

BRAZILIAN COALITION ON CLIMATE, FORESTS AND AGRICULTURE POSITION ON REDD+

Brazil continues to reaffirm its position as global leader on the matter of climate change. The approval of the Brazilian NDC by Congress and its ratification by the President are clear indications that the country seeks to extend its role in international negotiations. With the formal phase of ratification of the Paris Agreement complete, efforts should now be focused on its implementation which will certainly create innumerable opportunities for Brazil.

During the last decade, Brazil presided over one of the greatest reductions in carbon emissions made by a single country, through a reduction in deforestation of the Amazon between 2005 and 2014. The continuity of this effort to reduce deforestation-related carbon emissions, as well as the recovery of forest areas, will make huge demands on resources in addition to requiring a permanent commitment on behalf of governments, the private sector, and society in general. In particular, fulfilment of the Brazilian NDC, recently deposited before the UN and which contains ambitious targets, will require the implementation of increasingly agile solutions. The demand for investment in order to reach targets within the deadline (2030) will grow.

This scenario will demand multiple mechanisms for Brazil to meet its emissions reduction targets. Among such mechanisms, those geared towards new financing strategies and markets, capable of attracting investors interested in climate change mitigation, will have increasing relevance. Internal regulations, pressure from consumer markets, and the search for efficiency in production chains are some examples of incentives to promote new investment and business opportunities. Brazil needs to prepare for this new global scenario. Without altering the means chosen by the UN, new markets, voluntary or regulated at national and subnational levels, represent a fundamental contribution to the global effort to limit the increase of the planet's temperature to below 2C.

From this perspective, the REDD+ mechanism (Reducing Emissions from Deforestation and Forest Degradation) is the largest opportunity for financing emission reduction efforts in Brazil. However, to date, our fundraising capacity via REDD+ has been limited and insufficiently broad. Following reference values from agreements signed by Fundo Amazônia (U\$5/tCO₂), Brazil could capture around USD 19 billion based solely on emissions reduction through deforestation of the Amazon up to 2014. Nevertheless, to date under USD 2 billion has effectively been captured, a sum falling well below the potential offered by demonstrated emissions reductions.

In this sense, the Brazilian Coalition on Climate, Forests, and Agriculture understands that certain short and medium term measures must be taken in order for the country to benefit more from the opportunities it offers for REDD+ investments. These are:

- 1) Creating and regulating effective mechanisms so that the reduction of

emissions and expansion of removal of Greenhouse Gas Emissions (GHG) relating to forests and agriculture be recognised as Brazilian assets that contribute to the mitigation of climate change, creating value for such assets, in multiple ways, including through participation in carbon markets where applicable.

- 2) To move forward with the design and implementation of the Brazilian Market of Emissions Reduction (MBRE), implementing pilot projects over the next 2 years, and creating a work agenda that encourages synergies between the market and the appreciation of forest assets.
- 3) To regulate Article 41 of the Brazilian Forest Code, as well as other legal provisions (PLs on PSA, state legislation on REDD+, among others) which enhance the value of capture, conservation, maintenance, and increase of carbon stock, including through the exchange of forest assets, as set forth in the Code.
- 4) To recognise subnational initiatives, such as REDD+ State Programs and pilot projects currently being run in the Amazon, as key elements of the REDD+ National Strategy.
- 5) To reformulate the REDD+ National Commission (CONAREDD) through an increase in the number of seats for the private sector and civil society, and allowing for greater equality in procedures for decision-making (ex. en bloc voting), with a view to strengthening issues related to transparency and equitable benefit sharing.

The Brazilian Coalition on Climate, Forests, and Agriculture is in favour of a technically grounded and broad debate involving all stakeholders, with the aim of broadening horizons for the opportunities that climate agreements will bring to the country. We understand that the REDD+ system has great potential for growth and attracting investment in Brazil.

Finally, we recognise that after 2020, with the review of NDCs, demand for offsets and carbon credits in general will increase, positioning Brazil favourably for participating in those markets. We therefore recommend that the short term measures indicated in this document be put in place in order to realize this potential in future.