

COP work programme on results-based payments and REDD+ finance
Submission by Brazil
20/08/2013

The Government of Brazil welcomes the opportunity to provide its views on the matters referred to in the COP work programme on results based payments and REDD+ finance, in response to the invitation by its co-chairs.

This submission should be considered in conjunction with the submission by Brazil on modalities and procedures for financing results-based actions (FCCC/AWGLCA/2012/MISC.3/Add.1), the submission 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 Standing Committee on Finance on guidance to the Green Climate Fund, to be delivered on September 2nd 2013.

The Government of Brazil reinforces the need for scaling up new, additional and predictable financial resources from developed countries for the implementation of REDD+ activities in developing countries, through *ex-ante* financing for the elaboration and implementation of the activities and elements described in paragraphs 70, 71 and 73 of decision 1/CP.16, as well as *ex-post* payment of mitigation results, based on national forest monitoring systems, reference emission levels and/or forest reference levels, consistent with National Communications and Biennial Update Reports.

Brazil strongly believes that the design and implementation of a permanent and more coordinated architecture for REDD+ financing and results-based payments should be the priority of REDD+ discussions under the UNFCCC. It is the view of Brazil that the outcome of the COP work programme in COP-19 should give a strong signal to the international community in this direction, through a significant decision on this matter.

Such a decision would outline an architecture for results based payments based on the following principles:

- 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.

Brazil proposes that such a decision contains the following elements:

- i – guidance to the Green Climate Fund, as well as to other entities financing REDD+ activities, on results-based payments and REDD+ financing;
- ii – the designation, by developing countries, of national REDD+ coordination entities, responsible for establishing and signing agreements for results-based payments, among other functions;
- iii – the creation of an international repository for REDD+ results, to maintain information on developing countries' results and track results-based payments;

The first element offers developing countries assurances that a substantial part of their mitigation results would be paid, after being fully measured, reported and verified, according to the modalities and procedures agreed by the COP. As the main global fund for climate change finance, it is expected that the GCF assume the main role in multilateral REDD+ financing. Assuming this central role in the international architecture for REDD+ would not in any way preclude other bilateral or multilateral entities to offer results based payments.

In the view of Brazil, GCF would enable and support enhanced action on REDD+ through a non-market based approach, following the modalities described in Brazil's submission on paragraphs 34 and 35 of decision 1/CP.18 (FCCC/SB/2013/MISC.3/Add.1), including *ex ante* financing and *ex post* payments.

The second element, the national REDD+ coordination entities, is paramount to avoid fragmentation and to maintain coordination, while ensuring that results based payments are performed according to developing countries national priorities and needs. The national REDD+ coordination entities would have the following functions:

- establish and sign agreements to obtain and receive payments for results with financing entities (bilateral or multilateral) and developed countries;
- report and maintain the data in the repository (third element) accurate;
- ascribe results to other national or subnational entities and authorize them, as appropriate, to obtain and receive payments directly.

The third element, an international repository for REDD+ results, would serve as a matchmaking tool between national REDD+ coordination entities and financial entities providing results based payments, in particular the GCF. Such a repository would be a very

simple online tool, hosted by the Secretariat, responsible for tracking the following information:

- identification of the results according to country of origin, year, activity(ies), corresponding reference emission level or reference level, expressed in tonnes of CO₂ eq.;
- whether the results have been fully measured, reported and verified according to the modalities and procedures agreed in decision --/CP.19;
- whether the result is seeking payment (“active”); has been paid (“inactive”) and, in that case, by whom; or has been cancelled;
- to whom a particular result has been ascribed to, if that is the case;
- references to the elements from paragraph 71 of decision 1/CP.16.

Results inserted in the repository shall be non-transferable. Ascribing or payment of results shall not generate rights of any sort.

National REDD+ coordination entities would be entitled to ascribe results to other national or subnational entities, as appropriate. Such entities, upon previous consent from their respective national REDD+ coordination entities, would be able to obtain and receive payments for results directly. This would allow for recognition of the role of different sectors and other actors in achieving results at national level, while maintaining a coordinated structure. Ascribing of results would be an appropriate way to incentivize non-carbon benefits, while stimulating consistent and durable REDD+ results and making national benefit sharing arrangements transparent.

At a later stage, once the COP has developed the new market-based mechanism and the framework for various approaches, the SBSTA would be in a position to consider the methodological implications and requirements for the eligibility of results inserted in the repository for appropriate market-based approaches, taking into account the need to ensure that environmental integrity is preserved, that the provisions of decision 1/CP.16, appendices I and II, are fully respected, the need to ensure the delivery of real, permanent and additional mitigation, as well as any other requirements of such approaches.

Brazil reiterates its view that these appropriate market-based approaches exclude the use of offset mechanisms. In order for REDD+ to be an effective instrument in the efforts to hold the increase in global average temperature below 2 °C above pre-industrial levels, REDD+ results may not serve as basis to concede emission allowances to Annex I countries.