

COORDINATION OF SUPPORT FOR THE
IMPLEMENTATION OF REDD+
ACTIVITIES / WAYS AND MEANS FOR
RESULTS BASED PAYMENTS

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Thank you.

As acknowledged by many friends here, there is a large area of overlap between this joint SBI/SBSTA process and the Workprogramme on Ways and Means. We consider this workshop and the one scheduled for the 10th as a continuous process and both discussions go hand in hand. It will become clear through our presentation the reason for that: we are convinced that, in order to decide how to coordinate support, we must have a clear understanding on the overall objective of REDD+.

I would like to go through quickly your proposed questions and then into more detail,

sharing with the group our views on how to make REDD+ work using existing elements of the Convention.

WHAT IS MEANT BY COORDINATION OF SUPPORT FOR REDD+

Let's have a look at the current status of REDD+ support and then ask ourselves what is its overall objective.

What do we know for sure at this point?

Through the Convention, we have defined a phased approach, described in paragraph 73 of Decision 1/CP.16, and we have defined already tasks to be performed by developing country Parties in respect to that.

We have also concrete decisions on the GCF regarding its role as an operating entity of the financial mechanism of the Convention which can work for REDD+ support.

There is also a collection of instruments operating outside the UNFCCC which have

been so far fundamental in advancing capacity building as well as delivering support.

The current status of support to REDD+ activities is a broad collection of ad hoc or interim arrangements. These, however, support almost exclusively the implementation of what has been called “readiness” activities or phases one and two. There is not a carbon result directly associated with these first two phases.

The innovative aspect of REDD+ is the third phase, that is our focus, our purpose, our overall objective. We have to keep that in mind at all times. What makes it essentially different from existing cooperation arrangements, is REDD+ ex-post, results-based, payments nature

Therefore the overall objective of all of us involved in REDD+ is to enable results-based payments to happen. The existing arrangements, “readiness”, will only make sense, can only be coordinated, if we can design a permanent architecture for results-based payments under the UNFCCC.

WHAT ARE THE BARRIERS TO COORDINATION OF SUPPORT FOR THE IMPLEMENTATION OF REDD+ ACTIVITIES? HOW CAN THESE BARRIERS BE OVERCOME?

The major barrier is, actually, the lack of definitions on the design of a way to transfer payments to developing countries, based on mitigation results already achieved. [This is the positive incentive, the carrot] This is the most important task left from the LCA in relation to REDD+. [We cannot have a virtual carrot forever, can we?]

We have to answer the question - "what will the results-based payments architecture look like?" We are within reach of overcoming this barrier. Brazil is confident that, with the mandate given from Doha, and the processes currently ongoing, we will be able to do so this year.

WHAT ARE THE FUNCTIONS AND

ELEMENTS NECESSARY TO IMPROVE COORDINATION OF SUPPORT?

Once we have an outline of the REDD+ architecture, the answer to this question will become evident. So, we would like respond on the basis of our submission (FCCC/SB/2013/MISC3/Add1, also available at the website). We would like to explain our views in more detail and also welcome feedback.

As everybody here knows, what has already been determined by UNFCCC are 2 elements: the functions to be performed by developing country parties, in the context of adequate and predictable support from developed country parties; and the role that the GCF can play a role on providing ways and means to support all phases of REDD+.

We have to define the linkages between these two ends. I would like to share our views on how to build these linkages.

There are, in our view, some fundamental basic principles of such architecture:

- 1- must provide adequate and predictable support from developed countries to developing countries;
- 2- must ensure environmental integrity;
- 3- must be simple and effective, without incurring in unnecessary transaction costs.;
- 4- have clear and distinctive roles for the international and national levels.

One and two are self-explanatory and cannot be overemphasized.

The third principle is important. If all REDD+ countries are to engage in results based payments, we must have a set of rules that are simple and straightforward. We cannot have a set of rules that will limit the number of countries technically capable to engage. And we have the tools and the opportunity for this.

As the main global fund for climate change finance, the Green Climate Fund has a central role in the architecture for REDD+ results based payments. 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 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 modalities:

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

b) Ex ante financing to other actors (civil society and private sector) for the implementation in developing countries of REDD+ initiatives.

c) Ex post payments of grants to developing countries, based on their carbon results.

Modalities a) e b) correspond to readiness phases. These are not essentially different from our current status. But we must allow a role to GCF for phases one and two, in order to have

phase three. Important to note that we do not believe the GCF should replace the existing arrangements – they would co-exist. The GCF would act as another actor, a very important one, in financing “readiness” and contributing to national results.

The main difference between modalities a) and b) would be the proponent – while modality a) is reserved for national governments of developing countries, modality b) would allow for financing of initiatives developed by other actors, such as regional organizations, private actors and non-governmental organizations.

The innovative element of REDD+ is modality c), ex-post payments of grants based on national results. Instead of asking money to the GCF for something one intends to do, developing countries would receive an equitable reward for a result already achieved. This is the focus of our discussions.

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 these results are durable.

We see this being operationalized the following way. Under modality c), developing countries would apply for grants under the GCF on a periodical basis. These grants would then be disbursed equitably among developing countries in accordance with their performance in delivering mitigation results.

In order to stimulate that these results are consistent, durable and reward all the relevant actors that have contributed to them, resources from modality c) could be reapplied in REDD+ activities. This brings us back to the fourth principle, distinctive roles for the national and international levels. Re-applying these resources would be something very different for each developing country. Countries could choose to make a direct transfer to local communities, for example. They could also distribute them to subnational governments. I understand some countries have registries of projects and actions, they could choose to use this tool for the national distribution of these revenues.

This would happen in accordance with developing countries national priorities and legislation. The important aspect of it is to recognize the role of different sectors and actors in achieving results at national level. This would create an “upward spiral of action”, to quote an expression often repeated by partners.

Back to the international level. We would like to highlight that we said “equitable disbursement of grants”, not a proportional distribution. Equitable does not mean proportional.

Why equitable then? Well, we must be ready also for the possibility that the GCF will not have enough resources to pay for all the results. We have to agree on an architecture where all countries receive its fair share, but this might mean that some results might not receive its fair share.

So, modality c) refers to the equitable distribution of available resources, on a

periodic basis. It does not refer to a fixed monetary value per ton of carbon dioxide equivalent per year.

Equitable does not mean proportional. It would not be fair to have a situation where a small country receives an insignificant amount of money, while a very large one is entitled to most of the resources.

FINAL MESSAGE

I would like to remind all the colleagues here here today what REDD+ really stands for. It is a catchy acronym, but it is missing something. REDD+ is all about **POSITIVE INCENTIVES**. We are talking about positive incentives to developing countries for mitigation of emissions from deforestation and forest degradation, and other activities in the forest sector.

This means that everything that we have been working upon in the last 8 years, being methodological, technical or technological work, is basically about ways and means to incentivize developing countries to voluntarily

deliver mitigation results in this area. This is the most important task left when it comes to REDD+. In order to have a positive outcome in Warsaw, we must set our priorities straight. We must talk about P.I., positive incentives. Let's put the PI back in REDD+.