

INDIA

Submission on possible outcome in Durban in respect of the financial mechanism of REDD-plus to Antonio La Vina (Tony), Facilitator, Informal Group on REDD-plus of LCA

Following submission is made for possible outcome on REDD-plus financial mechanism at Durban:

i) Diversity of sources for REDD+ financing

We expect that Durban will concretize explicit and distinct financial provisions for supporting implementation of all five activities contained in paragraph 70 of Cancun LCA Agreements (Decision 1/CP.16), preferably indicating the proportionate distribution of resources between 'REDD' {(a) and (b) of paragraph 70} and 'plus' {(c) to (e) of paragraph 70} activities. Requirement for undertaking Phase III results-based actions should be carefully flagged as the amounts required would be sizable compared to those for Phase I and Phase II actions.

Therefore, seeing the size of finances required, it would be advisable to spell out a mix of market and non-market based approaches in Durban outcome. We also emphasize that the process leading to financing decision on REDD-plus in LCA should proceed separately and independently, and should not be linked with the SBSTA debate on REDD-plus methodological issues. Both the processes under LCA and SBSTA should continue separately and in parallel without impeding the progress of each other.

We also reiterate India's position of favouring a flexible combination of market based and non-market based approaches. Separate financial approaches need to be adopted for providing positive incentives for the two types of carbon stocks under REDD-plus regime as under:

(a) Change in forest carbon stocks due to

- (i) Incremental carbon stocks
- (ii) Reduced deforestation

(b) Baseline forest carbon stocks

The financial mechanism for providing positive incentives for (a) change in forest carbon stocks, and (b) baseline stocks is proposed as under:

- (i) A market based approach for fluxes with respect to a reference level for actions mentioned in paragraph 70 (a) Reducing emissions from deforestation; (b) Reducing emissions from forest degradation; (c) Conservation of forest carbon stocks¹; (d) Sustainable management of forest¹; and (e) Enhancement of forest carbon stocks; of the AWG-LCA Cancun Agreements (Decision 1/CP.16).

¹ When the activity results in increase of forest carbon stocks

(ii) A non-market based approach for stocks with reference to actions mentioned in paragraph 70 (c) Conservation of forest carbon stocks²; (d) Sustainable management of forest²; of the AWG-LCA Cancun Agreements (Decision 1/CP.16).

ii) Possibility of expanding REDD+ scope to include other ecosystem services

India has reiterated its policy of according equal importance to all forest ecosystem services, with carbon through REDD-plus being one of the basket of these services. However, linking incentivization of other services under the REDD-plus mechanism would lead to complications specifically on determination of the quantum of incentive to be put on each of the other ecosystem services. Such a step will prolong the already delayed process of finalizing financial options for REDD-plus Phase III actions. Better option would be to strengthen the safeguards in the REDD-plus outcome to ensure that the flow of, and benefit from other important forest ecosystem services to the Indigenous Peoples (IPs) and Local Communities (LCs) are not compromised.

iii) REDD+ 'window' in Green Climate Fund

India strongly supports the continuation of the focused discussions and negotiations on finance for REDD-plus activities in the REDD+ Informal Group only. However, it also supports as a long term option, a REDD-plus 'window' in General Finance decision of LCA with earmarked financial provisions for REDD-plus actions.

² When the activity results in maintaining the present level of forest carbon stocks, i.e., when there is no increment or decrease in forest carbon stocks