

14 November 2006

ENGLISH ONLY

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

**Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention**

**Second workshop**

**Nairobi, 15–16 November 2006**

**Dialogue working paper 21 (2006)**

## **Submission from Brazil\***

---

\* This submission was submitted on 14 November 2006 and has been electronically imported in order to make it available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

**BRAZIL**The 12<sup>th</sup> Conference of Parties to the UNFCCC, Nairobi, KenyaPOSITIVE INCENTIVES FOR VOLUNTARY ACTION IN DEVELOPING COUNTRIES TO  
ADDRESS CLIMATE CHANGE: BRAZILIAN PERSPECTIVE ON REDUCING EMISSIONS FROM  
DEFORESTATION

## INTRODUCTION

Brazil wishes to provide a contribution to the discussion on “Advancing development goals in a sustainable way”, to be considered at the second workshop of the Dialogue on long-term cooperative action, to address climate change by enhancing implementation of the Convention. Brazil would like to share its perspectives on reducing emissions from deforestation in the context of positive incentives for voluntary action by developing countries to address climate change.

The Conference of the Parties (COP) agreed, in its Decision 1/CP.11, that the Dialogue should identify approaches which would support, and provide the enabling conditions for, actions put forward voluntarily by developing countries that promote local sustainable development and mitigate climate change in a manner appropriate to national circumstances.

In this context, Brazil is hereby providing elements for a proposal focused on policy approaches and positive incentives to reduce emissions from deforestation in developing countries. The proposal does not attempt to cover all technical and scientific aspects involved.

Brazil acknowledges the ongoing discussions in SBSTA on the issue of reducing emissions from deforestation in developing countries. However, Brazil wishes to put forward a broader policy perspective within the context of the Dialogue on how to provide positive incentives to achieve that goal.

Elements of this proposal were presented in a preliminary form during the SBSTA workshop held in Rome, Italy, from 30 August to 1 September 2006.

## SCOPE

The analysis of policy approaches and positive incentives for reducing emissions from deforestation in developing countries is based on the understanding that these issues are to be further considered solely under the Framework Convention on Climate Change. Therefore, Brazil does not envisage any mechanism that could be used by Annex I countries to meet their quantified greenhouse gas emission limitation and reduction commitments under the Kyoto Protocol. In this context, emission reductions achieved are to be considered additional to emission reduction by Annex I countries. The proposal is not, therefore, linked to the concept of maintenance of carbon stock on forest land, such as in the concept of “avoided deforestation” or “conservation”, but rather is based on effective reduction of emission from deforestation.

The possible adoption of an arrangement related to providing positive incentives for reducing emissions from deforestation in developing countries, under the auspices of the UNFCCC, aims at contributing to the ultimate objective of the Convention, which is the achievement of the stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with climate change.

Brazil acknowledges the importance of considering issues related to stimulating further action that could result in reducing emissions in developing countries, as the UNFCCC, in its article 4.1, recognises that all Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, shall, among others, implement actions according to paragraphs 1(b) and 1(c).

The UNFCCC also recognises clearly that the emissions of non-Annex I Parties are expected to grow so as to accommodate their needs for development and the extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties.

The proposed arrangement and related efforts undertaken by developing countries to reduce emissions from deforestation in their territories can only be characterized as voluntary and, therefore, cannot generate future obligations, goals, targets or timeframes. Brazil does not intend to suggest or support the implementation of a mandatory regime in this respect.

In accordance with the principle of common but differentiated responsibilities of countries, developing countries do not have quantified commitments to reduce or limit their anthropogenic emissions of greenhouse gases. There are, however, many programs being implemented on a national basis by developing countries that result in a considerable reduction of their greenhouse gas emissions. Examples of policies and incentives for reducing emissions from deforestation in developing countries are contained in the background paper for the SBSTA workshop held in Rome, mainly

summing-up relevant information contained in national communications and submissions by Parties.

The discussions on this issue in the UNFCCC should focus on the establishment of an arrangement, within the Convention, to provide positive incentives to developing country Parties. Such incentives should encompass the provision of new and additional financial resources and transfer of technology, as well as means for capacity-building and enhancement of endogenous capacities. Brazil is proposing an arrangement which is simple and transparent.

The main objective of this proposal is the development of an arrangement under the Framework Convention on Climate Change aimed at providing positive incentives for the net reduction of emissions from deforestation in developing countries that voluntarily reduce their greenhouse gas emissions from deforestation in relation to a reference emission rate (RER).

In this context, the RER should be established taking into account a previous average rate of deforestation on a certain time period, and considering a mean carbon stock in biomass per unit area and for specific biome or vegetation type. This RER should be periodically updated.

The positive incentives system should be based on a comparison between a rate of emissions from deforestation (RED) for a certain past time period with the RER through a transparent, consistent and scientifically-based method. If the RED lies below the RER, the participating developing country should be entitled to financial incentives; otherwise, if the RED lies above the RER, it should be subtracted (or added) to the value of RED in the following comparison.

Financial incentives should be received only when this net accounting results in a number below the RER. In this case, this number should be converted into an economic value. The positive incentives will be provided by developed country Parties, taking into account their obligations under the UNFCCC.

Table A provides an example of how the system works.

Table A: System example.

Variables	Time Period			
	T1	T2	T3	T4
RER (Reference Emission Rate)	10	10	10	10
RED (Rate of Emission from Deforestation)	8	10	11	8
Balance per period (RER-RED)	2	0	-1	2
Net accounting per period	2	0	-1	1
Incentive per period	2	0	0	1

-----