must be reinvested the in REDD+ activities | <ul style="list-style-type: none"> <i>Principles</i> <i>Paragraph 14 of Pilot Prog.</i> <i>Text based on B.37 proposal</i> |
| <i>Paragraph 6</i> | <ul style="list-style-type: none"> Compliance with the relevant GCF policies but distinction between (i) payments for ERs resulting from underlying activities and (ii) the reinvestment of the proceeds | <ul style="list-style-type: none"> <i>Pilot Prog.</i> <i>Text based on B.37 proposal</i> |

ELEMENTS OF PROPOSAL

Section II: Specific requirements for results-based payments for REDD+

| <u>Paragraph</u> | <u>Element</u> | <u>Basis</u> |
|---------------------|--|---|
| <i>Paragraph 7</i> | <ul style="list-style-type: none"> Total funding allocated to REDD+ RBPs aligned with the relevant cycle's Strategic Plan and the GCF investment strategy and portfolio targets | <ul style="list-style-type: none"> <i>Principles</i> |
| <i>Paragraph 8</i> | <ul style="list-style-type: none"> Cap per country | <ul style="list-style-type: none"> <i>Principles</i> <i>Paragraph 11 of Pilot Prog.</i> |
| <i>Paragraph 10</i> | <ul style="list-style-type: none"> Country-specific allocation of funding based on a combination of factors including the scorecard results and available resources | <ul style="list-style-type: none"> <i>Principles</i> <i>Paragraph 8 & 12 of Pilot Prog.</i> |
| <i>Paragraph 9</i> | <ul style="list-style-type: none"> Results period, price, and cap per country are subject to regular review following strategic programming cycle | |

ELEMENTS OF PROPOSAL

Section III: Criteria for assessing proposals

| <u>Paragraph</u> | <u>Element</u> | <u>Basis</u> |
|---------------------|---|--|
| <i>Paragraph 11</i> | • Eligibility criteria applied to Funding Proposals | <ul style="list-style-type: none">• <i>Paragraph 6 of Pilot Prog.</i>• <i>Text based on B.37 proposal</i> |



- Pilot programme followed two-stage process with a mandatory Concept Note
- Most of eligibility criteria were applied to Concept Note
- As part of mainstreaming REDD+ RBPs and ensure consistency with the regular GCF project and programme activity cycle, this proposal considers the submission of a concept note as voluntary
- Eligibility criteria therefore applied to Funding Proposal

ELEMENTS OF PROPOSAL

Section III: Criteria for assessing proposals

| <u>Paragraph</u> | <u>Element</u> | <u>Basis</u> |
|---------------------|---|--|
| <i>Paragraph 11</i> | • Eligibility criteria applied to Funding Proposals | <ul style="list-style-type: none"> • <i>Paragraph 6 of Pilot Prog.</i> • <i>Text based on B.37 proposal</i> |
| <i>Paragraph 12</i> | • Application of scorecard to determine GCF volume of ERs” which will be considered for payment | <ul style="list-style-type: none"> • <i>Principles</i> • <i>Pilot Prog.</i> |
| <i>Paragraph 13</i> | • Assessment of Funding Proposal assessed against the criteria and coverage areas of the Fund’s investment guidelines | <ul style="list-style-type: none"> • <i>Principles</i> • <i>Included in Pilot Programme as part of scorecard</i> • <i>Text based on B.37 proposal</i> |

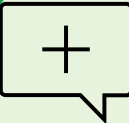
ELEMENTS OF PROPOSAL

Section IV: Project cycle

| <u>Paragraph</u> | <u>Element</u> | <u>Basis</u> |
|------------------|---|--|
| 14 - 16 | <ul style="list-style-type: none"> • Stage 1: Voluntary submission of concept notes | <ul style="list-style-type: none"> • <i>Alignment with standard practice</i> |
| 17 -19 | <ul style="list-style-type: none"> • Stage 2: Developing a GCF REDD+ results-based payment funding proposal | <ul style="list-style-type: none"> • <i>Pilot Prog.</i> |
| 20 - 26 | <p>Lessons learned during pilot programme resulted in following:</p> <ul style="list-style-type: none"> • Stage 3: Assessment of Funding Proposal <ul style="list-style-type: none"> • In the calculation of the payment, (paragraph 22) the following was changed compared to the pilot programme <ul style="list-style-type: none"> • inclusion of step 2 to address risk of reversals → text from B.37 proposal used in this draft • In step 5, increase of additional payment for non-carbon benefits from 2.5% in the pilot programme to 3.5% • Further details on the requirements for countries that choose to submit results for part of a results period (paragraph 23) → text from B.37 proposal used in this draft | <ul style="list-style-type: none"> • <i>Pilot Program</i> • <i>Text based on B.37 proposal</i> |

ELEMENTS OF PROPOSAL

Section IV: Project cycle

| <u>Paragraph</u> | <u>Element</u> | <u>Basis</u> |
|------------------|---|--|
| 14 - 16 | <ul style="list-style-type: none"> • Stage 1: Voluntary submission of concept notes | <ul style="list-style-type: none"> • <i>Alignment with standard</i> |
| 17 - 19 | <ul style="list-style-type: none"> • Stage 2:  payment | |
| 20 - 26 | <ul style="list-style-type: none"> • Stage 3: <p>Lessons learned during pilot programme resulted in following:</p> <ul style="list-style-type: none"> • In the calculation of the payment (paragraph 22) the following was changed compared to the pilot programme <ul style="list-style-type: none"> • inclusion of step 2 to address risk of reversals → text from B.37 proposal used in this draft • In step 5, increase of additional payment for non-carbon benefits from 2.5% in the pilot programme to 3.5% • Further details on the requirements for countries that choose to submit results for part of a results period (paragraph 23) → text from B.37 proposal used in this draft | <ul style="list-style-type: none"> • <i>in B.37 proposal</i> |

ELEMENTS OF PROPOSAL

Section IV: Project cycle

| <u>Paragraph</u> | <u>Element</u> | <u>Basis</u> |
|------------------|---|--|
| 14 - 16 | <ul style="list-style-type: none"> • Stage 1: Voluntary submission of concept notes | <ul style="list-style-type: none"> • <i>Alignment with standard practice</i> |
| 17 -19 | <ul style="list-style-type: none"> • Stage 2: Developing a GCF REDD+ results-based payment funding proposal | <ul style="list-style-type: none"> • <i>Pilot Prog.</i> |
| 20 - 26 | <ul style="list-style-type: none"> • Stage 3: Assessment of Funding Proposal | <ul style="list-style-type: none"> • <i>Pilot Program</i> • <i>Text based on B.37 proposal</i> |
| 27 | <ul style="list-style-type: none"> • Stage 4: Board consideration | <ul style="list-style-type: none"> • <i>Alignment with standard practice</i> |
| 28 - 30 | <ul style="list-style-type: none"> • Stage 5: Legal arrangements and disbursement | <ul style="list-style-type: none"> • <i>Pilot Program</i> • <i>Text based on B.37 proposal</i> |

ELEMENTS OF PROPOSAL

Section V: Monitoring and Review

| <u>Paragraph</u> | <u>Element</u> | <u>Basis</u> |
|------------------|--|---|
| 32 - 34 | <ul style="list-style-type: none">• Policy subject to regular review | <ul style="list-style-type: none">• <i>Principles</i>• <i>Alignment with standard practice</i> |

ELEMENTS OF PROPOSAL

Appendix I: Scorecard

- Structural changes compared to scorecard from pilot programme:
 - By making the concept note voluntary (to ensure consistency with the regular GCF project and programme activity cycle), the first stage section of the scorecard has been removed
 - Appendix II on compliance with relevant GCF policies and procedures was added from B.37 proposal
 - To avoid duplication and confusion, section 5 of the stage 2 scorecard was removed
 - Assessment against GCF investment criteria for assessing programme/project proposals (in the pilot programme this was section 4 of the second stage scorecard) included in section III and removed from scorecard

ELEMENTS OF PROPOSAL

Appendix I: Scorecard

- Structural changes compared to scorecard from pilot programme:

| Section in this appendix | Corresponding section of the scorecard from the pilot programme TORs | How it is applied |
|--------------------------------|--|---|
| Section 1: carbon elements | Section 2 of the second stage scorecard | Scoring is applied to calculate the GCF volume of ERs; see step 3 in paragraph 20 above |
| Section 2: non-carbon elements | Section 3 in the second stage scorecard | Applied to determine if the use of proceeds is designed to deliver non-carbon benefits beyond the Cancún Safeguards; see step 5 in paragraph 20 above |

ELEMENTS OF PROPOSAL

Appendix I: Scorecard

- Process after pilot programme led to significant comments on scorecard
- In the process that resulted in the B.37 proposal, the scorecard was reviewed in detail and significant changes were made in terms of the elements, scoring and guidance
- Scorecard in the proposal corresponds to the sections 2 and 3 of the second stage scorecard of the B.37 proposal with the exceptions of elements 1a (xii) and 1b (vi)
 - In the B.37 proposal, these element had different requirements reflecting the tranche structure that was part of the proposal. In this draft, the tranches have been removed and the scores used in the draft are those originally proposed for tranche 2 of the B.37 proposal

ELEMENTS OF PROPOSAL

Appendix II: Compliance with relevant GCF policies and procedures

- Compliance with relevant GCF policies and procedures was requirement in pilot programme (section 3.9 of the pilot programme TORs)
- Text was updated for B.37 proposal to reflect changes in relevant GCF policies
 - Update included creation of a separate appendix which is maintained in this proposal
 - Appendix II in this proposal corresponds to Appendix III in the B.37 proposal

NEXT STEPS AND PREPARATION FOR THE WORKSHOP

PREPARATION FOR WORKSHOP

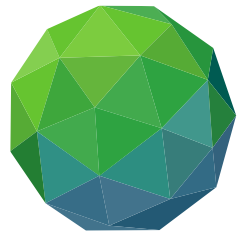
- Please carefully review the annotated proposal shared by the Secretariat and the principles approved by the GCF Board
- Consider positions on the following topics:
 - Results period (part of Board decision)
 - Price (part of Board decision)
 - Country cap (paragraph 8 of proposal)
 - Scorecard elements 1a (xii) and 1b (vi)
- Consider if there are other elements of the proposal that you think should be discussed

PREPARATION FOR WORKSHOP (CONT.)

- Please determine your positions in close consultation with the Board Member who nominated you
 - It should be ensured that the outcome of this workshop has the support of the Board Members
- If you are nominated by a Board seat that represents multiple countries, please make sure to consult all the interested countries represented by your Board Seat

ANTICIPATED STEPS AFTER THE WORKSHOP

| Date | Steps | Details |
|------------------------|--|--|
| 9 September | Co-Chairs technical meeting with Board members | Online meeting aimed at providing Co-Chairs with feedback on the outcome of the workshop |
| 9-18 September | Written Board consultations | Based on outcome of technical workshop, a draft mainstreaming policy, including scorecard, will be circulated to Board Members (BMs) |
| 19-29 September | Secretariat to incorporate BMs comments followed by internal clearance | |
| 30 September | Publication date | Publication of mainstreaming policy proposal including scorecard for consideration at B.40 |
| 21-24 October | 40 th Board meeting | Consideration of the mainstreaming proposal |



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action.**

APPROVED PRINCIPLES

- **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
- **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

APPROVED PRINCIPLES (CONT.)

- **Price per tonne of carbon dioxide equivalent** (t CO₂eq). 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
- **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;
- **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
- **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

APPROVED PRINCIPLES (CONT.)

- **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
- **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
- **Alignment with GCF policies and Cancun Safeguards.** All relevant GCF policies and the Cancun Safeguards will apply to REDD+ RBP proposals in a fit-for-purpose manner

APPROVED PRINCIPLES (CONT.)

- **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 Hub 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

APPROVED PRINCIPLES (CONT.)

- **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
- **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, leakage and non-permanence; (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

APPROVED PRINCIPLES (CONT.)

- **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
- **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.