

## **Submission of Views**

**by**

**Bangladesh, Belize, Chad, Cote d'Ivoire, Democratic Republic of Congo, Dominica, Dominican Republic, Fiji, Gabon, Guyana, Honduras, Kenya, Liberia, Nigeria, Panama, Papua New Guinea, Republic of Congo, Sierra Leone, Uganda**

**on**

**Draft guidance to the operating entities of the financial mechanism**

**30 August 2013**

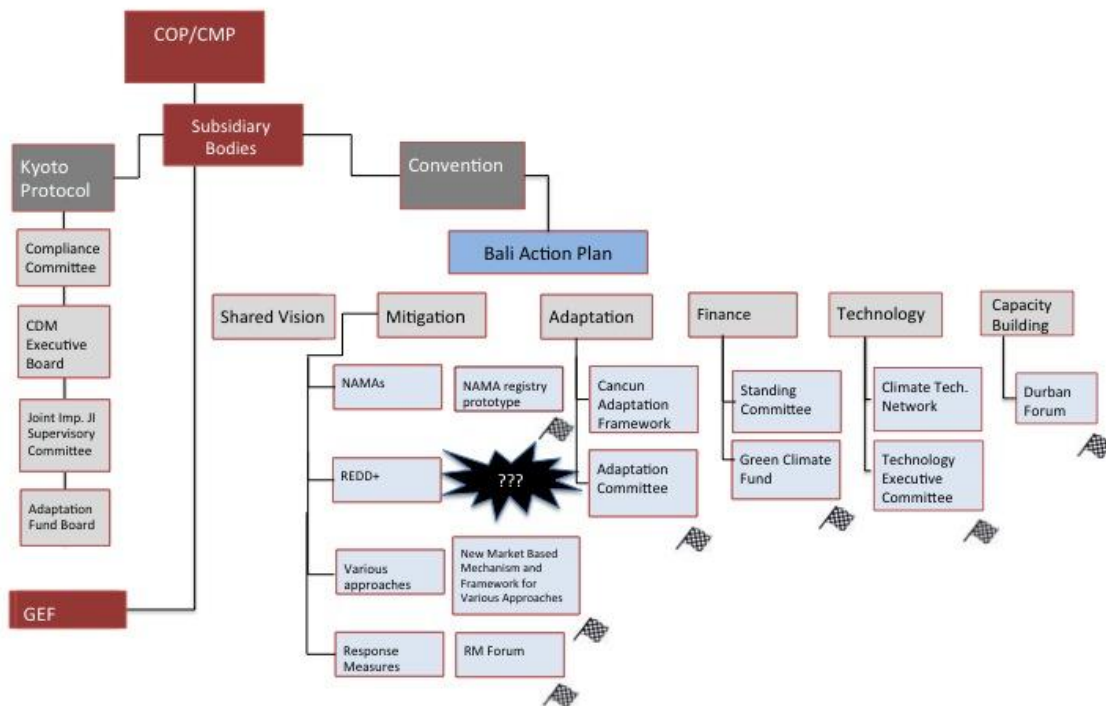
1. The Conference of the Parties (COP), at its 17th session, agreed on the functions and activities of the Standing Committee on Finance (SCF). One of the activities of the SCF is to provide to the COP draft guidance for the operating entities of the financial mechanism of the Convention, with a view to improving the consistency and practicality of such guidance, taking into account the annual reports of the operating entities as well as submissions from Parties. At this point in time, the two operating entities that this draft guidance refers to are the Global Environment Facility (GEF) and the Green Climate Fund (GCF).
2. In its report to COP 18 the SCF stated that, inter alia, beginning in 2013, it will assume the role of providing to the COP draft guidance for the operating entities of the financial mechanism as per decision 2/CP.17, paragraph 121(c). Furthermore, it stated that it will prepare draft guidance to the COP based on, inter alia, the annual reports submitted by the operating entities and submissions of views from Parties on elements to be taken into account in developing guidance for the operating entities for recommendation to COP 19 and at subsequent sessions.
3. In accordance with the background paper on procedural aspects of the provision of draft guidance to the operating entities of the financial mechanism as adopted by the SCF at its fourth meeting (document SCF/2013/4/6), Parties are requested to provide views and recommendations in writing on the elements to be taken into account in developing guidance to the operating entities by 2 September 2013.
4. For this purpose the Coalition for Rainforest Nations (CfRN or Coalition) considered issues related to the above and prepared this submission of views. Furthermore, this submission includes concepts and draft decision texts prepared by CfRN during the climate change conference held in Bonn from 3 to 14 June 2013.

5. The submission of views made the Coalition on 24 April 2013 on matters referred to in paragraphs 34 and 35 of decision 1/CP.18, including potential functions, modalities and procedures of the new market-based mechanism should be recalled.
6. The Bali Action Plan calls for 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 (REDD+). Since then, the Coalition has consistently advocated, and most recently in its submissions of views of 29 February 2012 on modalities and procedures for financing results-based actions and considering activities related to decision 1/CP.16, paragraphs 68–70 and 72, as requested by COP17, that financial resources for the full implementation of results-based actions referred to in paragraph 70 of decision 1/CP.16, accompanied by an appropriate, robust and transparent monitoring, reporting and verification process at the national level, should come from a flexible combination of public and private sources, including market-based sources that are also monitored, reported and verified.
7. Given the high estimated mitigation potential in the forestry sector in 2020 in developing countries, quantified by both the Technical Paper on ‘Investment and financial flows to address climate change: an update’ FCCC/TP/2008/7 and the UNEP ‘Emissions Gap 2012’ report as approximately 4.2 Gt CO<sub>2</sub> annually, REDD+ could play a fundamental role in addressing the mitigation ambition gap and more generally to fighting climate change in the short and long term.
8. Diverse options are available for the creation of new institutional structure and funds to finance enhanced action on REDD+ in developing countries. This includes expanding market-based mechanisms and new funds to deliver new and additional public finance.
9. The Coalition agrees with the conclusions of the Technical Paper on ‘Investment and financial flows to address climate change: an update’ FCCC/TP/2008/7, namely with the need for institutional arrangements that allows for an overall financial framework under the Convention to mobilize, manage and deliver enhanced financial flows and resources for adaptation, mitigation and technology cooperation, by:
  - (a) ensuring the efficient and effective management and supervision of the various investment mechanisms and multiple funds;
  - (b) ensuring coordination and coherence with other bilateral and multilateral financial flows;

(c) enabling the engagement of the private sector with a view to leveraging additional resources for climate-friendly and climate-resilient investments.

10. While we note that Parties have already agreed on many institutional arrangements and governance structures for most other elements within the Bali Action Plan and beyond, we recognize that REDD+ is still lacking coordinated and coherent institutional arrangements under the Convention. REDD+ as a founding and interlinked element of the Bali Action Plan effectively ended in Doha at COP-18 along with the conclusion of the AWG-LCA *without an adequate and effective institutional structure and governance framework to carry forward under the UNFCCC*, as highlighted in the chart below.

### Convention and KP governance structure



11. Within the process of addressing the matters outlined in paragraph 34 of decision 1/CP.18<sup>1</sup>, and the request to consider existing institutional arrangements or potential governance alternatives including a body, a board or

<sup>1</sup> 'The need to improve the coordination of support for the implementation of the activities referred to in decision 1/CP.16, paragraph 70, and to provide adequate and predictable support, including financial resources and technical and technological support, to developing country Parties for implementation of those activities', paragraph 34 of decision 1/CP.18.

a committee, as reflected in the submissions of views by the Coalition as referred to in paragraph 5 above and in the report of the workshop held on 10 June 2013 at the thirty-eighth sessions of the subsidiary bodies on the issues relating to ways and means to transfer payments for results-based actions, the Coalition is advocating the establishment of a Committee/Board as the overall advisory body to the Conference of the Parties to improve coherence and coordination in the delivery of financial and technical support for the implementation of the activities referred to in decision 1/CP.16, paragraphs 70 and 73 under the Convention.

12. The role of this body should be to oversee, address and facilitate the implementation of REDD+ activities in developing countries, including the provision of financial support, capacity development and technology.
13. Its main functions should be to provide guidance and recommendations to the subsidiary bodies and mechanisms, coordinate cross-cutting issues, and coordinate multilateral funding bodies and bilateral financial cooperation.
14. The Coalition believes that a link should be established by COP19 between the body/committee referred to in paragraph 11 above and the guidance to be provided to the operating entities of the Convention.
15. The Coalition includes a vast majority rainforest countries covering the three largest tropical forest areas in the world and other important nations. We believe that adequate and sustainable financial resources to implement REDD+ should be urgently provided to rainforest countries. To fulfill this aim we urge all Parties to support the following two draft decisions attached to this submission:
  - Joint SBI/SBSTA process on institutional arrangements for REDD+ (Annex I)
  - Draft guidance to the operating entities of the financial mechanism (Annex II)

Annex I

**Joint SBI/SBSTA process on institutional arrangements for REDD+:  
draft decision**

15 June 2013

*Recalling* Article 4.1.c of the United Nations Framework Convention on Climate Change,

*Recalling* paragraphs 34 to 38 of decision 1/CP.18,

*Recalling* paragraph 68 of decision 2/CP.17,

*Recalling* paragraph 35 of decision of Annex to decision 3/CP.17,

*Recalling* the findings of the Technical Paper on 'Investment and financial flows to address climate change: an update' FCCC/TP/2008/7 released by the secretariat on 26 November 2008, in particular its paragraph 60,

*Welcomes* the work initiated jointly by the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation, at their thirty-eighth sessions, with the aim to address the the need to improve the coordination of support for the implementation of the activities referred to in decision 1/CP.16, paragraph 70, and to provide adequate and predictable support, including financial resources and technical and technological support, to developing country Parties for implementation of those activities, and consider existing institutional arrangements or potential governance alternatives including a body, a board or a committee;

1. *Notes* the outcomes of the process of addressing the matters outlined in paragraph 34 of decision 1/CP.18, and the request to consider existing institutional arrangements or potential governance alternatives including a body, a board or a committee, as reflected in submissions from Parties and the report of the workshop held on 10 June 2013 at the thirty-eighth sessions of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation on the issues relating to ways and means to transfer payments for results-based actions;

2. *Recognizes* the need to ensure scaled up adequate and predictable, finance for the promotion of the activities referred to in decision 1/CP.16, paragraph 70;

3. *Further recognizes* the need for effective and coordinated international governance on the implementation of the activities referred to in decision 1/CP.16, paragraph 70, and the challenges of ensuring access, disbursement and equitable

distribution of financial resources and technical and technological support to developing country Parties for the implementation of the activities referred to in decision 1/CP.16, paragraph 70;

4. *Decides* to hereby establish a Committee/Board as the overall advisory body to the Conference of the Parties to improve coherence and coordination in the delivery of financial and technical support for the implementation of the activities referred to in decision 1/CP.16, paragraphs 70 and 73 under the Convention, inter alia, through the following functions:

- a) Provide guidance on matters related with 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, where needed, to the Conference of the Parties, the Subsidiary Bodies, the operating entities of the financial mechanisms of the Convention and other relevant institutions under the Convention;
- b) Provide guidance and advice on matters related with 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 to multilateral initiatives, bilateral efforts, civil society, rural communities, the private sector, etc.;
- c) Receive, coordinate, and manage requests for support and assistance by developing countries to implement the activities referred to in decision 1/CP.16, paragraph 70, independently of the source of funding and the financial mechanism which will disburse the funding;
- d) Coordinate and organize the result of the different evaluation processes of plans, actions, reporting, results and verification for the activities referred to in decision 1/CP.16, paragraph 70;
- e) Facilitate the mobilization and scaling-up of finance, technical support and capacity to developing country Parties for the implementation of the activities referred to in decision 1/CP.16, paragraph 70;
- f) Ensure transparency and equitable distribution of finance by monitoring the efficiency, effectiveness, distribution and impact of support provided and to be provided by multilateral and [bilateral] initiatives for the implementation of the activities referred to in decision 1/CP.16, paragraph 70;
- g) Address technical and capacity building needs of developing countries implementing the activities referred to in decision 1/CP.16, paragraph 70;
- h) measurement, reporting and verification of support provided to developing country Parties;

5. *Affirms* that the Committee/Board referred to in paragraph 4 above shall be the overall advisory body to the Conference of the Parties on matters related with 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 and be based on a fair and balanced representation of developed country Parties and developing country Parties undertaking and/or supporting the activities referred to in decision 1/CP.16, paragraph 70;

6. *Invites* the operating entities of the financial mechanisms of the Convention to provide finance for the activities by developing country Parties referred to in decision 1/CP.16, paragraph 70 in accordance with relevant decisions of the Conference of the Parties on the matter and the guidance provided by the REDD+ board/committee;

7. *Invites* the Committee/Board referred to in paragraph 4 above to exchange information with relevant Convention bodies, including the Standing Committee of the Green Climate Fund, on means to incentivize the implementation of the activities referred to in decision 1/CP.16, paragraph 70, including finance, technology, and capacity-building, with a view to identifying opportunities and further actions for consideration by the Conference of the Parties;

8. *Invites* Parties to submit to the secretariat, by [XX], views on the composition of, and modalities and procedures for, the Committee/Board referred to in paragraph 4 above and these to be compiled into a miscellaneous document, to be made available by [XX], as basis of a synthesis report to be prepared by the secretariat by [XX];

9. *Requests* the Subsidiary Body for Implementation, at its fortieth session, to continue the process initiated in accordance with paragraph 25 of decision 1/CP.18 with the aim of initiating work on issues referred in paragraphs 7 above and to elaborate the composition of, and modalities and procedures for the Committee/Board referred to in paragraph 4 above for adoption by the Conference of the Parties at its twentieth session.

## Annex II

### **Draft guidance to the operating entities of the financial mechanism: Draft decision**

*The Conference of the Parties,*

*Recalling* Article 4.1.c of the United Nations Framework Convention on Climate Change,

*Recalling* decision 1/CP.11,

*Recalling* paragraphs 34 to 38 of decision 1/CP.18,

*Recalling* paragraph 68 of decision 2/CP.17,

*Recalling* paragraph 35 of decision of Annex to decision 3/CP.17,

*Having considered* the findings of the Technical Paper on 'Investment and financial flows to address climate change: an update' FCCC/TP/2008/7 released by the secretariat on 26 November 2008, in particular its paragraph 60,

1. *Decides* that the Green Climate Fund should provide and enhance adequate support for the implementation of the activities referred to in decision 1/CP.16, paragraph 70;
2. *Also decides* that the body referred to in decision [xx], paragraph [xx] should inform the Standing Committee/Green Climate Fund on improving the coherency and coordination in the delivery of support provided in accordance with paragraph 1 above;
3. *Also decides* that for forestry activities relevant to climate change undertaken outside the framework of the financial mechanism, consistency should be sought and maintained with policies, programme priorities and eligibility criteria for activities as relevant, established by the Conference of the Parties. Towards this end and in the context of Article 11.5 of the Convention, the secretariat should collect information from multilateral and regional financial institutions on activities undertaken in implementation of Article 4.1.c and decision 1/CP.16, paragraph 70; this should not introduce new forms of conditions.