

Submission by

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Views on financing options for the full implementation of results-based actions under REDD+

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1. Paragraph 77 of decision 1/CP.16 requested the Ad Hoc Working Group on Long-term Cooperative Action under the Convention to explore financing options for the full implementation of the results-based actions (these actions require national monitoring systems) referred to in paragraph 73 of that decision (results-based demonstration activities, and those evolving into results-based actions that should be fully measured, reported and verified) and to report on progress made, including any recommendations for draft decisions on this matter, to the Conference of the Parties at its seventeenth session.

2. For this purpose, the Coalition for Rainforest Nations and a number of like-minded developing countries met in Pretoria, South Africa from 2 to 4 September 2011 to consider issues related to financing options for the full implementation of results-based actions under REDD+. This submission has been prepared to reflect those discussions and expresses input from many other developing country Parties.

3. During the second part of the fourteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), held in Bonn, Germany, from 7 to 17 June 2011, Parties submitted written inputs related to the work of the contact group on agenda items 3, 4, 5 and 6 established at that session. The AWG-LCA requested the secretariat to compile these written inputs into a miscellaneous document.

4. [The Coalition for Rainforest Nations] wishes to submit the following text as written input to the co-facilitators with the view to enhance the work of the contact group on agenda items 3, 4, 5 and 6 established at the second part of the fourteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA 14.2) in relation to financing options for the full implementation of results-based actions under REDD+ and would kindly invite the secretariat to make this submission available on the UNFCCC website and in accordance with the procedure for miscellaneous documents, to reproduce it in the language in which it was received and without formal editing.

5. Parties noted the following:

- Decision 1/CP.16 recognized the crucial role of REDD+ to mitigate climate change;
- REDD+ offers cost effective early action to mitigate climate change;
- Substantial delay in the disbursement of fast start funding that was agreed by many Annex I Parties in Copenhagen and re-affirmed in paragraph 95 of decision 1/CP.16;
- The back-tracking by developed countries on the promise of new and additional financing;
- Much of the funds that have been disbursed so far are in fact old and re-packaged [*Official Development Assistance* financial resources];
- Immediate action to disburse the fast start funds that were pledged is urged, particularly for REDD+ where it is needed, given that early mitigation can be achieved and developing countries are already making progress on their own;
- The lack of progress of the negotiations on financing REDD+ and the little time that has been spent after Cancun on long term sources of finance for adaptation and mitigation actions such as reducing deforestation and degradation, forest conservation, and sustainable management of forests;

- Progress made elsewhere in related areas of REDD +, notably modalities for MRV, reference levels and guidance on a system for providing information on safeguards;
 - The work of the Transitional Committee for the design of the Green Climate Fund.
6. Decision 1/CP.16 specifically provides for adequate and predictable REDD+ support to developing countries [paragraph 71], notably:
- Scaled-up, new and additional, predictable and adequate funding to be provided [paragraph 97]
 - Funds may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources [paragraph 99]

7. For REDD+ actions to be effective, significant global financial resources must be mobilized that are transparent, adequate, predictable and sustainable over time. Furthermore, measurable, reportable and verifiable funding must be equitably mobilized from a variety of sources, including increased Official Development Assistance, auctions of authorized allowance units (AAUs), carbon taxes and other levies, private sector investment, cap and trade market instruments, etc.

8. REDD+ activities should be implemented in phases and the choice of starting phase is dependent upon national circumstances, capacities and capabilities and level of support received.

9. REDD+ can offer cost effective early action to mitigate climate change and the full implementation of results based actions in REDD+ can be achieved through support based on a full range of approaches including but not limited to market based and market linked financing to incentivize REDD+ mitigation actions, with appropriate an MRV process at the national level.

10. In accordance with decision 1/CP.16, paragraphs 76 and 78, financing for phases 1 and 2 of REDD+ should come through multilateral and bilateral channels while for phase 3 the AWG-LCA was instructed by decision 1/CP.16, paragraph 77, to explore financing options and agreed to consider various approaches, including opportunities for using markets. Furthermore, support should be coordinated, particularly at the national level [paragraph 78].

11. For phases 1 and 2, financial sources should come from fund based sources, including new and additional Official Development Assistance, revenues generated from the auction of AAUs and carbon taxes within Annex I Parties, transport levies, assessed contributions and Tobin tax.

12. These sources should be administered and disbursed through a REDD+ window in the Green Climate Fund under the authority and guidance of the COP.

13. For phase 3 financial resources should come from a flexible combination of fund based and market based sources. These latter sources should come from full and equitable participation in global carbon markets including instruments to stabilize dramatic fluctuations in supply and demand that could be supported by funds derived by the auction of AAUs and carbon taxes.

14. Issues related to environmental integrity, additionality and leakage will be addressed by a robust and transparent MRV process and safeguards information systems.