

PROPOSED TEXT on REDD+ Finance
Pursuant to Paragraph 77 of Decision 1/CP.16

The Conference of the Parties,

Recalling that Decision 1/CP.16 recognizes the crucial role of REDD+ to mitigate climate change,

Reaffirming that, in the context of the provision of adequate and predictable support to developing country Parties, Parties should collectively aim to slow, halt and reverse forest cover and carbon loss, according to national circumstances, consistent with the ultimate objective of the Convention as stated in Article 2,

Reaffirming that scaled-up, new and additional, predictable and adequate funding shall be provided to developing country Parties and that the funding may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources,

Reaffirming that such funding to developing countries Parties is essential for effective implementation of the activities referred to in paragraph 70 of decision 1/CP.16;

Reaffirming that bilateral and multilateral sources of finance should be used to support activities described in paragraph 76 of decision 1/CP.16;

Acknowledging that more clarity on the estimated need for REDD+ finance should be developed based on actual bottom-up estimates of country needs;

Recalling paragraphs 76, 77, and 78 of decision 1/CP.16,

Recalling paragraphs 80 to 87 of decision 1/CP.16,

1. Reaffirms that results-based actions represent the full-implementation phase for REDD+ when a developing country party has completed all the elements set forth in paragraph 71 of decision 1/CP.16;
2. Reaffirms paragraph 76 of decision 1/CP.16 that actions, other than results-based actions, should be supported by existing and new sources of public finance, rather than compliance market-based mechanisms;
3. Recognizes that new commitments for scaled up funding from bilateral and multilateral sources are urgently needed to assist developing countries in implementing the activities described in paragraph 76 of decision 1/CP.16 in order to assist developing country parties to achieve the full implementation phase for REDD+ and create the pre-conditions for results-based actions;
4. Decides that financial resources to support results-based actions should come from a flexible combination of public and private sources, including market based sources but also scaled up bilateral and multilateral sources;
5. Agrees that financial support for results based actions should:
 - a. Support reductions that have a high level of certainty and climate integrity;

- b. Promote equity by ensuring adequate incentives for countries with less capacity as well as countries with significant carbon stocks but lower deforestation rates, while ensuring the integrity of the climate system;
 - c. Be directed to national governments, national trust funds or to regional or sub-national governments or trust funds (as part of a national programme) for equitable distribution to forest stakeholders;
- 6. Further agrees that REDD+ credits should be included within compliance¹ market-based mechanisms only if they represent performance-based results that are
 - a. quantified against a national forest reference emissions level/forest reference level or a sub-national reference emissions level/forest reference level that is incorporated into a national accounting system; and
 - b. fully monitored, reported, and verified at the national level in a manner that accounts for emissions leakage or displacement;
- 7. Further agrees that the incorporation of REDD+ credits into compliance market-based mechanisms will be designed consistent with paragraph 5 above and in a manner that:
 - a. Promotes greater overall ambition by contributing to:
 - i. closing the gap between existing country emissions reduction commitments/ actions and the long term goal set forth in paragraph 4 of decision 1/CP.16, and
 - ii. the objective of the Convention under its Article 2;
 - b. Avoids double-counting of emissions reductions under national communications and inventories of both developed and developing country Parties;
 - c. Ensures additionality of emissions reductions is achieved through the use of methods such as discounting;
 - d. Preserves market integrity;
- 8. Requests the Subsidiary Body for Scientific and Technological Advice to develop a work programme on matters referred to in annex I to this decision;
- 9. Requests the AWG-LCA to engage in a process to assess and quantify the approximate aggregate global need for finance to support all phases of REDD+ activities described in paragraph 73 of decision 1/CP.16, including assumptions, an agreed common methodology to estimate country needs and options for the relative mix of public and private sector investments, and report on progress made including recommended decisions to the Conference of the Parties at its 18th session.

¹ A compliance market-based mechanism is one where the credits produced are used by a country other than the country where the emissions reductions occurred in order to meet such country's emissions reduction commitments or actions.

Appendix I
(new draft language)

In the development of its work programme, the SBSTA is requested to:

- a) Identify modalities for designing payment schemes for results-based actions that satisfy the criteria in this decision and paragraphs 68-79 of decision 1/CP.16, and
 - a. identify specific types of activities that will require financial support,
 - b. develop recommendations for the source of financial support (bilateral, multilateral, market-based mechanisms or other private sector investment) that would be appropriate for different types of activities,
 - c. describe options for effectively integrating public finance (bilateral and multilateral) and private sector finance (market-based mechanisms and other private sources) into REDD+ program implementation,
 - d. promote equity by ensuring that lower cost actions are prioritized for financing other than compliance market-based mechanisms;
- b) Develop recommendations for promoting more efficient and effective access to bilateral and multilateral REDD+ finance for all phases of REDD+ implementation and to market-based finance for results-based actions in a manner that:
 - a. Promotes direct access for developing country Parties;
 - b. Ensures equitable distribution of financial benefits to forest stakeholders and forest-dependent communities.