

**Standing Committee on Finance**  
**COP draft guidance for the operating entities of the**  
**financial mechanism of the Convention**  
**Submission by Brazil**

The Government of Brazil welcomes the opportunity to provide its views on the provision of draft guidance to the operating entities of the financial mechanism, as per decision 2/CP.17, paragraph 121(c), for recommendation to COP 19.

This submission refers to the guidance to entities of the financial mechanism regarding the activities and elements referred to in paragraphs 70 and 71 of decision 1/CP.16 (REDD+)<sup>1</sup>, including results-based payments. This submission is focused on guidance to the Green Climate Fund, but it does not preclude the Global Environment Facility (GEF).

This submission should be considered in conjunction with the submission by Brazil on paragraphs 34 and 35 of decision 1/CP.18 (FCCC/SB/2013/MISC.3/Add.1), as well as with the submission to the COP work programme on results-based payments and REDD+ finance, from August 20<sup>th</sup> 2013.

As the main global fund for climate change finance, the Green Climate Fund (GCF) is expected to assume a central role in the architecture for REDD+ financing and results-based payments. The provision of guidance to the GCF in COP-19, in conjunction with the outcome of the COP work programme on results-based payments and REDD+ finance, offer a clear opportunity to send a strong signal to the international community regarding REDD+.

In order to enable and support enhanced action on REDD+, the GCF should allocate new, adequate and additional financial resources, on a periodical basis. Resources allocated to REDD+ should measure up to an adequate amount as to allow the GCF to become the main multilateral source for REDD+ financing and results-based payments, establishing an international benchmark.

In the view of Brazil, GCF could enable and support enhanced action on REDD+ through a non-marked based approach, including *ex ante* financing and *ex post* results-based payments, on a periodic basis, as detailed below.

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 international and regional organizations, other REDD+ countries, civil society and the private sector for the implementation in developing countries of initiatives that contribute to the activities listed in paragraph 70 of decision 1/CP.16, subject to the no-objection procedure through national designated authorities referred to in paragraph 7 of decision 3/CP.17;<sup>2</sup>

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<sup>1</sup> 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

<sup>2</sup> Not to be mistaken with the national REDD+ entity proposed in the submission to the COP work programme on results-based payments and REDD+ finance

c) *Ex post* payments of grants to developing countries to be disbursed according to their mitigation results that have been measured, reported and verified following the modalities and procedures agreed by decision --/CP.19, based on national forest monitoring systems, reference emission levels and/or forest reference levels, consistent with National Communications and Biennial Update Reports.

The objective of *ex ante* financing is to allow all developing countries to be eligible to receive *ex post* payments for mitigation results. *Ex ante* financing is project based. The main aspect of REDD+ is, however, its *ex post* nature, through which payments are to be done upon achievement of mitigation results, on a national scale (or subnational, on an interim basis).

When disbursing resources to REDD+, the GCF should, therefore, use a balanced approach between *ex ante* financing and *ex post* payments, with a view to allow an increasing number of developing countries to be eligible to receive results-based payments, while giving them the proper incentives to do so. In this regard, financing of the development and implementation of the elements described in paragraph 71 of decision 1/CP.16 should be given due priority in *ex ante* financing.

As agreed in decision 12/CP.17, developing countries' results in implementing REDD+ activities will be measured against forest reference emission levels and/or forest reference levels expressed in tonnes of carbon dioxide equivalent per year. Reference emission levels and forest reference levels are to be assessed according to the modalities and procedures agreed in decision --/CP.19 (REL/RL decision, negotiation to be concluded in SBSTA 39). Results are to be measured, reported and verified following the modalities and procedures agreed in decision --/CP.19 (MRV decision, negotiation to be concluded in SBSTA 39), based on their national monitoring systems (decision --/CP.19, negotiation concluded in SBSTA38).

When disbursing grants for results based payments, the GCF should follow the ways and means agreed by the COP in decision --/CP.19 (outcome of the COP work programme on results-based payments), taking into consideration as well the outcomes of the joint process SBI/SBSTA on coordination of support and other relevant decisions.

As for modalities and procedures for *ex post* payments, the GCF Board could consider establishing periodical calls for applications of the funds previously allocated. Funds would be distributed among applicant countries already implementing results based actions, using a fixed value per ton of CO<sub>2</sub> eq. When disbursing grants for results based payments, the GCF should take into account the need to ensure an equitable distribution of the available resources among applicant developing countries, besides the amount of reductions per value.

It is worth noting that the governing instrument already recognizes REDD+ among the mitigation activities to be financed by the GCF. Therefore, REDD+ should be financed under the mitigation window, in an integrated approach with adaptation, as soon as the GCF is fully operational.