

7 May 2012

English only

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

**Ad Hoc Working Group on Long-term Cooperative Action
under the Convention**

Fifteenth session

Bonn, 15–24 May 2012

Item 3(b)(iii) of the provisional agenda

**Policy approaches and positive incentives on issues relating to 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**

**Views on modalities and procedures for financing results-
based actions and considering activities related to decision
1/CP.16, paragraphs 68–70 and 72**

Submissions from Parties

Addendum

1. In addition to the 18 submissions from Parties contained in document FCCC/AWGLCA/2012/MISC.3, two further submissions have been received.
2. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced* in the language in which they were received and without formal editing.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

FCCC/AWGLCA/2012/MISC.3/Add.1

GE.12-60872

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**VIEWS ON MODALITIES AND PROCEDURES FOR FINANCING RESULTS-BASED ACTIONS
AND CONSIDERING ACTIVITIES RELATED TO DECISION 1/CP.16,
PARAGRAPHS 68-70 AND 72.**

The Government of Brazil, in response to the invitation to Parties contained in decision 2/CP.17, welcomes the opportunity to provide its views on modalities and procedures for financing results-based actions and considering activities related to decision 1/CP.16, paragraphs 68-70 and 72.

I. Financing results-based actions

1. The Government of Brazil reinforces the need for scaling up new, additional and predictable results-based finance from developed countries for the implementation of REDD+ activities in developing countries. As agreed in Decision 12/CP.17, forest reference emission levels and/or forest reference levels expressed in tonnes of carbon dioxide equivalent per year are benchmarks for assessing each country's performance in implementing the activities referred to in decision 1/CP.16, paragraph 70.
2. The reduction of emissions from deforestation and/or from forest degradation, or the increase in forest carbon stocks arising from results-based actions shall be measured, reported and verified at the national level, relative to a national reference level or reference emission level established following all relevant UNFCCC decisions.
3. Brazil has an important experience with the Amazon Fund, which receives results-based finance tied to annually verified emissions reductions relative to a defined reference emissions level.
 - a. Emissions reductions are calculated using reliable and consistent rates of deforestation since 1988 and are based on the use of a conservative value for the carbon stock in aboveground biomass.
 - b. The Fund is also structured so as to allow addressing the drivers of deforestation and forest degradation, as well as forest conservation, including through:
 - The provision of funds to support the implementation of the Federal Government plan to prevent and control deforestation, improve management of public forests and protected areas, implement sustainable forest management and promote the regeneration of previously deforested areas;
 - Strengthening the political and institutional arrangements to support sustainable development, particularly in the Amazon region;
 - Supporting catalytic approaches that enable large scale economic transformation towards sustainable development in the Amazon region.
 - c. The Fund combines a simple and transparent approach with credible and verified results, while preserving environmental integrity and national autonomy to support activities according to the country's priorities and national conditions.

II. Modalities and procedures for results-based incentives

1. The Government of Brazil believes that a significant share of new multilateral funding for REDD+ should flow through the operating entities of the financial mechanism under the Convention, such as the Green Climate Fund (GCF). This should be done in a manner that would avoid duplication of efforts and fragmentation with regard to existing multilateral and bilateral channels.
2. The GCF Board is expected to define the scope and modalities for financing, as well as the allocation of resources across a variety of activities. The GCF Board, however, may seek expertise and input on modalities and procedures for results based financing for these activities.

3. Benefit sharing arrangements are to be determined independently by developing countries that receive results-based funding for REDD+, as means to recognize the role of different sectors in achieving results at national level, as well as to stimulate consistent and durable REDD+ results.

III. Further work on financing results-based actions

4. Decision 2/CP.17, paragraph 66 states that “in light of the experience gained from current and future demonstration activities, appropriate market-based approaches could be developed by the Conference of the Parties to support results-based actions by developing country Parties referred to in paragraph 73 of 1/CP.16, ensuring that environmental integrity is preserved, that the provisions of Decision 1/CP.16, appendices I and II, are fully respected, and should be consistent with relevant provisions of Decision 1/CP.16 and 12/CP.17 and any future decision by the Conference of the Parties on this matter”. In the Brazilian viewpoint, these appropriate market-based approaches exclude the use of offset mechanisms. Therefore, the debate has to be broadened, allowing for due consideration of other options, which could include new ideas on appropriate market-based mechanisms which would not be based on the expected generation of offsets.
5. With regard to appropriate market-based approaches that could be developed by the Conference of the Parties, the Government of Brazil is of the view that discussions in 2012 should focus on enhancing the understanding among Parties of the elements set out in Decision 2/CP.17, paragraph 66, before engaging in the consideration of specific financing options.

Paper no. 2: Malawi

Malawi submission on Policy approaches and positive incentives on issues relating to REDD+

The COP in its 2/CP.17 on the outcome of the AWG-LCA, paragraph 69 invited parties to submit to the UNFCCC Secretariat their view on modalities and procedures for financing result-based actions considering activities relating to decision 1/CP.16 paragraph 68.70 and 72. Malawi hereby submits its views as follows.

1. Need to differentiate payments according to eco-zones and circumstances. Set payment rates or factors according to the opportunity cost of service providers, threat to the forest and potential of services to deliver mitigation. For the Malawi which is a least developed country, it is important that payments must be sufficient to interest service providers and help alleviate poverty. So a margin over and above incurred cost may need to be paid.
 2. Mobilization of REDD+ funds is vital to enable the facilitation of REDD+ preparedness actions such as policy development, development of reference emission level/reference levels, establishing monitoring systems and demonstration activities. GCF should specifically target REDD+
 3. Valuation of conservation and ecosystem services in monetary and non-monetary terms should be an integral part of policy incentives for reducing emissions from deforestation and forest degradation; and the role of conservation, sustainable management of forests and the enhancement of forest carbon stocks in developing countries.
 4. Developing countries should be able to make a choice between non-market based mechanism or market based mechanisms depending on national circumstance.
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