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
Submission by Brazil
25/04/2013

The Government of Brazil, in response to the invitation to Parties contained in decision 1/CP.18, welcomes the opportunity to provide its views on the matters referred to in paragraphs 34 and 35 of FCCC/CP/2012/L.14/Rev.1.

Paragraphs 34 and 35 of Decision 1/CP.18 have three elements, namely:

i- coordination of support for the implementation of the activities referred to in decision 1/CP.16, paragraph 70;

ii- provision of adequate and predictable support, including financial resources and technical and technological support, to developing country Parties for implementation of those activities;

iii- consideration of existing institutional arrangements or potential governance alternatives for the above items.

It is worth noting that elements i- and ii- largely overlap with matters addressed on the work programme under the COP referred to in paragraphs 25-33 of decision 1/CP.18, respectively, “Ways to improve the coordination of results-based finance” and “Ways and means to transfer payments for results-based actions”. It is the view of Brazil that the joint process under SBI/SBSTA should work closely with the work programme under the COP, with a view to avoid duplication of efforts and use the time available for negotiations more effectively.

Views on the elements of these programs are provided below.

**PROVISION OF ADEQUATE AND PREDICTABLE SUPPORT, INCLUDING FINANCIAL RESOURCES AND TECHNICAL AND TECHNOLOGICAL SUPPORT, TO DEVELOPING COUNTRY PARTIES FOR IMPLEMENTATION OF THOSE ACTIVITIES / WAYS AND MEANS TO TRANSFER PAYMENTS FOR RESULTS-BASED ACTIONS**

The Government of Brazil reinforces the need for scaling up new, additional and predictable results-based finance from developed countries for the implementation of REDD+ activities in developing countries

Various ways and means of support have been sought by developing countries with regard to the development of the activities and elements listed in paragraphs 70-73 of decision 1/CP.16. A transition from such collection of interim arrangements to a permanent and more coordinated architecture for results-based payments should be the priority of REDD+ discussions under the UNFCCC.

Such architecture for REDD+ must provide adequate and predictable support from developed countries to developing countries, as well as be simple and effective, without incurring in unnecessary transaction costs. It is the view of Brazil, therefore, that in the
international level results-based payments can best occur using a national jurisdiction scale as reference (on an interim basis, subnational references could also be adopted). This would ensure transparency and accountability, as well as avoid double counting of results.

As the main global fund for climate change finance, the Green Climate Fund has a central role in such architecture. Its governing instrument recognizes REDD+ among the mitigation activities to be financed by the GCF. COP-19 offers a clear opportunity to provide guidance to GCF on financing REDD+. In the view of Brazil, GCF could enable and support enhanced action on REDD+ through ex ante financing and ex post payments, in the following ways or modalities:

a) Ex ante financing to developing countries for the development and implementation of the elements described in paragraph 71 and the activities listed in paragraph 70 of decision 1/CP.16;

b) Ex ante financing to other actors for the implementation in developing countries of projects that contribute to the activities listed in paragraph 70 of decision 1/CP.16, subject to a no-objection procedure by national designated authorities of developing countries;

c) Ex post payments of grants to developing countries to be disbursed according to mitigation results, based on national forest monitoring systems, reference emission levels and/or forest reference levels, consistent with National Communications and Biennial Update Reports.

Modalities a) e b) correspond to ex ante financing of readiness phases, to which one cannot directly attribute a result expressed in tonnes of carbon dioxide equivalent per year. The main difference between these two modalities would be the proponent – while modality a) is reserved for national governments of developing countries, modality b) would allow for financing of projects developed by other actors, such as regional organizations, private actors and non-governmental organizations.

The ex post payment of grants under modality c) would have two functions: reward developing countries for the results achieved, as well as help ensure the permanence of such results.

Applications for grants under modality c) would be made by developing countries based on their results, consisting of the reduction of emissions from deforestation and/or from forest degradation, or the increase in forest carbon stocks, relative to a national reference level or reference emission level established following all relevant UNFCCC decisions. As agreed in Decision 12/CP.17, forest reference emission levels and/or forest reference levels expressed in tonnes of carbon dioxide equivalent per year are benchmarks for assessing each country’s performance in implementing the activities referred to in decision 1/CP.16, paragraph 70.

In order to stimulate consistent and durable REDD+ results, resources from modality c) could be reinvested in REDD+ activities and/or distributed within developing countries’ subnational and/or project scales, according to their national circumstances and legislation. Benefit sharing arrangements are to be determined independently by developing countries that receive results-based payments for REDD+, as means to recognize the role of different sectors in achieving results at national level.
It is worth noting that modality c) refers to the equitable distribution of available resources under this modality, on a periodic basis. The distribution of the grants among developing countries would take as reference the total results presented by applicants over a period of time, rather than a fixed monetary value per ton of carbon dioxide equivalent per year.

When disbursing resources under the above suggested modalities, GCF should take into account the relevant COP decisions, as well as National Communications, Biennial Update Reports and International Consultation and Analysis.

In accordance with Section D of the Governing instrument for the GCF, developing countries could access REDD+ resources either directly or through international entities accredited to receive funding under the GCF. Developing countries may also designate a national authority to recommend proposals to the GCF and be consulted on other proposals. Accordingly, with reference to REDD+, such national authority would be responsible for presenting proposals under modality a); applying for grants under modality c); as well as for the non-objection procedure referred to in modality b). Such national authority should work in close coordination with the national authorities responsible for implementing and/or coordinating REDD+ activities (it may be the same authority, if appropriate).

The ways and means for results-based payments outlined above neither preclude the continuation of current REDD+ financing initiatives, nor exclude further financing through the GEF or bilateral arrangements – these would still have an important role in financing REDD+ activities.

Likewise, it does not exclude the possibility of developing appropriate market based approaches, as per paragraph 66 of decision 2/CP.17. It is the view of Brazil, however, that these discussions are not yet mature for a decision and that there is a need to broaden the debate in order to have a common understanding on the elements of paragraph 66 of decision 2/CP.17. These discussions are not a pre-requisite for the development of guidance to the GCF on REDD+.

COORDINATION OF SUPPORT FOR THE IMPLEMENTATION OF THE ACTIVITIES REFERRED TO IN DECISION 1/CP.16, PARAGRAPH 70 / WAYS TO IMPROVE THE COORDINATION OF RESULTS-BASED FINANCE

As already stated in the previous submission on “modalities and procedures for results-based finance for REDD+”, the Government of Brazil believes that a significant share of new multilateral funding for REDD+ should flow through the operating entities of the financial mechanism under the Convention, in particular the Green Climate Fund (GCF). Guidance for the support and results-based financing performed through the GCF is a prerogative of the Conference of the Parties, which corresponds to coordination at the highest level.

Current REDD+ financing initiatives as well as further financing through the GEF or bilateral arrangements still have an important role in financing REDD+ activities.
These supporting initiatives shall ultimately work closely together at the national levels, where the biggest coordination potential lies. Developing countries aiming to undertake activities referred to in paragraph 70 of decision 1/CP.16 could consider the creation of designated national authorities as focal points for interacting with the operating entities from the financial mechanism of the UNFCCC, as well as other relevant institutions regarding REDD+. As mentioned above, the authorities responsible for implementing and/or coordinating REDD+ activities should work closely with the national designated authority referred to in paragraph 46 of the GCF governing instrument (it may be the same authority, if appropriate).

CONSIDERATION OF EXISTING INSTITUTIONAL ARRANGEMENTS OR POTENTIAL GOVERNANCE ALTERNATIVES

The consideration of existing institutional arrangements or potential governance alternatives to REDD+ intrinsically depends on the negotiations related to transfer of payments for results-based action and to coordination of results-based finance. The possible creation of an institutional arrangement for REDD+ under the COP should be based on the identification of a clear and legitimate role, without establishing a different treatment under the Convention in relation to other mitigation options.

Without prejudice for the above paragraph, the development and financing of REDD+ activities could benefit from a formal locus under the UNFCCC for discussion between designated national authorities responsible for REDD+ activities and donor-countries, as well as other stakeholders, with a view to share information and experiences and to foster collaboration.