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**Subsidiary Body for Scientific and Technological Advice**

**Thirty-eighth session**

**Bonn, 3–14 June 2013**

Item 5 of the provisional agenda

**Coordination of support for the implementation of activities  
in relation to mitigation actions in the forest sector by  
developing countries, including institutional arrangements**

**Subsidiary Body for Implementation**

**Thirty-eighth session**

**Bonn, 3–14 June 2013**

Item 6 of the provisional agenda

**Coordination of support for the implementation of activities  
in relation to mitigation actions in the forest sector by  
developing countries, including institutional arrangements**

**Views on the matters referred to in decision 1/CP.18,  
paragraphs 34 and 35**

**Submissions from Parties**

**Addendum**

1. In addition to the 11 submissions contained in document FCCC/SB/2013/MISC.3, three 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.<sup>1</sup>

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\* 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.

<sup>1</sup> Also available at <unfccc.int/5901> and <unfccc.int/5902>.

**FCCC/SB/2013/MISC.3/Add.1**

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**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**

The Government of Brazil, in response to the invitation to Parties contained in decision 1/CP.18, welcomes the opportunity to provide its views on the matters referred to in paragraphs 34 and 35 of FCCC/CP/2012/L.14/Rev.1.

Paragraphs 34 and 35 of Decision 1/CP.18 have three elements, namely:

- i- coordination of support for the implementation of the activities referred to in decision 1/CP.16, paragraph 70;
- ii- provision of adequate and predictable support, including financial resources and technical and technological support, to developing country Parties for implementation of those activities;
- iii- consideration of existing institutional arrangements or potential governance alternatives for the above items.

It is worth noting that elements i- and ii- largely overlap with matters addressed on the work programme under the COP referred to in paragraphs 25-33 of decision 1/CP.18, respectively, “Ways to improve the coordination of results-based finance” and “Ways and means to transfer payments for results-based actions”. It is the view of Brazil that the joint process under SBI/SBSTA should work closely with the work programme under the COP, with a view to avoid duplication of efforts and use the time available for negotiations more effectively.

Views on the elements of these programs are provided below.

**PROVISION OF ADEQUATE AND PREDICTABLE SUPPORT, INCLUDING FINANCIAL RESOURCES AND TECHNICAL AND TECHNOLOGICAL SUPPORT, TO DEVELOPING COUNTRY PARTIES FOR IMPLEMENTATION OF THOSE ACTIVITIES / WAYS AND MEANS TO TRANSFER PAYMENTS FOR RESULTS-BASED ACTIONS**

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

Various ways and means of support have been sought by developing countries with regard to the development of the activities and elements listed in paragraphs 70-73 of decision 1/CP.16. A transition from such collection of interim arrangements to a permanent and more coordinated architecture for results-based payments should be the priority of REDD+ discussions under the UNFCCC.

Such architecture for REDD+ must provide adequate and predictable support from developed countries to developing countries, as well as be simple and effective, without incurring in

unnecessary transaction costs. It is the view of Brazil, therefore, that in the international level results-based payments can best occur using a national jurisdiction scale as reference (on an interim basis, subnational references could also be adopted). This would ensure transparency and accountability, as well as avoid double counting of results.

As the main global fund for climate change finance, the Green Climate Fund has a central role in such architecture. Its governing instrument recognizes REDD+ among the mitigation activities to be financed by the GCF. COP-19 offers a clear opportunity to provide guidance to GCF on financing REDD+. In the view of Brazil, GCF could enable and support enhanced action on REDD+ through *ex ante* financing and *ex post* payments, in the following ways or modalities:

- a) *Ex ante* financing to developing countries for the development and implementation of the elements described in paragraph 71 and the activities listed in paragraph 70 of decision 1/CP.16;
- b) *Ex ante* financing to other actors for the implementation in developing countries of projects that contribute to the activities listed in paragraph 70 of decision 1/CP.16, subject to a no-objection procedure by national designated authorities of developing countries;
- c) *Ex post* payments of grants to developing countries to be disbursed according to mitigation results, based on national forest monitoring systems, reference emission levels and/or forest reference levels, consistent with National Communications and Biennial Update Reports.

Modalities a) e b) correspond to *ex ante* financing of readiness phases, to which one cannot directly attribute a result expressed in tonnes of carbon dioxide equivalent per year. The main difference between these two modalities would be the proponent – while modality a) is reserved for national governments of developing countries, modality b) would allow for financing of projects developed by other actors, such as regional organizations, private actors and non-governmental organizations.

The *ex post* payment of grants under modality c) would have two functions: reward developing countries for the results achieved, as well as help ensure the permanence of such results.

Applications for grants under modality c) would be made by developing countries based on their results, consisting of the reduction of emissions from deforestation and/or from forest degradation, or the increase in forest carbon stocks, relative to a national reference level or reference emission level established following all relevant UNFCCC decisions. 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.

In order to stimulate consistent and durable REDD+ results, resources from modality c) could be reinvested in REDD+ activities and/or distributed within developing countries' subnational and/or project scales, according to their national circumstances and legislation. Benefit sharing arrangements are to be determined independently by developing countries that receive results-based payments for REDD+, as means to recognize the role of different sectors in achieving results at national level.

It is worth noting that modality c) refers to the equitable distribution of available resources under this modality, on a periodic basis. The distribution of the grants among developing countries would take as reference the total results presented by applicants over a period of time, rather than a fixed monetary value per ton of carbon dioxide equivalent per year.

When disbursing resources under the above suggested modalities, GCF should take into account the relevant COP decisions, as well as National Communications, Biennial Update Reports and International Consultation and Analysis.

In accordance with Section D of the Governing instrument for the GCF, developing countries could access REDD+ resources either directly or through international entities accredited to receive funding under the GCF. Developing countries may also designate a national authority to recommend proposals to the GCF and be consulted on other proposals. Accordingly, with reference to REDD+, such national authority would be responsible for presenting proposals under modality a); applying for grants under modality c); as well as for the non-objection procedure referred to in modality b). Such national authority should work in close coordination with the national authorities responsible for implementing and/or coordinating REDD+ activities (it may be the same authority, if appropriate).

The ways and means for results-based payments outlined above neither preclude the continuation of current REDD+ financing initiatives, nor exclude further financing through the GEF or bilateral arrangements – these would still have an important role in financing REDD+ activities.

Likewise, it does not exclude the possibility of developing appropriate market based approaches, as per paragraph 66 of decision 2/CP.17. It is the view of Brazil, however, that these discussions are not yet mature for a decision and that there is a need to broaden the debate in order to have a common understanding on the elements of paragraph 66 of decision 2/CP.17. These discussions are not a pre-requisite for the development of guidance to the GCF on REDD+.

## **COORDINATION OF SUPPORT FOR THE IMPLEMENTATION OF THE ACTIVITIES REFERRED TO IN DECISION 1/CP.16, PARAGRAPH 70 / WAYS TO IMPROVE THE COORDINATION OF RESULTS-BASED FINANCE**

As already stated in the previous submission on “modalities and procedures for results-based finance for REDD+”, 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, in particular the Green Climate Fund (GCF). Guidance for the support and results-based financing performed through the GCF is a prerogative of the Conference of the Parties, which corresponds to coordination at the highest level.

Current REDD+ financing initiatives as well as further financing through the GEF or bilateral arrangements still have an important role in financing REDD+ activities.

These supporting initiatives shall ultimately work closely together at the national levels, where the biggest coordination potential lies. Developing countries aiming to undertake activities referred to

in paragraph 70 of decision 1/CP.16 could consider the creation of designated national authorities as focal points for interacting with the operating entities from the financial mechanism of the UNFCCC, as well as other relevant institutions regarding REDD+. As mentioned above, the authorities responsible for implementing and/or coordinating REDD+ activities should work closely with the national designated authority referred to in paragraph 46 of the GCF governing instrument (it may be the same authority, if appropriate).

## **CONSIDERATION OF EXISTING INSTITUTIONAL ARRANGEMENTS OR POTENTIAL GOVERNANCE ALTERNATIVES**

The consideration of existing institutional arrangements or potential governance alternatives to REDD+ intrinsically depends on the negotiations related to transfer of payments for results-based action and to coordination of results-based finance. The possible creation of an institutional arrangement for REDD+ under the COP should be based on the identification of a clear and legitimate role, without establishing a different treatment under the Convention in relation to other mitigation options.

Without prejudice for the above paragraph, the development and financing of REDD+ activities could benefit from a formal locus under the UNFCCC for discussion between designated national authorities responsible for REDD+ activities and donor-countries, as well as other stakeholders, with a view to share information and experiences and to foster collaboration.

## Paper no. 2: Japan

Views on matters related to improvement of coordination of support in the implementation of the activities referred to in Decision 1/CP.16 paragraph 70, and existing institutional arrangements or potential governance alternatives

Japan welcomes the opportunity to submit its views on matters related to improvement of coordination of support in the implementation of the activities referred to in Decision 1/CP.16 paragraph 70, and existing institutional arrangements or potential governance alternatives including a body, a board or a committee, in response to the invitation in paragraph 36 of Decision CP/2012/L.14/Rev.1.

### 1. General Issues

In order to put the REDD+ into practice, it is important to establish a transparent and reliable MRV system. The system should be adequately reliable and be handled easily, instead of being costly and time-consuming. In addition to that, establishment of robust national forest monitoring system is also significant.

Implementation of REDD+ activities should lead to achieving the objective of sustainable forest management, promote and support safeguards, such as conservation of natural forests, biological diversity, the respect for the knowledge and rights of indigenous peoples, local communities, and be consistent with the objective of environmental integrity.

### 2. Institutional Arrangements

With regard to the discussion on institutional arrangements or potential governance alternatives, in order to enable early implementation of REDD+ activities, Japan prioritizes to consider more on the function itself rather than institutional issues. The view is to have consulting function to promote the REDD+ activities, including gathering information, conducting needs and gap analysis, organizing capacity building activities and sharing experiences of good practices. Japan can contribute by sharing the know-how accumulated through capacity building for establishment of national forest monitoring system through projects conducted by Japan International Cooperation Agency, feasibility studies and others.

### 3. Coordination of Support to the developing country Parties

Support, especially finance provided to developing country Parties, should come from a wide variety of sources and centralized management or distribution of financial and technical support to developing countries by a body, a board or a committee should be avoided.

Existing institutions or supports, such as UN-REDD, FCPF, REDD+ Partnership and bilateral supports should be fully utilized. As for GCF, we should not prejudge the conclusion of discussions on the scope and the funding method in the board meetings of GCF which will be held three times this year.

Japan looks forward to working on these issues with other Parties, and reaching practical solutions at the subsequent SBSTA, SBI, and COP19/CMP9.

**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**

Based on the decision of the Conference of the Parties at its eighteenth session on *agreed outcomes pursuant to the Bali Action Plan* Paragraph 36, Parties and admitted observer organizations are invited to submit views, to the Secretariat of the UNFCCC by 25 March 2013, on the matters referred to in paragraphs 34 and 35, including potential functions, modalities and procedures.

1. On **Paragraph 34**, Malaysia is of the view that there is a crucial/serious need to improve coordination of support for the implementation of the activities referred to decision 1/CP.16, paragraph 70. The improved coordination of support should facilitate:

- Transparent and equitable access to support by developing countries.
- Increased efficiency and effectiveness of support.
- Disbursement of support from developed countries to developing countries.
- The REDD+ readiness phase to implementation phase.
- Reporting of the support pledged and disbursed in terms of finance, technologies and technical matters.

2. Malaysia is of the view that the need to provide adequate and predictable support, including financial resources, technical and technological support, to developing country Parties for implementation of activities referred in paragraph 70 of 1/CP.16 is necessary as agreed to in paragraph 65 of 2/CP.17. In addition, Malaysia views adequate and predictable support is needed to develop the modalities as per paragraph 71, 72 and 73 of 1/CP.16. It is also necessary to achieve a balance between methodological requirements and financial support to implement activities referred in paragraph 70 of 1/CP.16.

3. On **Paragraph 35**, Malaysia believes that the joint process of SBSTA and SBI should focus on addressing a balance between methodological guidance and the commitment of support for implementing REDD+. It is important that previous decisions on finance and methodological aspects relating to REDD+ shall be respected in this process.

4. For REDD+ institutional arrangement, Malaysia proposes that the modalities for REDD+ should be established first. Once the modalities are established, then the potential roles and functions of an REDD+ institution could be developed. The financial implication of such an institution should also be considered. In the interim, coordination should be undertaken by the UNFCCC Secretariat.

5. Malaysia supports the submission made by Indonesia on behalf of ASEAN.

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