



**NEEDS-BASED FINANCING FOR ALTERNATIVE APPROACHES:
JOINT MITIGATION AND ADAPTATION FOR THE INTEGRAL AND SUSTAINABLE
MANAGEMENT OF FORESTS (JMA)**

**Submission by the Plurinational State of Bolivia
January, 2015**

1. Relevant decisions about JMA at the UNFCCC

Bolivia has proposed to the COP 17 of the United Nations Framework Convention on Climate Change (UNFCCC), which was held in Durban-South Africa, the importance of advancing joint mitigation and adaptation for the integral and sustainable management of forests. This Bolivian proposal submitted to the working group of policy approaches and policy incentives for reducing deforestation and forest degradation and sustainable forest management was incorporated in paragraph 67 of the COP17 decision as the joint mitigation and adaptation approaches for the integral and sustainable management of forests.

“67. Notes that non-market-based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests as a non-market alternative that supports and strengthens governance, the application of safeguards as referred to in decision 1/CP.16, appendix I, paragraph 2(c–e), and the multiple functions of forests, could be developed”; (COP 17. 2/CP.17).

During the COP18 that was held in Doha, Bolivia proposed to consider the methodological development of joint mitigation and adaptation approaches for the integral and sustainable management of forests as part of the work of the Subsidiary Body for Scientific and Technological Advice (SBSTA). Bolivia presented as a substantive part of this discussion the proposal of the Joint Mitigation and Adaptation for the Integral and Sustainable Management of Forests (hereinafter called as JMA).

“39. Requests the Subsidiary Body for Scientific and Technological Advice, at its thirty eighth session, to consider how non-market-based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, as referred to in decision 2/CP.17, paragraph 67, could be developed to support the implementation of the activities referred to in decision 1/CP.16, paragraph 70, and to report on this matter to the Conference of the Parties at its nineteenth session”; (1/CP/18).

The SBSTA 38 considered the COP18 decision about joint approaches taking into account that are important to advance the actions to reduce deforestation and forest degradation as part of non-market-based approaches. In this sense a work plan was delineated including the development of an expert group to address this issue and to continue its consideration at SBSTA 40 (June 2014) and SBSTA 41 (December 2014) was delineated.

“38. The SBSTA noted that non-market-based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, as referred to in decision 2/CP.17, paragraph 67, are important to support the implementation of the activities referred to in decision 1/CP.16, paragraph 70.

39. The SBSTA further noted the need for clarity on types of non-market-based approaches related to the implementation of the activities referred to in decision 1/CP.16, paragraph 70, and whether further methodological work could be needed. It took note of the relationship between this issue and the provision of adequate and predictable support, including financial resources.

40. The SBSTA invited Parties and admitted observer organizations to submit to the secretariat, by 26 March 2014, their views on methodological guidance for non-market-based approaches. It requested the secretariat to compile the submissions into a miscellaneous document for consideration at SBSTA 40.

41. The SBSTA requested the secretariat to organize an in-session expert meeting at SBSTA 40 on the matters referred to in paragraphs 38 and 39 above, and to prepare a report on the meeting for consideration at SBSTA 41.

42. The SBSTA decided to continue its consideration of the development of methodological guidance on non-market-based approaches at SBSTA 40” (SBSTA 38, June 2013).

The COP19 held in Warsaw, Poland has recognized both approaches. The approaches that are results-based based payments (such as those of REDD +) and "alternative approaches" that are non-result-based payments such as joint mitigation and adaptation approaches for the integral and sustainable management of forests. This is visible in the decision on the financial aspects which recognizes the need to finance a variety of public and private, bilateral and multilateral resources for "alternative approaches" such as those focus on mitigation and adaptation for the integral and sustainable management of forest.

“8. Encourages entities financing the activities referred to in decision 1/CP.16, paragraph 70, through the wide variety of sources referred to in decision 2/CP.17, paragraph 65, to continue to provide financial resources to alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests”; (9.CP/19).

Regarding institutional aspects, in the context of the establishment of national institutions recognized by the Convention to act as focal point of countries in the working group on reducing deforestation and forest degradation, it was decided to set out specific national entities national including those related to joint mitigation and adaptation approaches.

“1. Invites interested Parties to designate, in accordance with national circumstances and the principles of sovereignty, a national entity or focal point to serve as a liaison with the secretariat and the relevant bodies under the Convention, as appropriate, on the coordination of support for the full implementation of activities and elements referred to in decision 1/CP.16, paragraphs 70, 71 and 73, including different policy approaches, such as joint mitigation and adaptation, and to inform the secretariat accordingly”; (10.CP/19).

As part of the international functions of national institutions it has been incorporated the exchange of information regarding the development of joint mitigation and adaptation approaches for the integral and sustainable management of forests.

“3. Recognizes that in order to address issues related to the coordination of support for the implementation of the activities and elements referred to in decision 1/CP.16, paragraphs 70, 71 and 73, needs and functions were identified:

... (g) Exchange information on the development of different approaches, including joint mitigation and adaptation approaches for the integral and sustainable management of forests”; (10.CP/19).

Also, it has been asked to the "Standing Committee on Finance" of the Convention incorporates in its work to consider actions to finance not only results-based payments but also financing for forests based on alternative approaches, such as joint mitigation and adaptation approaches.

“20. Also requests the Standing Committee on Finance, noting the urgencies of these issues, and the request to the Standing Committee on Finance to consider, in its work on coherence and coordination, inter alia, the issue of financing for forests, taking into account different policy approaches, to focus its soonest possible forum on issues related to finance for forests, including the implementation of the activities referred to in decision 1/CP.16, paragraph 70, inter alia:

(a) Ways and means to transfer payments for results-based actions as referred to in decision 1/CP.18, paragraph 29;

(b) The provision of financial resources for alternative approaches” (9.CP/19).

2. Two ways for financing forests in the context of climate change

All Parties' efforts cannot only be oriented to move one single approach in the context of the discussion of policy approaches for reduction of emission from deforestation and forest degradation. Considering that forests have a dual role in both mitigation and adaptation, it is necessary than forest adaptation jointly with mitigation will also be supported with concrete and practical means for its implementation. The JMA offers an additional alternative to REDD+ results-based payments, and in order for developing countries having access to additional means of implementation and provision of finance for addressing forest adaptation and mitigation simultaneously through the integral and sustainable management of forests.

As a result of the COP19 negotiations (paragraph 20, decision 9/CP.19), parties have concluded that there are two ways for financing forests actions in the context of climate change.

- 1) The transfer of payments for results-based approaches (REDD+);
- 2) Provision of financial resources for alternative approaches to results-based finance such as joint mitigation and adaptation approaches for the integral and sustainable management of forests (JMA)

The Warsaw Framework has concluded a methodology for REDD+ to be financed through a variety of funding sources which is for ex post results-based payments. While it is true that the Warsaw Framework includes methodological guidance that can be used for non-market-based approaches, the methodology has a carbon-centric approach for results-based payments for mitigation actions with results defined as emission reduction units quantified against a baseline.

Consequently, the REDD+ results-based payments methodology cannot handle the support to sustainable management of forests in a holistic and integrated perspective, including adaptation and the conditions for promoting forest adaptation. The JMA can overcome this problem through a needs-based and ex-ante finance for sustainable management of forests with joint mitigation and adaptation outcomes. In this view, long-term mitigation can only be achieved through the holistic and sustainable management of forests that includes mitigation and adaptation.

This has already been agreed in Doha (COP18) and Warsaw (COP19) decisions, in the sense that alternative policy approaches to REDD+ results-based payments are needed to improve actions of developing countries to the reduction of emissions from deforestation and forest degradation, such as joint mitigation and adaptation approaches (JMA) for the integral and sustainable management of forests, in the context of non-market-based approaches. This implies developing a simpler initiative to results-based payments, which is simply to promote mitigation and adaptation in the course of the support to the sustainable management of forests. Therefore, finance is needed for support people's actions in the sustainable management of forests, measuring mitigation and adaptation outcomes to climate change. This clearly ensures the sustainability of forests' mitigation and adaptation to climate change.

Because the JMA (and other alternative policy approaches) are alternative approaches to REDD+ results-based payments, they need of further guidance in the context of the provision of finance and the need for the development of a Logical Model for financing JMA approaches.

Table 1. Distinctive characteristics of REDD+ and the Joint Mitigation and Adaptation approach for the integral and sustainable management of forests (JMA)

REDD+	JMA
<p>Focused on forest mitigation encompassing non-carbon benefits Focus on forest mitigation while bringing non-carbon benefits as additional. Mitigation actions could ensure sustainable management of forest.</p>	<p>Focused on the sustainable management of forests resulting from long-term mitigation and adaptation Considers that holistic and sustainable management of forests can bring sustained and long-term impacts on mitigation and adaptation.</p>
<p>Carbon-centered (mitigation-centric) Only focused on mitigation to climate change (measurement of tons of carbon)</p>	<p>Holistic approach (mitigation and adaptation) Focused on joint mitigation and adaptation through the integral and sustainable management of forests and recognizes the multiple functions of forests (economic, social, cultural and climate change)</p>
<p>Ex post results-based payments (payment for ecosystem services) Payments according to performance benchmarks regarding forest reference levels. Measurement, reporting and verification (MRV) of Tons of Carbon.</p>	<p>Needs-based financing (mainly through ex ante finance) Long-term public finance according to joint mitigation and adaptation needs.</p> <ul style="list-style-type: none"> • Use of proxies for monitoring mitigation. • Use of standards for evaluating adaptation.

The first option: REDD+ implementation through a phased approach

It is one of the options for financing verified tCO₂e through REDD+ results-based payments. Is a carbon-centric approach through results-based payments and by monitoring performance benchmarks based on forest reference levels. REDD+ results-based payment approach has important limitations and drawbacks in the context of the implementation of the Convention, as follows:

1. Forests have a dual role in both mitigation and adaptation, and even though there is not clear the understanding yet about the linkages among these aspects, it is important that in order to be more effective both actions (mitigation and adaptation) need to be reinforced simultaneously.
2. The concept of REDD+ “results-based payments” (which meant also for Payment for Ecosystem Services) moves beyond the spirit of the Convention about financing, which clearly states that developed parties have commitments for the provision of finance to developing country parties for the achievement of their mitigation actions under the Convention. Results-based payments cannot be considered as part of the UNFCCC commitments for finance by developed countries to developing countries.
3. The REDD+ results-based payment is based on a mitigation-centric approach, although forests are also strongly related to adaptation to climate change. Therefore, sticking to only a mitigation approach regarding forests undermines seriously the agenda of developing countries that give more importance to adaptation in the context of the UNFCCC. An approach linked to forest adaptation cannot be embedded in the idea of ex post payments because adaptation requires ex ante financial contributions. Countries cannot receive funding after being adapted to climate change but in order to facilitate adaptation to climate change.
4. Since REDD+ has been structured as an instrument for receiving payments for tons of carbon absorbed by forests, this approach paves the way for moving in the future market-based schemes, promoting the commodification of the environmental functions of Mother Earth.
5. The REDD+ approach incentivizes parties' efforts for lowering deforestation and forest degradation with results-based payments and puts all the burden of forest adaptation in the countries; and even worse in the peoples living in the forests. Also, the REDD+ results-based-payments only favors countries having larger areas of forests, while does not favor countries having smaller forests areas and mostly degraded areas.

The second option: Joint Mitigation and Adaptation Approaches for the Integral and Sustainable Management of Forests

The implementation of the JMA implies a more dynamic and holistic perspectives, in the context of non-market-based approaches, for the strengthening of the sustainable management of forests and for achieving in a comprehensive way mitigation and adaptation to climate change. This approach moves forward the integration of mitigation and adaptation in the course of the sustainable management of forests and ecosystems. It implies at the local level that people living in the forests will get finance for strengthening sustainable management of forests whilst joint mitigation and adaptation impacts to climate change are monitored and evaluated. As a result, the Joint Mitigation and Adaptation is a simpler and comprehensive way for achieving long-term reduction of deforestation and forest degradation in developing countries in the course of the sustainable management or sustainable management of forests.

The JMA will foster achieving sustainable development pathways with lower carbon emissions in the forestry sector and ecosystems; which means that joint mitigation and adaptation outcomes to climate change are reached as a result of the support and strengthening of the sustainable management of the forests, and therefore mitigation and adaptation cannot be considered as ends by themselves but means for sustainable development.

For more information about the JMA see the annexed document titled: *The Joint Mitigation and Adaptation for the Integral and Sustainable Management of Forests. Government of Bolivia, 2014.*

3. Rationale for financing the JMA approach

The rationale for implementation and financing of JMA takes into consideration three steps, which are explained below:

- a) **Preparation of national proposals for the implementation of JMA including joint mitigation and adaptation.** This includes the evaluation of the potential role of forests for mitigation and the assessment of vulnerability to climate change at the forest sector level and territorial level. Also, it includes the identification of financial needs to address adaptation options in the context of JMA. It is recommended to use the guidelines of the National Adaptation Planes (NAPs) in this process.
- b) **Provision of needs-based finance for sustainable management of forests with impacts on mitigation and adaptation.** Through the development of an agreement between the UNFCCC, through the Green Climate Fund, and the national entity in charge of the operationalization of the JMA regarding the integrated basket of outcomes to be achieved in both mitigation and adaptation (including the whole activities of paragraph 70 of decision 1/CP.16) and the commitments (provision of finance, transference of technology and capacity building) from the international level to the national entity responsible of the implementation of the JMA. The financing, mostly ex ante finance, must support the development of multiple activities related to the sustainable management of forests, including forest governance, territorial planning, and integral projects for the management of forests including sanction and control actions. Financial resources will be disbursed at the national level for distribution to national and subnational initiatives according to countries' national circumstances and priorities and respecting fully the sovereignty of developing countries.
- d) **Integrated basket of joint mitigation and adaptation outcomes.** The financing for sustainable forest management result in the achievement of joint mitigation and adaptation measurable outcomes subject to monitoring, which are part of the integrated basket of outcomes of the JMA. The monitoring of mitigation is undertaken considering proxies for assessing tons of carbon absorbed or emitted by forests (e.g. land use change, forest fires, areas under protection, forest management areas), and the monitoring of adaptation is developed using a general criteria of reduction of vulnerability.

This way for financing can support current experiences of strengthening sustainable forest management such as the initiative developed by the Government of Bolivia and other countries through the last decades focused on enhancing sustainable management of forests. For more information see the annexed document titled: *Joint Mitigation and Adaptation Mechanism for the Integral and Sustainable Management of Forests and Mother Earth, Implementation Progress in the Plurinational State of Bolivia. Government of Bolivia, 2014.*

4. The Logic Model for financing JMA approaches

There is an important consideration in the context of the document “Business Model Framework: Initial Result Areas and Performance Indicators” approved by the Standing Committee on Finance in 2013 (GCF/B.05/02, September 20 of 2013) about how to consider REDD+ and sustainable forest management financing. In this document there are two initial results areas (IRs) regarding the financing for forests, as follows:

“IR7. REDD+ implementation (time frame: near-term). There is an agreed phased approach to REDD+ within the UNFCCC. This is already supported by funding programmes of bilateral and multilateral agencies, and this result area would follow a similar approach. Activities would include development of national strategies or action plans, policies, and capacity building; results based action plans and demonstration projects, monitoring and verification, Payment for Ecosystem Services (PES), carbon offsets, and research and development (R&D).

IR8. Sustainable forest management to support mitigation and adaptation. This is a non-market alternative that aims at promoting co-benefits to reduce deforestation and facilitate the transition to better land use through the development of a more sustainable production system (linking agriculture and forestry)” (Annex V, page 13. GCF/B.05/02).

This reflects the distinction presented in Table 1 above understanding that the REDD+ is a phased approach as agreed in decision 1/COP.16 (phase 1: readiness; phase 2: demonstration projects; and phase 3: implementation) moving towards results-based payments, which means that three phases are a progressive sequence for implementation of the results-based payments.

In this context, there is also the need to provide financing for the initial result 8 about sustainable forest management for supporting mitigation and adaptation actions, independently and outside of the IR7, which is the support to sustainable forest management to support mitigation and adaptation.

However, there is still an important contradiction in the mentioned document of the SCF (GCF/B.05/02) because in the Annex VI: Rationale drivers for the recommended initial mitigation result areas, all the references to the IR8 are linked to the IR7, although they respond to different rationales as depicted in Table 1. Therefore, the SCF needs to correct the differentiated approximation to REDD+ and JMA as follows.

Table 2. SCF Rationale for financing initial result areas for forests and distinction between results-based payments and alternative approaches

Initial result area	Current options	Modality	Activities for financing
IR7. Supporting implementation of the phased approach to REDD+	REDD+	Results-based payments	<ul style="list-style-type: none"> • Afforestation; reforestation; forest management; reduced deforestation; • Harvested wood product management; • Use of forestry products for bioenergy to replace fossil fuel use.
IR8. Joint mitigation and adaptation approaches for the integral and sustainable management of forests	Alternative approaches to REDD+ such as JMA	Needs-based finance	<ul style="list-style-type: none"> • Forest governance and institutional strengthening; and territorial planning and monitoring. • Holistic and integrated management of socioecological systems. • Integrated risks-resilience systems. • Sustainable management of forests. • Poverty eradication and reduction

			of gender and peoples' inequalities
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Source: Elaboration based on GCF/B.05/02

Therefore, there is the need to different the initial logic model for REDD+ regarding results-based payments from the logic model for the JMA as alternative to results-based payments. The following rationale is presented for the second option.

Table 3. Initial Logic Model for the JMA

Elements of the Fund's initial mitigation logic model	Paradigm shift. Shift to low-emission sustainable development pathways and poverty eradication in a holistic, integrated and comprehensive manner.		
	Elements of the Fund's initial JMA logic model impacts: Through the enhancement and strengthening of the sustainable management of forests that result in joint outcomes on reduced emissions from an unplanned use of forests and on increased adaptation of forests and peoples' living or benefiting from forests products and ecosystems functions.		
	Needs-based finance for verified mitigation(tCO2e) and adaptation outcomes		
Elements defined for JMA	Outcomes and outputs	A. Mitigation	B. Adaptation
	Programme outcomes (national or subnational)	Reduced emissions (tco2eq) through the sustainable management of forests.	a) Reduction of peoples and forests vulnerabilities to climate change. b) Enhancing resilience of socio-ecological systems.
	Programme outputs(national or subnational)	<ol style="list-style-type: none"> 1. Forest governance and institutional strengthening; and territorial planning and monitoring. 2. Holistic and integrated management of socioecological systems. 3. Integrated risks-resilience systems. 4. Sustainable management of forests. 5. Poverty eradication and reduction of gender and peoples' inequalities 	