

Submission by Mexico and Colombia

November 2011

Items relating to Decision 1/CP.16, paragraph 77 (FCCC/AWGLCA/2010/L.7) for exploring financing options for the full implementation of REDD+ results-based actions, according to section III.C (Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries).

DRAFT DECISION ON REDD+ FINANCE

The Conference of the Parties,

Recalling that Decision 1/CP.16 recognizes the crucial role of REDD+ to mitigate climate change,

Reaffirming that, in the context of the provision of adequate and predictable support to developing country Parties, Parties should collectively aim to slow, halt and reverse forest cover and carbon loss, according to national circumstances, consistent with the ultimate objective of the Convention as stated in Article 2,

Reaffirming also that scaled-up, new and additional, predictable and adequate funding shall be provided to developing country Parties and that the funding may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources,

Recalling that funding to developing countries Parties is essential for effective implementation of the activities referred to in paragraph 70 of decision 1/CP.16;

Reaffirming that bilateral and multilateral sources of finance should be used to support activities described in paragraph 76 of decision 1/CP.16;

Welcoming the report of the Transitional Committee of the Green Climate Fund and its governing instrument;

Acknowledging that more clarity on the estimated need for REDD+ finance should be developed based on actual bottom-up estimates of country needs;

Reiterating paragraphs 76, 77, 78, and 80 to 87 of decision 1/CP.16,

1. *Reaffirms* that results-based actions represent the full-implementation phase for REDD+ when a developing country party has completed all the elements set forth in paragraph 71 of decision 1/CP.16;
2. *Urges* that financial resources to support results-based actions come from a flexible combination of public and private sources, considering market based sources as they evolve, but

also scaled up bilateral and multilateral sources, without prejudice to the ongoing development of the Green Climate Fund.

3. *Reiterates* paragraph 76 of decision 1/CP.16 urging Parties, in particular developed country Parties, to support, through multilateral and bilateral channels, financial resources and results-based demonstration activities for REDD+;
4. *Recommends* that financial support for results based actions should:
 - a. Support reductions that have a high level of certainty and climate integrity;
 - b. Ensure adequate incentives for countries with significant carbon stocks but lower deforestation rates in order to deviate from future deforestation and emission pathways, while ensuring the integrity of the climate system;
 - c. Be directed to national governments, national trust funds or to regional or sub-national governments or trust funds (when considered as part of national arrangements) ensuring benefit-sharing provisions for local and indigenous stakeholders ;
 - d. Be quantified against a national forest reference emissions level/forest reference level or a sub-national reference emissions level/forest reference level that is monitored in a national monitoring system; and
 - e. Be fully monitored and reported, through national systems and considering displacement of emissions;
5. *Further* agrees that the incorporation of REDD+ credits into market-based mechanisms will be designed consistent with paragraph 4 above and in a manner that:
 - a. Ensures voluntary participation of Parties and stakeholders;
 - b. Promotes greater overall level and cost-effectiveness of mitigation actions by providing incentives to developing countries in achieving the full implementation phase for REDD+;
 - c. Ensures good governance including through avoiding double-counting of emissions reductions by both developed and developing country Parties;
 - d. Preserves environmental and market integrity;
6. Requests the Subsidiary Body for Scientific and Technological Advice to develop a work programme on matters referred to in annex I to this decision;
7. Requests the Secretariat to elaborate a technical paper to assess and quantify the approximate aggregate global need for finance to support all phases of REDD+ activities described in paragraph 73 of decision 1/CP.16, including assumptions, an agreed common methodology to estimate country needs and options to effectively mobilize both public and private sector investments, and report on progress made including recommended decisions to the Conference of the Parties at its 18th session.

Appendix I

In the development of its work programme, the SBSTA is requested to:

- a) Identify modalities for designing payment schemes for results-based actions that satisfy the criteria in this decision and paragraphs 68-79 of decision 1/CP.16, and
 - i. identify specific types of activities that will require financial support,
 - ii. develop recommendations for the source of financial support (bilateral, multilateral, market-based mechanisms or other private sector investment) that would be appropriate for different types of activities,
 - iii. describe options for effectively integrating public finance (bilateral and multilateral) and private sector finance (including market-based mechanisms and other private sources) into REDD+ program implementation,
 - iv. promote equitable access by ensuring that lower cost actions are prioritized for financing sources other than compliance market-based mechanisms;
- b) Develop recommendations for promoting more efficient and effective access to bilateral and multilateral REDD+ finance for all phases of REDD+ implementation and to market-based finance for results-based actions in a manner that:
 - i. Promotes direct access for developing country Parties;
 - ii. Ensures benefits to forest stakeholders and forest-dependent communities.