

Non-market-based approaches under the Convention

Submission by the Plurinational State of Bolivia September 2, 2013

The Government of the Plurinational State of Bolivia presents its views on the provision of guidance to the development of non-market based approaches as per decision FCCC/SBSTA/2013/L.7 of SBSTA 38 with a view to recommending a draft decision to the Conference of the Parties (COP) at its nineteenth session (November 2013). This submission refers to guidance for implementing non-market based approaches as referred to in paragraph 4 of previous decision.

The maximum carbon budget in order not to exceed an increase of 2°C in global average temperature this century is 44 Gigatons of Carbon Dioxide Equivalent (GTCO_{2e}) by 2020 according to the "Emissions Gap Report 2011" by the UNEP. It is reasonable to assume that developed countries could take between 19.6 and 21.6 GTCO_{2e}, of the carbon budget of 2020 which is a share of 44.5% and 49% respectively. If the total budget suggested by UNEP were to be strictly adhered to then the available balance for developing countries would be 24.4 GTCO_{2e} (ie 55.4%) in the first case and 22.4 GTCO_{2e} (ie 50.9%) in the second case. Therefore, in 2020, 83% of the population would have access to just 51% of the maximum allowable carbon budget in order to have a chance of avoiding the increase of 2°C of warming. In this scenario there is no possibility of having equity nor the right of equal access to development. Consequently, there is a risk of further increases in emissions leading to a serious risk that total world emissions could be 56 GTCO_{2e} in 2020; resulting in an increase in temperature between 3°C and 4°C, which would be dramatic for the planet and humanity.

In order to prevent this, there is the need for the development of non-market based approach in the context of the UNFCCC.

(a) What is understood by the term non-market-based approach? What does it mean in the context of addressing climate change?

The UNFCCC is inherently a non-market based approach

The article 3 of the principles of the UNFCCC calls for the protection of the climate systems for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof (3.1); The specific needs and special circumstances of developed country Parties, especially those that are particularly vulnerable to the adverse effects of climate change (...) (3.2); (...) Efforts to address climate change may be carried out cooperatively by interested Parties (3.3); The Parties have a right to, and should, promote sustainable development (...) taking into account that economic development is essential for adopting measures to address climate change (3.4).

Therefore, according to the principles of the UNFCCC a non-market based approach should be understood as a mean to achieve stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system without using cap and trade and offset of units of carbon among country Parties, but instead based on the operationalization of the principles of equity and CBDR, focusing on the most vulnerable, through cooperation, and oriented to the promotion of sustainable development.

Therefore, in the context of addressing climate change, non-market based approaches means to establish an institutional arrangement in order to set out a scenario for the full operationalization of the aforementioned principles of the UNFCCC, as follows:

- The overall objective of reducing greenhouse gases and timeframe thereof must be based on historical responsibility and the full implementation of the Convention.
- Equity must be reflected in the reduction of emissions within in a fair and equitable system of allocating emissions.
- Annex 1 countries must take the lead in making deep emissions cuts binding and providing funding and technology in the short, medium and long term, reflecting their historical responsibility, committing to aggregate emissions reductions of between 40% and 50% by 2020, based on 1990 levels.
- Developing countries should contribute equitably to the achievement of the comprehensive development objective, considering their specific needs and national circumstances, ensuring their access to sustainable development and improvements in living standards of their population, and committing developed countries to provide the required support for mitigation and adaptation efforts that these countries should execute under Article 4.7 of the convention.
- Adaptation programs should be supported with the same priority as mitigation actions in order to achieve integral sustainable development.
- There is the need that provision of financial resources from developed countries to developing countries should have a system of measurement, monitoring, verification and reporting, particularly for public funds.
- Implies the strengthening of polycentric governance for climate change, through supporting and recognizing the efforts at distinctive levels regarding mitigation and adaptation to climate change.
- There must be accelerated and operational procedures of technology provision and capacity building from developed countries to developing countries and a system of measurement, monitoring, verification and reporting of the compliance of that provision.
- The actions of countries to achieve emissions reduction targets and the peak of the global emissions curve must ensure protection of the health and integrity of Mother Earth.

(b) What is the scope of the activities to be considered under non-market-based approaches?

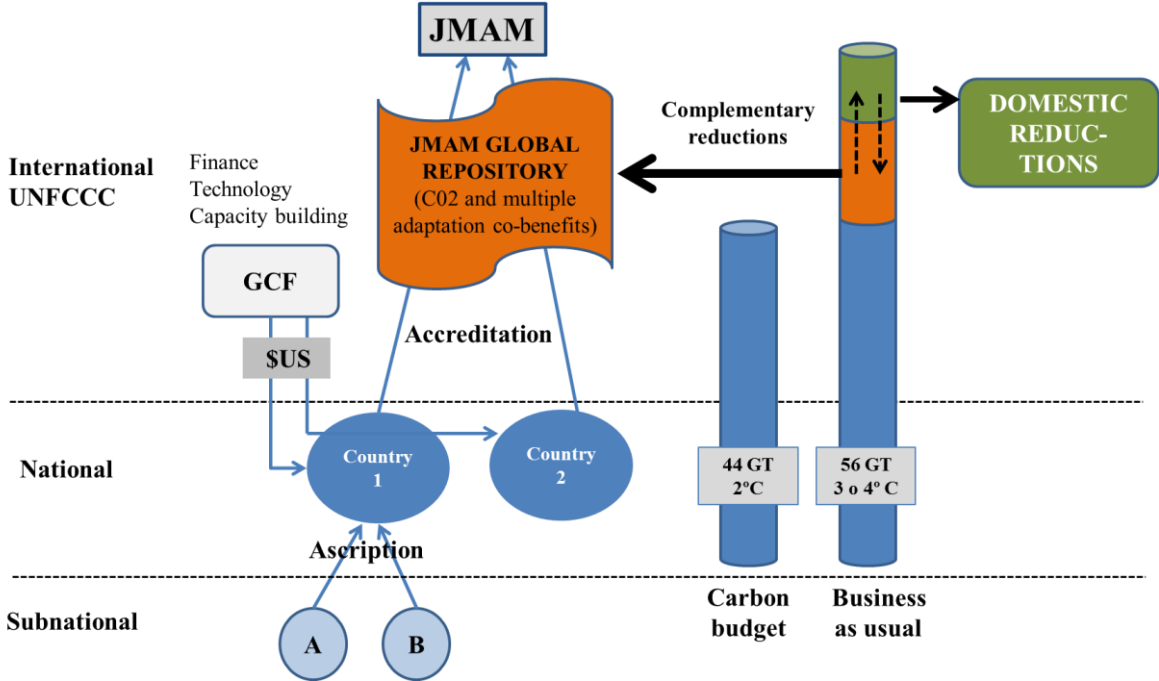
The scope and activities of non-market-based approaches

The non-market-based approach implies the constitution of the Joint Mitigation and Adaptation Mechanism (JMAM) oriented to establish-according to an agreed carbon budget, a global repository (or a global pool) of reduced tons of CO₂, including multiple co-benefits of adaptation, as a complementary effort between developed and developing countries, based on the transference of finance, technology and capacity building from the former to the latter. Developed Parties must be committed to aggregate emissions reductions in the global repository of between 40% and 50% by 2020, based on 1990 levels.

In addition, domestic reduction efforts by developed countries are undertaken based on the effective level of CO₂ reductions aggregated in the repository, which means that as many gigatons of CO₂ counted in the repository less effort in the domestic reductions to be carried out by developed countries, and conversely.

Therefore, the development of non-market-based approach implies establishing a direct relationship between the global complementary efforts for CO₂ reduction emissions and the domestic efforts to be carried out by developed countries to achieve their country commitments of reduction, considering that sustainable mitigation is only reached through long-term adaptation.

Figure 1. The architecture of the JMAM as a non-market-based approach



It should be established a mechanism operating under the guidance of the COP to guide and operationalize non-market based approaches. The establishment of this non-market based approach implies the development of the following activities:

- a) Creation of the Joint Mitigation and Adaptation Mechanism (JMAM) to work under the Convention as a non-market based alternative oriented to achieve mitigation and adaptation to climate change, considering ex-ante financing for mitigation and adaptation through fixed and variable tranches (see example below).
- b) Creation of a non-market based global on line repository (global pool) of reduced CO2 tons between complementary JMA commitments and/or targets of developed and developing countries. This repository shows the global efforts of developed and developing country Parties based on the principle of CBDR, including mitigation reduction and multiple co-benefits of adaptation. Developing countries are able to receive long-term finance according to the achievement of commitments and/or targets registered in the on line repository.
- c) Establishment of agreements of JMA commitments and/or targets between the country Parties at the national level and the FVA (framework of various approaches) governance body. The agreements include reduction of GHG emissions and multiple co-benefits of adaptation during a long time period (twenty or thirty years). The national JMAM entity is in charge of subscribing the agreement.
- d) Articulation of the JMA commitments and/or targets to the public financing of the Green Climate Fund (GCF) based on a composite ex ante and ex post financing, taking in to account that developing country Parties need of previous transference of finance, technology and capacity building to reach targets on mitigation and adaptation to climate change.
- e) Development of methodological common standards related to the achievement of joint mitigation and adaptation indicators, including CO2 reductions and multiple adaptation co-benefits, to be created and recognized under the FVA. A common accounting framework should be established for developing countries emissions participating in the JMAM, to measure progress of the quantified emission limitation and reduction obligations. Also, rules, methodologies and common tools of accounting and comparison should be established to measure emissions reductions in a reliable, technical and scientific manner. These rules must be built upon the base of the system established by the Kyoto protocol.
- f) Development of a process of ascription of national initiatives to the JMAM through a national coordination entity. This ensures that all projects and programs aligned with the scope of the JMAM at the subnational levels are able to be authorized to obtain and receive finance for the support of targets on mitigation and multiple adaptation co-benefits. Criteria for ascribing results to subnational actors shall be defined domestically according to each countries priorities and circumstances.
- g) Establishment of a process of accreditation of national initiatives to the JMAM at the UNFCCC. In order to ensure that current initiatives aligned to the JMAM are recognized at the UNFCCC, a process of accreditation will be developed based on criteria to be developed at the Convention.

Example of a non-market based approach: The Joint Mitigation and Adaptation Mechanism (JMAM) for the Integral and Sustainable Management of Forests

The specific non-market-based approach proposed by the Plurinational State of Bolivia is the Joint Mitigation and Adaptation Mechanism (JMAM). Detailed explanation of the JMAM can be found in the Annex 1.

Non-market based approaches such as the JMAM are referred to in paragraph 67 of decision 2/CP.17 as follows: “67. *Notes that non-market-based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests as a non-market alternative that supports and strengthens governance, the application of safeguards as referred to in decision 1/CP.16, appendix I, paragraph 2(c–e), and the multiple functions of forests, could be developed*”;

Also, the decision FCCC/SBSTA/2013/L.12 of June 2013 that establishes in the paragraph 14 the following: “14. *The SBSTA noted that non-market-based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, as referred to in decision 2/CP.17, paragraph 67, are important to support the implementation of the activities referred to in decision 1/CP.16, paragraph 70*”.

The JMAM must be based on sustained public financing according to the performance of results-based actions during a long time period, taking into account joint mitigation and adaptation indicators, considering a composite of ex ante finance (variable tranches) and ex post finance (fixed tranches). These indicators are related to the achievement of multiple benefits of forests (including carbon, non-carbon benefits, and forestry governance) as follows:

- *Variable tranches* are established as a progressive sequence of ex ante finance, or disbursements throughout an agreed period of time, in order to give countries the necessary means and conditions to achieve a bundle of indicators with respect to mitigation and/or adaptation. With the exception of the first disbursement, which is a compulsory compensation to the countries, later disbursements are undertaken in accordance with the performance of indicators as achieved in the previous period.
- *Fixed tranches* are established in order to disburse progressively fixed amount of finance through ex-post finance under the scheme of “all or nothing” during an agreed period of time. If all related outcomes established in the fixed tranches are achieved the finance can be disbursed, otherwise is not disbursed at all.

The Plurinational State of Bolivia proposes two modalities of financing considering both variables tranches and fixed tranches, as explained below.

First modality: one single tranche for financing mitigation and adaptation plus an additional tranche for financing the strengthening of forestry governance. This first modality of financing implies articulating the achievement of joint mitigation and adaptation indicators in one tranche of financing (variable tranches), and creating and additional tranche of finance for forestry governance (fixed tranches), which creates the

necessary conditions to effectively achieve the former. The proposed scheme for this modality is the following:

- *Variable tranches* are related to a bundle of joint mitigation and adaptation indicators achieved by a given country, such as the following: reduction of unplanned and illegal deforestation; strengthening the livelihoods of local peoples; development of sustainable productive systems, management of environmental functions (reduction of CO₂, water provision, among others).
- *Fixed tranches* are related to the establishment at the country level of conditions of forestry governance for climate change, such as forestry decentralization and clear tenure property rights.

For example, a non-market commitment for financing mitigation and adaptation in the first modality, encompassing a hypothetical total amount of financing of 2.000 MM dollars in a 20 years period for a given developing world country, could be the following:

- *Fixed tranches*: A total of 400 MM is disbursed if conditions of general governance are achieved in years 3 and 8.
- *Variable tranches*: A total of 1.600 MM is disbursed through ex ante financing at the beginning of year 1, 6, 11 and 16.

Second modality: two parallel tranches for financing mitigation and adaptation as interlinked outcomes. This second modality of financing implies separating in two independent but articulated tranches of financing the outcomes of adaptation or non-carbon benefits, to be located in one tranche (variable tranches), from those of mitigation or reduction of carbon emissions, to be located in other tranche (fixed tranches). The proposed scheme for this modality is the following:

- *Variable tranches* are related to key non-carbon benefits indicators to be achieved by a given developing country, such as the strengthening the livelihoods of local peoples; development of sustainable productive systems, and management of some environmental functions (water provision, among others).
- *Fixed tranches* are related to mitigation results (reduction of carbon emissions) that have been measured, reported and verified by a given country, following the modalities and procedures agreed at COP19.

For example, a non-market commitment for financing mitigation and adaptation in the second modality, encompassing a hypothetical total amount of financing of 2.000 MM dollars in a 20 years period for a given developing world country, could be the following:

- *Fixed tranches*: A total of 1.000 MM is disbursed if mitigation efforts are achieved in years 1, 6, 11 and 16.
- *Variable tranches*: A total of 1.000 MM is disbursed in years 1, 6, 11 and 16 if mitigation outcomes are achieved.

(a) ***Based on an example, or examples, of a specific approach or approaches, explain the following:***

(i) *How does the approach fit the description of a non-market-based approach under the UNFCCC?*

The JMAM is a mechanism oriented to operationalize key principles of the Convention regarding non-market-based approaches. At the center of the approach are issues of cooperation, complementarity and support to the sustainable development of developing countries, based on equity and CBDR.

The JMAM creates the conditions in order to promote the cooperation of developing countries to the process of reduction of emissions, based on JMA agreed commitments and/or targets. In turn, those are achieved contingent upon the transference of finance, technology and capacity building from developed to developing country Parties.

- Developed countries support developing countries (through the JMAM methodology and procedures) to achieve reduction of GHG emissions through long-term finance, transference of technology and capacity building; and also, promote adaptation at the local levels, strengthening sustainable development of developing countries.
- Developing countries (through the JMAM) help developed countries to achieve reduction of emissions to be aggregated in a global repository of CO₂ reduction, while simultaneously showing results on the multiple co-benefits of adaptation and as well as on sustainable development.

In addition, important issues of the JMAM related to non-market based approaches are the following:

- The JMAM establishes commitments and/or targets of mitigation based on the non-commodification of the environmental functions of Mother Earth. Therefore, there are not payments based on the international price of carbon, but long-term finance for the achievement of commitments and/or targets.
- The JMAM helps to operationalize the support of developed country Parties to the sustainable development of developing countries through the articulation of mitigation and adaptation as two indivisible elements.
- The complementary efforts of developed countries and developing country Parties that result in the reduction of GHG emissions are tracked and counted, and influence in the degree of effort to be carried out by developed countries in the reduction of emissions, taking into account the principle of the CBDR.
- At the national level the JMAM must be coordinated by a national entity, helping to develop a process of ascription of projects into the JMAM, then favoring the strengthening of polycentric governance on climate change.

(ii) *How does the non-market-based approach “enhance the cost-effectiveness of, and promote, mitigation actions, bearing in mind different circumstances of developed and*

developing countries”, as set out in the mandate to elaborate a framework for various approaches?

The non-market based approach is one of the important means in order to close the gap in the period 2014 to 2020 and beyond that has different aspects: financial, technological, capacity building, and on mitigation and adaptation. In this sense, is the most effect cost-effective way in order to promote mitigation actions bearing in mind the Durban Platform.

The decision text on the establishment of the Working Group on the Durban Platform (ADP) states that on one hand a legal instrument or a legally binding regime applicable to all parties will be developed; and on the other hand, a work plan related to mitigation actions for the short term will be undertaken. In any case, both the instrument with legal force and the Work Plan must be made under the principle of common but differentiated responsibilities (CBDR).

In any case, the work plan should be established within the framework of equity and the right to development and cannot be developed as a simple mitigation plan under the criteria of universal and uniform application; such an approach wrongly eliminates the principles of historical responsibility and CBDR

(iii) What are the benefits of using the non-market-based approach instead of a market-based approach?

Non-market based approaches are part of an integrated and comprehensive approach in order to deal with climate change. Instead of expanding one marginal instrument of the Convention (the market-mechanism), the establishment of a non-market mechanism implies creating the most appropriate way and means in order to implement fully the principles and provisions of the Convention.

(iv) Is there any other process to address the non-market-based approach within the UNFCCC or elsewhere? If not, should the UNFCCC take action in this regard?

The JMAM is discussed in the context of the UNFCCC considering that implies the articulation between mitigation and adaptation to climate change.

However, this approach has been supported at the 10th Global Forum on Forests of the United Nations, including it in the agenda of forests of the twenty-first century.

(v) What are the potential means of implementation to facilitate the non-market- based approach?

The most important mean of implementation of non-market based approaches is the JMAM, as an integrated and comprehensive approach to achieve sustainable mitigation through adaptation.

ANNEX 1

**THE JOINT MITIGATION AND ADAPTATION (JMA)
MECHANISM AS A NON-MARKET APPROACH**

**Presented to the
United Nations Framework Convention on Climate Change
(UNFCCC)**

August, 2013

1. Background

Following the mandate of the World Conference on the “Rights of People and Mother Earth” held in Tiquipaya, Bolivia in April 2010, the Plurinational State of Bolivia has questioned the implementation of REDD+ market-based schemes as part of the Green Economy, which is oriented to convert the components of Mother Earth into commodities . The Plurinational State of Bolivia questions the linking of forests to global carbon markets for ethical reasons since this authorizes the effective conversion of Mother Earth, considered sacred by Bolivian society, into a commercial commodity, thus allowing the transfer of responsibilities for mitigation of climate change from developed to developing countries, fostering the latter to continue subsidizing the former. In addition, these arrangements, mediated by the market, may lead to the loss of sovereignty by States and people with regard to the use and management of their natural resources.

Beyond the ethical considerations, mentioned above, there are important reasons that justify the establishment of non-market compensatory approaches. Such approaches should strengthen the integral and sustainable management of forest resources as a basis for enhancing mitigation and adaptation co-benefits to climate change, while considering explicitly the multiple benefits of forests, biodiversity concerns, and social and economic issues into the contributions of forests to coping with climate change. This approach should thereby enhance local and national forest governance, in the context of the systems of life of Mother Earth, as a way of improving people’s livelihoods, based on climate friendly and resilient economic development, while ensuring sustained reduction of carbon emissions (mitigation) and moderating the adverse effects of climate change through a range of actions targeted at the vulnerable systems of life and peoples (adaptation). This means developing mitigation and adaptation measures while explicitly considering the goals of socio-economic development and environmental concerns.

In this context the proposal entitled “Sustainable Life of Forests” was presented by the Plurinational State of Bolivia at the Conference of Parties (COP17) in Durban-South Africa and adopted as paragraph 67 of the decision 2/CP.17 supported by an important number of countries. This proposal called in Durban (COP17) as “joint mitigation and adaptation for the integral and sustainable management of forests” was moved to the SBSTA in Doha (COP18); then, the session thirty-eight of SBSTA decided to advance the methodological design of non-market based approaches, considering that these are important to support the implementation of the activities referred to in decision 1/CP.16, paragraph 70.

UNFCCC decision 2/CP.17 (Durban, December 2011)

67. Notes that non market based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests as a non-market alternative that supports and strengthens governance, the application of safeguards as referred to in decision 1/CP.16, appendix I, paragraph 2(c–e), and the multiple functions of forests, could be developed;

UNFCCC decision 1/CP.18 (Doha, December 2012)

39. Requests the Subsidiary Body for Scientific and Technological Advice, at its thirty-eighth session, to consider how non-market-based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, as referred to in decision 2/CP.17, paragraph 67, could be developed to support the implementation of the activities referred to in decision 1/CP.16, paragraph 70, and to report on this matter to the Conference of the Parties at its nineteenth session;

Thirty-eighth session of the SBSTA(Bonn, 3–14 June 2013)

14. The SBSTA noted that non-market-based approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, as referred to in decision 2/CP.17, paragraph 67, are important to support the implementation of the activities referred to in decision 1/CP.16, paragraph 70.

15. The SBSTA further noted the need for clarity on types of non-market-based approaches related to the implementation of the activities referred to in decision 1/CP.16, paragraph 70, and whether further methodological work could be needed. It took note of the relationship between this issue and the provision of adequate and predictable support, including financial resources.

16. The SBSTA invited Parties and admitted observer organizations to submit to the secretariat, by 26 March 2014, their views on methodological guidance for non-market-based approaches. It requested the secretariat to compile the submissions into a miscellaneous document for consideration at SBSTA 40 (June 2014).

This proposal filled a large gap in the international negotiations on climate change since only mitigation and the development of global carbon markets constituted the primary focus of the Working Group 1(b)(iii) on "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".

Also, at the COP11 of the Convention on Biological Diversity (CBD) held at Hyderabad-India (October, 2012) in the agenda item related to biodiversity and climate change and related issues, it has been agreed to request the Executive Secretary of the CBD to compile information with regard to the possible contribution of joint mitigation and adaptation approaches to the objectives of conservation of biodiversity and its sustainable use. This proposal is intended to advance the Decision VIII/30 the Convention on Biological Diversity, which proposes the exploitation of synergies between biodiversity conservation and mitigation and adaptation to climate change and the Aichi target numbers 5, 7, 11, 14 and 15, relating to forests, adopted by the COP10 in the Convention of Biological Diversity (CBD).

Paragraph 17 of the Decision UNEP/CBD/COP/11/L.27

17. Further requests the Executive Secretary, subject to the availability of funds, to compile information from Parties on initiatives and experiences regarding paragraph 67 of UNFCCC decision 2/CP.17 with regard to its possible contribution to the objectives of the Convention on Biological Diversity, without pre-judging any future decisions by the Conference of the Parties to UNFCCC, and to submit a progress report to the Conference of the Parties to the Convention on Biological Diversity prior to its twelfth meeting;

2. The Green Economy versus the Economy of Mother Earth

The main objective of the Bolivian position in the international negotiations at the United Nations is to advance a more plural view of the world by broadening the current monocentric thinking of the capitalist world system: the Green Economy, by which the world must follow only a single anthropocentric and market-oriented model. Bolivia has assumed the position that there are different views and approaches in the world beyond the achievement of well-being and sustainable development, such as the vision of the "Well-being-well in harmony and balance with Mother Earth". In this context, the economy of Mother Earth originates in the views of indigenous peoples, in which nature is sacred and therefore its environmental functions cannot be monetized and converted into a commodity.

The Bolivian approach has the following characteristics: i) it is cosmocentric and holistic because it reinforces the balance and complementarity between human beings and nature; ii) it is based on the non-western foundations of society because it is born from the views of indigenous peoples and social organizations of the world, iii) it is polycentric because it recognizes the diversity and plurality of visions and approaches existing in the world, including social, economic, cultural, and political arenas; and iv) it has a non-market oriented mindset because the capitalist accumulation is not at the heart of society.

The principal aspects of the Bolivian proposal for moving from the current paradigm of civilization toward Well-being in balance and harmony with Mother Earth, are the following:

The transition from the anthropocentric view of the world toward the construction of a cosmocentric approach. The anthropocentric view of the world is centered on the achievement of peoples' well-being through the irrational exploitation of nature, which is seen as a natural capital: an inert object that can be owned, operated, transformed, and marketed as a source of income without limits. By contrast, the cosmocentric approach is based on the vision of indigenous peoples, in which living beings and nature are in dialogue one with the other sharing a the same level of hierarchy. In this approach Mother Earth is a sacred, living being: She is our mother.

The transition from the monocentric colonial and capitalist world system toward the recognition that in the world there are multiple ways of living and thinking. An imperative aspect in the construction of the contemporary world is recognizing the multiple ways of thinking of non-Western societies, and particularly that of indigenous peoples and local communities from developing countries. This means the transition from only one

predominant view of the world that has only one center of authority (developed countries), one developmental model (Green Economy), and one dominant economic model (Capitalism), implies the recognition that we live in a polycentric world where there are many centers of authority, many approaches to achieve happiness of the people, and many economic models involving public, private, and community arenas.

The transition from the Green Economy that has a market-oriented mindset towards the economy of Mother Earth, which is based on the non-commodification of Mother Earth. The capitalist countries of the world are oriented to expand the market instruments to nature building upon the idea that nature is an inert object that can be economically valued and monetized. This is done by promoting the notions of natural capital, the economic valuation of ecosystem services, the payment for ecosystem services, and the establishment of REDD+ as the way to convert forests into a commodity. Conversely, in the societies promoting the Living-well, it is considered that the way to protect Mother Earth is through avoiding the commodification and financialization of the environmental functions of Mother Earth. In the economy of Mother Earth the creation of wealth is achieved by respecting the limits of regeneration of the components of Mother Earth, and promoting the integral and sustainable management of forests and systems of life of Mother Earth.

3. The Rio+20 United Nations Conference on Sustainable Development

Paragraph 56 of the Outcome Document, “The future we want”, from the Conference of Sustainable Development of Rio+20, states the following:

“We affirm that there are different approaches, visions, models and tools available to each country, in accordance with its national circumstances and priorities, to achieve sustainable development in its three dimensions which is our overarching goal”.

In this regard, this statement from Rio+20 provides further justification for the development of paragraph 67 of the United Nations Framework Convention on Climate Change (UNFCCC) decision 2/CP.17 which considers that in the context of the formulation and establishment of policy approaches and positive incentives for the reduction of emissions from deforestation and forest degradation, it is necessary to set out in a coherent way the different approaches and visions of the different countries. In accordance with this determination it was considered necessary to develop non-market based approaches to joint mitigation and adaptation since these are key concerns of some developing countries.

So far, the discussion in the group 1(b)(iii) at the UNFCCC has been primarily focused on the development of market based approaches and mitigation. Therefore, in the context of what has been agreed at the Rio+20 outcome document, it is necessary to move forward with the development of a range of different approaches considering joint mitigation and adaptation in the context of non-market based approaches, taking fully into account the integral and sustainable management of forests.

Therefore, it is important in the context of the UNFCCC to constitute the joint mitigation and adaptation mechanism for the integral and sustainable management of forests, to foster the role of forests in mitigation and adaptation to climate change, advancing also on an

additional agreement of the Outcome Document of Rio +20 which calls for the urgent implementation of the "non-legally binding instrument on all forest types" which is focused on implementing actions for the sustainable forest management.

4. The need for a Joint Mitigation and Adaptation Mechanism

It is important to highlight the impacts of climate change on forests. As stated in the IPCC 4AR¹, forest ecosystems have long been subjected to many human-induced pressures and climate change constitutes a new and additional pressure that could change or endanger these ecosystems. The report highlights the potential impacts of climate change on forest ecosystems and new findings indicate that negative climate change impacts may be stronger than previously projected, particularly in South America.

Although, it is widely recognized that forests have a dual role in mitigation and adaptation to climate change, there is limited literature on forest adaptation and only recently has the UNFCCC agreed to consider ecosystem adaptation and forestry in the context of the Subsidiary Body for Scientific and Technological Advice. After extensive lobbying by Bolivia in Durban it was agreed that the Nairobi Work Programme would organize a workshop to consider the adaptation, ecosystem and forest link².

Also, the IPCC 4AR identified the need to explore the possibility of incorporating adaptation practices into mitigation projects to reduce vulnerability, and recommended that Parties under the Convention should consider and address this finding. Further, the report suggests that guidelines may be necessary for promoting synergy in mitigation as well as adaptation programmes and that integrating adaptation practices in such mitigation projects would maximize the utility of the investment flow and contribute to the enhancement of institutional capacity to cope with risks associated with climate change.

Consequently a Joint Mitigation and Adaptation Mechanism is needed in order to promote the establishment of non-market based approaches such as joint mitigation and adaptation approaches for the integral and sustainable management of forests.

5. The development of different approaches in the context of the UNFCCC decision 2/CP.17

In the following discussions of the Working Group 1(b)(iii) of the UNFCCC it is important to consider the following rationale:

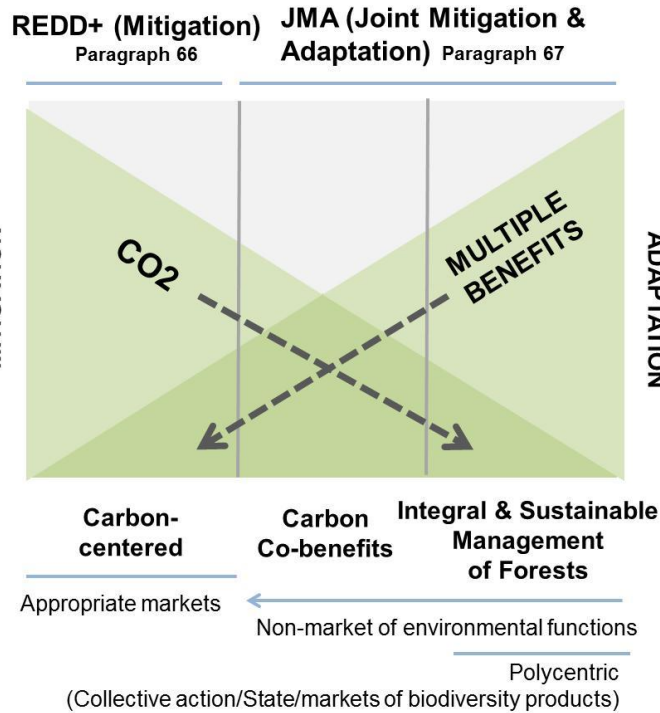
¹Intergovernmental Panel on Climate Change (IPCC). Fourth Assessment Report: Climate Change 2007. Chapter 9: Forestry.

²This workshop will be important in the context of the Convention in consideration of practices that can support adaptation in forest ecosystems, including changes in land use options, management intensity, appropriate hardwood and softwood species mix, timber growth and harvesting patterns within and between regions, changes in rotation periods, salvaging dead timber, promoting species more resilient to the new climatic conditions, landscape planning to minimize fire and insect damage, support for effective fire management, and other appropriate measures.

1. The mitigation approach is based on the identification of a unit of transaction: units of CO₂(REDD+ units),thereby promoting only the measurement of carbon (or additional carbon related co-benefits). This structure is entirely based on the market rationale (business and contractual models), linked to either private or public funding.
2. In the context of mitigation and adaptation to climate change, in order to promote public funding for forests, it is then necessary to fully develop a non-market based approach, which is based neither on business and contractual models nor units of transaction but in sustained actions at different levels for improving sustainable forest governance. Considering that the conservation of biodiversity and environmental management are concerns of wider public interest largely under governmental domain in protected areas and the collective property of indigenous people and local populations, it is important that the role of the State (the public) and of the collective action of indigenous people and local populations should be fully recognized as crucial in ensuring forest mitigation and adaptation to climate change.
3. At the core of the joint mitigation and adaptation approaches is the issue of the development of the framework related to the integral and sustainable management of forests and systems of life of Mother Earth. The understanding of the issue of adaptation vis-a-vis mitigation is critical in order to integrate the consideration of the multiple functions and benefits of forests into the climate change scenario, considered as one of the components of the systems of life of Mother Earth.

Therefore, in order to move forward on the topics addressed at the UNFCCC Working Group 1(b)(iii) it is necessary to promote the full development of the Joint Mitigation and Adaptation Mechanism as a non-market alternative considering the full integration of the multiple benefits of forests into mitigation and adaptation to climate change. The position of Bolivia on the way to comprehensively integrate these different approaches is presented in the figure below.

Forest Mitigation and Adaptation Approaches



Therefore, there are at least three approaches that should be considered in the establishment of the policy approaches and positive incentives in the context of the Working Group 1(b)(iii) at the COP18 in Doha.

- i) The conventional REDD+ carbon-centered approach based on regulated and appropriate market arrangements (private or public transfers).
- ii) Carbon co-benefits based mainly on non-market based approaches, where the issue of carbon is still relatively important.
- iii) The joint mitigation and adaptation approach for the integral and sustainable management of forests, where carbon has less weight with respect to the multiple benefits of forests and greater linkages with biodiversity concerns and the achievement of the multiple benefits of forests and systems of life of Mother Earth.

6. The Joint Mitigation and Adaptation Mechanism as a non-market based approach

The Joint Mitigation and Adaptation Mechanism is designed to effectively advance non-market based approaches considering mitigation and adaptation co-benefits to climate change through the integral and sustainable management of forests and systems of life of Mother Earth; considering that this has a direct impact on the processes and actions of mitigating and adapting to climate change which must be understood as two inseparable and indissoluble aspects. That is:

- At the core of the integral and sustainable management of forests are the following issues: strengthening of forest governance; developing integrated management of

systems of life (earth, water, forests and biodiversity), sustainable use of forest, agriculture and livestock productive systems; improving local people's livelihoods.

- The actions following the integral and sustainable management of forests create the best conditions to minimize the risk and vulnerability of ecosystems and of local populations to climate change and take advantage of opportunities with important implications for adaptation.
- Also, the intervention in the integral and sustainable management of forests is oriented to maintain the environmental functions of forests including mitigation, but this can only be generated as a sustainable process of climate change mitigation through the adaptation of forests and people living in forests.
- Also, it is considered that adaptation practices could be incorporated synergistically in most mitigation projects in the forestry sector. The IPCC has suggested that several principles can be defined and applied to prioritize mitigation activities that help to reduce pressure on natural resources, for example the careful consideration of vulnerability to climate change as a risk to be analyzed in mitigation activities; prioritizing mitigation activities that enhance local adaptive capacity, and promoting sustainable livelihoods of local populations.
- Therefore, mitigation and adaptation are integrated efforts resulting from the strengthening of the integral and sustainable management of forests. The IPCC also indicated that the complementarity between many of the options for adaptation and mitigation, and that the further exploitation and promotion of synergies between mitigation and adaptation, could also advance sustainable development,

The overriding priority of this approach is to achieve sustainable development and eliminate poverty. In this context actions that generate adaptation and mitigation co-benefits should be sought to reduce deforestation, halt the loss of forest biodiversity, maintain environmental functions, reduce land and resource degradation, and facilitate the transition to better land use through the development of more sustainable production systems and contribute to climate change mitigation and adaptation of ecosystems and people.

Considering that forests should be regarded in the framework of the multiple dimensions of integral and sustainable development, and in view of appropriate international guidance and experiences, including from the UNFCCC Adaptation Framework, the Joint Mitigation and Adaptation for the integral and sustainable management of forests should be based on the following foundations:

- Reinforces the principle that environmental functions of the forests must not be converted into commodities and the understanding that forests are much more than mere reservoirs of carbon, since they are living systems of Mother Earth.
- Recognizes and supports the efforts of indigenous and local populations' collective action to strengthen local institutions regarding integral and sustainable management of forests and forest landscapes.
- Strengthens local resource uses and production practices of local and indigenous people oriented to the conservation and integral and sustainable management of forests and forest landscapes, including use of land, water and biodiversity.

- Contributes to tackle the contextual conditions and the underlying causes of deforestation and forest degradation taking into account the ecosystem approach, land-use planning, land tenure issues and improvement of autonomous forest governance at the local level.
- Promotes actions to build the resilience of socio-economic and ecological systems, including through economic diversification and sustainable management of natural resources, biodiversity conservation and the sustainable use of its components, and the enhancement of the sustainable livelihoods of local peoples.
- Develop climate change impact, vulnerability and adaptation assessments in multiple forest ecosystems including assessments of financial needs as well as economic, social and environmental assessment of adaptation options;
- Takes into account that actions for the adaptation and mitigation of forest must be based on local practices and knowledge and many forest communities and indigenous people have a detailed knowledge of their environment, and have developed strategies for adapting to perennial and longer-term climate variability.
- Mindful of the importance of these practices and knowledge, the unprecedented rates of changes may challenge this knowledge and the capacity of learning, requiring the development of new strategies and skills, and that this gap must be addressed.

7. Comparison between approaches: REDD+ and the Joint Mitigation and Adaptation for the integral and sustainable management of forests

It is theoretically, technically and operationally inefficient to convert a market-based approach focused only on mitigation (REDD+) into a non-market based approach, oriented to work in the opposite direction, in order simply to get access to public funding in a very opportunistic way. Therefore, it is inconsistent for the proposal of REDD+ to connect an approach designed to work with the markets into a public funding approach, since the challenges regarding the non-market based approach (as stated in the paragraph 67 of the decision 2/CP.17) are beyond the scope of REDD+.

Comparison between the characteristics of REDD+ and the joint mitigation and adaptation for the integral and sustainable management of forests

REDD+ characteristics	Problems of REDD+ Extracted from CIRAD 2012 (*)	Characteristics of the Joint Mitigation and Adaptation for the Integral and Sustainable Management of Forests
The theoretical basis		
REDD+ employs the premise of rational choice : governments and forest users decide to deforest or not based on an economic balance, and can be stimulated to make rational decisions not to	“This theory assumes that the State is in a position to base decisions on cost-benefit analysis, and that having done so, it is capable to implement and enforce the appropriate policies and measures which could translate into reduced deforestation. In reality, public decision-making is influenced by	It is based on second generation theories of collective action related to institutional economics, and polycentric arrangements combining public governance, collective action of communities and private efforts.

REDD+ characteristics	Problems of REDD+ Extracted from CIRAD 2012 (*)	Characteristics of the Joint Mitigation and Adaptation for the Integral and Sustainable Management of Forests
deforest if the relative prices of alternatives are offered.	a number of factors beyond rational economic choice, including weak governance, low administrative capacities, corruption and conflicts of interest in decision-making between government departments and public agencies” (page 13)	
The scope of the approach		
REDD+ is merely focused on an approach interested in the role of forests in mitigation	“Early research from REDD+ projects shows that the fundamental concerns of leakage, lack of additionality and high costs and uncertainties in quantifying emission reductions remain” (page 10).	An approach based on the joint mitigation and adaptation to climate change through the integral and sustainable management of forests and systems of life.
Baselines and performance		
Baseline established using reference levels for forest cover and emissions	“Thorough examination of the various approaches to determining crediting baselines and “reference levels” concludes that no approach can reliably determine future deforestation rates, and baselines will to a large extent be politically determined, leading to risks of “hot air” and windfall effects, or of not rewarding genuine efforts, which undermine the objectives of REDD+” (page 11).	Development of territorial planning (or “Plans of Life” in the case of indigenous people) in order to set up a referential baseline considering indicators of joint mitigation and adaptation to climate change.
Financial options		
Funding based on markets or the payment of performance ex-post results (quantified emissions reductions): to pay forest owners and users to reduce emissions and increase removals.	“The assumption that funds would come from carbon markets may prove incorrect. In parallel, the REDD+ debate needs to move away from a preoccupation with sources of finance and decide on an architecture which best supports the appropriate policies to meet REDD+ objectives. It is critical for REDD+ policy makers and donors to understand that most “performances” will need previous “investments” in various sectoral activities to strengthen governance and institutional capacity” (page 13).	Sustained ex- ante public funding (climate debt) based on the long-term performance of joint mitigation and adaptation indicators through the integral and sustainable management of forests, to be reported voluntarily by developing country Parties. Also finance would support the development of an appropriate governance framework within which to develop actions supported by the approach.
Types of payments		

REDD+ characteristics	Problems of REDD+ Extracted from CIRAD 2012 (*)	Characteristics of the Joint Mitigation and Adaptation for the Integral and Sustainable Management of Forests
REDD+ is based only on financial incentives through the basic idea of the Payment of Environmental Services (PES). It also should become an additional local subsidy.	“In the range of instruments governments could adopt as part of REDD+ policies, financial incentives can cover only activities where the opportunity costs are low, while regulation, proportionate law enforcement, demand-side measures and political will are needed to stop the development of the more profitable drivers to deforestation” (page 14).	Setting an integrated scheme of diverse instruments: planning, regulation, control, promotion, monitoring and evaluation of performance, linked to conditional transferes regarding the fulfillment of joint indicators of mitigation and adaptation.
Drivers of deforestation and forest degradation		
It mentions repeatedly but in its design it does not take into account seriously policies for tackling the drivers of deforestation and forest degradation.	“There is a clear need to support policies aimed at securing collective tenure as property rights to local communities and indigenous peoples. Critical to the environmental and development objectives of REDD+ is support for land tenure reform and, if appropriate, support for decentralized management of natural resources” (page 15).	The approach takes fully into account legal and policy reforms leading to improved management, use and conservation of forests while considering that key policies for tackling drivers of deforestation and forest degradation are related to the following: Land tenure rights; decentralization and autonomy in forest management; strengthening community institutions, and the wider governance framework.
Role of the private sector		
The role of the private sector in REDD+ is generally outlined as buyers or sellers of carbon credits.	“The role of the private sector, aside from as buyers or sellers of carbon credits, has generally been neglected in the REDD+ discussion, despite the fact that the trade in carbon credits has led more to speculation than to investment. More serious consideration is needed of the role that private companies could play in a national REDD+ strategy” (page 15).	Private sector engagement focused on productive investment and engagement in integral and sustainable management of forests.
Developing an appropriate scale of intervention		
REDD+ is oriented to support projects with different levels of scale and performance.	“... the international efforts towards reversing tropical forest cover loss are insufficiently focused on supporting large scale strategic programmes linked to emerging national and sub-national REDD+ strategies, including	Working in an appropriate scale (departmental and municipal governments) which allows achieving interesting targets in joint mitigation and adaptation while combining local participation and agreements in

REDD+ characteristics	Problems of REDD+ Extracted from CIRAD 2012 (*)	Characteristics of the Joint Mitigation and Adaptation for the Integral and Sustainable Management of Forests
	addressing the drivers of deforestation. Overall, support is geared to enabling specific, smaller scale forest-based projects which do not influence national policy or alter development pathways” (pag. 17).	shared objectives and goals of integral and sustainable management of forests.

(*) Karsenty, A., Tulyasuwan, N., Ezzine de Blas, D. 2012. Financing Options to Support REDD+ Activities. Based on a Review of the Literature. CIRAD. Funded by the European Commission.

Since to date conventional REDD+ has been centered only on mitigation issues, it has been unable to address satisfactorily the issues of joint mitigation and adaptation and the integral and sustainable management of forests. Also, REDD+ is a carbon-centered approach based on results-based actions (quantification of emissions of CO2 units) structured on the basis of rational theory and market-based approaches rationale and, mostly, in the payment of ecosystem services. For some, safeguards are the key in this approach in order to achieve multiple benefits (including ecological, social, cultural and economic benefits) of mitigation. Since under this approach it is difficult to incorporate the measurement of additional variables in the context of mitigation beside carbon units, the multiple benefits of forests are still marginal. Also, REDD+ has methodological problems in the development of performance baselines for quantifications of emission reductions, in the incorporation of environmental and developmental co-benefits, and in giving a meaningful role to the private sector beyond global carbon markets, among other related issues.

The Joint Mitigation and Adaptation as a non-market based approach has a different rationale. This Mechanism is based on the foundations of the economy of Mother Earth that is oriented to promote the complementarity between human beings and nature to live in balance and harmony with Mother Earth. Also, it is based on the second generation theories of collective action³ developed by Elinor Ostrom (Nobel laureate in economics at 2009) and colleagues of the Workshop in Political Theory and Policy Analysis (Bloomington-Indiana, USA).

The implementation of the approach requires the provision of financial support in the form of and technology transfer. Financial support in the form of **“sustained ex-ante funding”** is required based on the performance of joint mitigation and adaptation indicators through the integral and sustainable management of forests, leading to the establishment of broad conditions, among them: improved governance, management, and use of forests and systems of life, conservation and restoration of forests, biodiversity and environmental functions, development of local people’s sustainable livelihoods, and facilitating the

³ Second generation theories of collective action acknowledge the existence of multiple types of individuals rather than a uniform ‘rational egoist’. In these theories, trust, trustworthiness, and reciprocity are key words that are consistent with different models of individuals, allowing the understanding of the critical role of collective action in the management of forests, ecosystems and biodiversity.

transition to more optimal land use through the development of more sustainable production systems that reduce deforestation and forest degradation. In this context, the transfer of sustained ex-ante funding and technology from developed to developing country Parties is based on the trustworthiness of agreements with host governments to implement cross-sectoral and integrative policies and measures, to be reported voluntarily by developing country Parties and in accordance with their national circumstances and priorities.

8. The Forest Mitigation and Adaptation window to be established by the Green Climate Fund Board at the UNFCCC

The **forest window** (including the JMA mechanism) should be constituted in the context of the UNFCCC as a dedicated **window to be established by the Green Climate Fund Board (GCF)**, taking into consideration paragraph 67 of the UNFCCC decision 2/CP.17.

The provision of financial support for the joint mitigation and adaptation approach should be fulfilled through new, additional and reliable funding that will come from a variety of sources, both public and private (outside the markets). The funding should be developed in a direct, expedite and immediate way according to national strategies and priorities, fully respecting the sovereignty and national capacities of developing countries. External sources of finance may be derived from the following sources:

- (a) **External Public funds**, transferred from the “**Green Climate Fund**”.
- (b) **Ethical private funds**, fundraising activities targeting international private funds outside carbon markets, which can be channeled directly to the national level.

9. The “Joint Mitigation and Adaptation Mechanism for the Integral and Sustainable Management of Forests and Mother Earth” in Bolivia

Bolivia is making the effort to establish the joint mitigation and adaptation approach at the national level in order to orient those Parties interested in implementing mitigation and adaptation to climate change in the context of non-market based approaches based on the integral and sustainable management of forests.

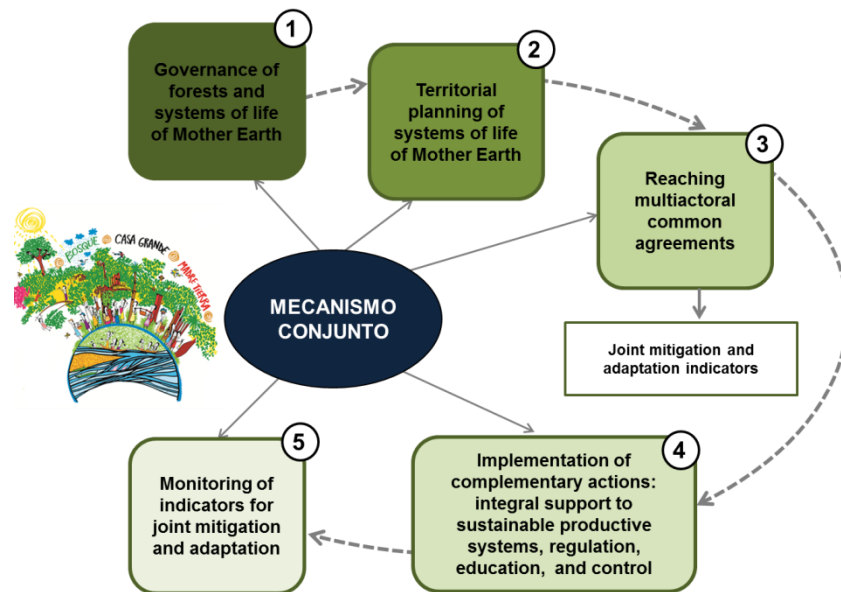
In this direction, the Plurinational State of Bolivia has enacted the Law No. 300 of “Mother Earth and Integral Development for Living-well” (October, 2012) that constitutes the Plurinational Authority of Mother Earth and establishes the “Joint Mitigation and Adaptation Mechanism for the Integral and Sustainable Development of Forests and Mother Earth”, as one of its most important operational instruments. The Bolivian government is currently in the design process for the implementation of the Mechanism in various regions of the country.

Methodological basis

The Plurinational State of Bolivia has developed some basic methodological orientations in order to properly set out this approach at the national level and to shed light into the international arena.

The joint mitigation and adaptation approach for the integral and sustainable management of forests is based on territorial planning, considering a landscape approach, carried out in territorial jurisdictions (municipalities, indigenous territories and communities). This approach promotes effective coordination between public, community and other relevant stakeholders through agreements setting common objectives and/or targets related to indicators of joint mitigation and adaptation actions to climate change.

Five methodological steps for implementation of the approach



This approach considers the following five indicative methodological steps:

1. Strengthening offorest governance and of the systems of life of Mother Earth. This approach will achieve better outcomes in tackling the drivers of deforestation and forest degradation since it enforces a context of clear land tenure rights and decentralization of forest policy instruments and autonomy in decision making regarding resource use. Also, better indicators of performance will be attained if local organizations and institutions responsible for the management of forests are respected, strengthened and promoted. If countries still do not fulfill these conditions, the action through this approach should channel financial and technological support in order to clearly improve the establishment of this scenario related to strengthen forest governance.

This is not the case with the current carbon based transfer approach that often operate in forest governance vacuums which may show short term success but which in the long term are unsustainable.

2. Territorial planning of systems of life of Mother Earth. This implies the formulation of simplified process of participatory territorial planning in local jurisdictions (or “Plans of

Life” in indigenous communities) to determine the land and land-forest uses, and building a baseline benchmark regarding the implementation of the joint mitigation and adaptation to climate change. The Mechanism is oriented to identify and strengthen sustainable productive systems in the context of the landscape approach, based on the effective integration of the forestry and agricultural activities.

3. *Reaching common agreements.* This approach allows coordination and reaching agreement on common objectives and/or goals of the overall public, community, indigenous people and private actors regarding the integral and sustainable management of forests and systems of life of Mother Earth in the selected territorial jurisdiction. The overall goals are themselves a result of the articulation of goals of smaller territorial units (related to communal or individual owners). These are employed in turn to establish the goals and indicators to be monitored and evaluated at the local level and aggregated at the national level.

4. *Implementation of complementary actions.* It is related to the effective combination at the local level of integrated support for the development of sustainable productive systems at the local level through the arrangements of conditional transfers of finance and technology to public, community and private actors (local forest users) aimed at fulfilling the objectives and/or targets of integral and sustainable management of forests. This process is articulated to a bundle of instruments for regulation, control and promotion of the integral and sustainable management of forests.

5. *Monitoring of indicators for joint mitigation and adaptation.* It involves the monitoring of forest and systems of life conditions at multiple levels (i.e. local, sub-national and national) emphasizing the development of monitoring systems arranged and implemented by local and indigenous people based on indicators comprising social, economic and environmental aspects associated with the integral and sustainable oriented to mitigation and adaptation to climate change.

Principal characteristics

The joint mitigation and adaptation approach as a network for coordination. The implementation of the approach at the national level is not intended to be a bureaucratic public entity; rather it should operate in practice as a smart unit of coordination and articulation through building networks (horizontal and vertical) in different institutional and social levels and arenas, promoting the following:

- Subscription of ongoing initiatives of integral and sustainable management of forests and systems of life into the approach for support and strengthening.
- Articulation of public efforts including the development of a bundle of instruments: both for land use and forest regulation, control and promotion, to provide services to local initiatives developing integral and sustainable management of forests. This includes coordination at the central level of government and with subnational autonomous governments (departmental, municipal and indigenous autonomous governments).

- Articulation of common objectives and/or goals among local public, community and private actors regarding indicators of joint mitigation and adaptation to climate change.
- Development of an institutional platform for the articulation of national actions regarding forests and climate change.

Subscription of initiatives. It is recommended that the implementation of the approach should be based on a process of voluntary subscription of the local initiatives of integral and sustainable management of forests under this framework, allowing the integration of practices that are already working at the local level, which in turn should be strengthened through this process in a context of mitigation and adaptation to climate change.

The approach is based on strengthening the ongoing experiences related to the development of integral and sustainable management of forests and systems of life. Through the process of subscription, such initiatives are initially registered and included as part of the approach in order to be strengthened and supported through the bundle of instruments. In the process of subscription, the approach recognizes the multi-institutional arrangements at the local level: public, private and community, in which the initiatives of integral and sustainable management of forests are developed.

10. Future actions regarding the development of the Joint Mitigation and Adaptation Mechanism as a non-market based alternative

The following actions should be undertaken in order to move forward with the design and implementation of the joint mitigation and adaptation for the integral and sustainable management of forests in the context of the UNFCCC decisions.

1. Decides to establish **ex-ante sustained funding** based on the long-term performance of joint mitigation and adaptation indicators through the integral and sustainable management of forests, to be reported voluntarily by developing country Parties
2. Request the Subsidiary Body for Scientific and Technological Advice, to finalize the development of modalities, procedures, and the institutional architecture of the Joint Mitigation and Adaptation Mechanism for the integral and sustainable management of forest to report for adoption at the COP 20, and to assess and support the needs identified by developing country Parties for its implementation.