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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

**Subsidiary Body for Scientific and Technological Advice**

**Thirty-eighth session**

**Bonn, 3–14 June 2013**

Item 12(a) of the provisional agenda

**Market and non-market mechanisms under the Convention**

**Framework for various approaches**

**Views on a framework for various approaches**

**Submissions from Parties**

1. The Conference of the Parties, at its eighteenth session, invited Parties to submit to the secretariat, by 25 March 2013, their views on the matters referred to in paragraphs 44–47 of decision 1/CP.18, including information, experience and good practice relevant to the design and operation of various approaches.<sup>1</sup>
2. The secretariat has received 10 such submissions from Parties. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced\* in the languages in which they were received and without formal editing.<sup>2</sup>

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<sup>1</sup> Decision 1/CP.18, paragraph 48.

\* 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>2</sup> Also available at <<http://unfccc.int/5901.php>>.

**FCCC/SBSTA/2013/MISC.11**

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\* This submission is supported by Albania, Croatia, Bosnia and Herzegovina, Iceland, Serbia and the former Yugoslav Republic of Macedonia.

Paper no. 1: Bangladesh, Congo, Costa Rica, Côte d'Ivoire, Democratic Republic of the Congo, Dominica, Dominican Republic, Fiji, Gabon, Guyana, Honduras, Kenya, Liberia, Nigeria, Panama and Papua New Guinea

**Submission of Views**

by

**Bangladesh, Costa Rica, Cote d'Ivoire, Democratic Republic of Congo, Dominica, Dominican Republic, Fiji, Gabon, Guyana, Honduras, Kenya, Liberia, Nigeria, Panama, Papua New Guinea, and Republic of Congo**

on

**The Framework for Various Approaches and the New Market Based Mechanism**

**25 March 2013**

1. Following the closure of the Ad hoc Working Group on Long Term Cooperative Action (AWG-LCA) in Doha at the eighteenth Conference of the Parties (COP 18) to the UNFCCC a number of items were referred for further work to the various subsidiary bodies (SBs). In anticipation, the AWG-LCA at its fifteenth session invited Parties to submit, by 25 March 2013, their views on the following three work programmes that emerged from element 1bV of the Bali Action Plan:
  - a framework for various approaches, including opportunities for using markets (FVA)<sup>1</sup>;
  - new market based mechanism (NMM)<sup>2</sup>;
  - non-market based approaches<sup>3</sup>.
2. For this purpose the Coalition for Rainforest Nations considered issues related to the FVA and the NMM and prepared this submission of views.
3. While COP 18 requested the SBSTA to conduct three separate work programmes, each with its own incipient Terms of Reference, the three work programmes are closely interrelated. This relationship emerges clearly from the debates that took part during the several negotiating sessions in 2012, including during the workshops held respectively in May 2012 in Bonn and in August 2012 in Bangkok. Furthermore, several elements of the three items mentioned above still need to be clarified. This submission has been prepared with the view to reflect those discussions and advance the position of many developing country Parties on such fundamental issues.
4. The result of the work of the Ad hoc Working Group on the Durban Platform for Enhanced Action (ADP) should cover all various approaches and take into account their contribution to meeting any resulting obligation, in a coherent way.

**Framework for Various Approaches**

5. The FVA is a set of components and rules designed to integrate the various approaches (VA) developed and implemented by the Parties to promote mitigation actions and environmental integrity, bearing in mind different capacities and capabilities of developed and developing countries.

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<sup>1</sup> FCCC/CP/2012/L.14/Rev.1, paragraph 48.

<sup>2</sup> FCCC/CP/2012/L.14/Rev.1, paragraph 52.

<sup>3</sup> FCCC/CP/2012/L.14/Rev.1, paragraph 48.

6. The FVA should cover various approaches, domestic and/or international, including sectoral mechanisms, seeking international recognition, that result in net reductions of greenhouse gas emissions by sources and removals by sinks.
7. Subject to certain conditions, units associated with these approaches can be transferred internationally, with the view to assist Parties to achieve compliance with UNFCCC obligations.
8. The FVA should cover various approaches taking into account national circumstances and different capacities and capabilities of developed and developing countries.
9. Adequate and predictable financial resources for the implementation of the FVA in developing country Parties should be provided by developed country Parties.

### Objectives

10. The FVA should ensure that:
  - Net reductions of greenhouse gas emissions by sources and removals by sinks resulting from various approaches, including market and non-markets, should be recognized and integrated in the UNFCCC.
  - Subject to national measuring, reporting and verification (MRV) and monitoring systems, units created through national mitigation initiatives can be transferred and used for UNFCCC compliance.
  - Various approaches must comply with common standards that ensure environmental integrity, promote sustainable development, and deliver real, permanent, additional and verified mitigation outcomes;
  - Double counting of any type shall be avoided.

### Scope

11. The FVA will:
  - function under the authority of the COP;
  - include units produced by developed and developing country Parties;
  - include crediting, trading or a mechanism of a mixture thereof;
  - cover only approaches producing units; seeking international transfer and ensuring environmental integrity;
  - take into account national circumstances and different capacities and capabilities of developed and developing countries.

### Institutional arrangements

12. The FVA will include, amongst others:
  - a) International Reduction Units (IRUs) to be transferred internationally, recognised and accepted for compliance with UNFCCC obligations. IRUs meeting the common standards below can be generated by any various approach promoting mitigation actions and can be used for compliance with UNFCCC obligations.
  - b) A Regulatory Body (RB) operating under the authority of the COP and overseeing all various approaches, including the NMM and the existing Kyoto Protocol flexible mechanisms. The RB should, amongst others:
    - regulate the international transfer of IRUs;

- develop, administer and ensure that common standards are applied by the Parties with the view to ensure environmental integrity as specified below.
- c) National Registries (NRs) established at the national level and subject to national monitoring, measurement, reporting, verification and accounting systems. The NRs should be linked to the international transaction log (ITL) and should ensure the accurate accounting of the issuance, holding, transfer and acquisition of IRUs.
  - d) Common standards (CSs) will be identified by the MRB, and approved by the COP. CSs should be applied to all various approaches and should ensure environmental integrity and full fungibility of IRUs ('a ton is a ton'). While implementation, monitoring, measurement, reporting, verification and accounting and review (e.g. reference levels ) of various approaches will be at the national level, CSs will be used in 'evaluating' a mitigation action and should address issues such as additionality, full national accounting and monitoring systems, double counting, independent verification, leakage, reference levels and equivalent factors.
  - e) An International Transaction Log (ITL) operating under the UNFCCC and transferring, upon verification, IRUs between National Registries.

#### Functions of the FVA

13. The FVA will have the following functions:

- a. Review various approaches promoting mitigation actions and implement Common Standards.
- b. Issue, transfer and tracking of IRUs internationally will be upon demand, review and subject to the approval process.
- c. Avoid double-counting.
- d. Promote cost-efficient mitigation actions.
- e. Support developing country Parties in the implementation of mitigation actions.

#### Net avoidance of emissions

14. The Durban outcome, and all subsequent discussions among Parties, shows that an offsetting approach is not one that should be contemplated. What is needed under the new climate change regime are net reductions of greenhouse gas emissions by all sources and all removals by sinks.

Net emissions reduction can be achieved in a variety of ways but ensuring consistency at the source of production of these reductions may require a great deal of effort and coordination – such as ensuring that the same definition of conservatism is applied in very different circumstances and jurisdictions.

A different approach may be one where a discount factor is applied consistently at the point of use, which will have the effect of keeping clear measurement to 'a ton is a ton', and not making arbitrary and differing conservative assumptions.

At the same time, applying a discount factor at the point of use ensures a simple and clear net reduction.

## Financing of the FVA

Adequate and predictable financial resources for the implementation of the FVA in developing country Parties should be provided by developed country Parties. For the FVA a levy on any issued IRUs could be introduced. This will capture any units that are issued domestically, but then use the FVA for international transfer and compliance purposes.

## New Market Based Mechanism

15. The submission of views to the Ad Hoc Working Group on Long term Cooperative Action at its fourth session made on 30 March 2009 by Belize, Central African Republic, Costa Rica, Democratic Republic of Congo, Dominican Republic, Ecuador, Equatorial Guinea, Ghana, Guyana, Honduras, Kenya, Madagascar, Nepal, Nicaragua, Panama, Papua New Guinea, Singapore, Solomon Islands, Thailand, Uganda, United Republic of Tanzania, Vanuatu and Viet Nam on Reducing Emissions from Deforestation and Forest Degradation and the role of Conservation, Sustainable Management of Forests, and the Enhancement of Forest Carbon Stocks should be recalled.
16. The submission of views to the Ad Hoc Working Group on Long term Cooperative Action at its fifteenth session made on 29 February 2012 by Bangladesh, Cameroon, Central African Republic, Congo (Republic), Costa Rica, Cote d'Ivoire, Democratic Republic of Congo, Dominica, Dominican Republic, Fiji, Gabon, Ghana, Guyana, Honduras, Kenya, Pakistan, Panama, Papua New Guinea, Sierra Leone, Solomon Islands, Suriname and Uganda on various approaches, including opportunities for using markets, to enhance the cost effectiveness of, and to promote, mitigation actions should be recalled.
17. The new market based mechanism (NMM) should be based, amongst others, on the elements referred to in paragraph 51 of decision 1/CP.18 'Agreed outcome pursuant to the Bali Action Plan'<sup>4</sup>.
18. The new market based mechanism should cover reduction of greenhouse gas emissions by sources and removals by sinks in broad sectors of the economy, including REDD+, that could be of a crediting, trading, or a mix thereof, in nature, and applicable to develop and developing countries.

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<sup>4</sup> Elements of the work programme referred to in paragraph 50 of decision 1/CP.18 Agreed outcome pursuant to the Bali Action Plan:

- (a) Its operation under the guidance and authority of the Conference of the Parties;
- (b) The voluntary participation of Parties in the mechanism;
- (c) Standards that deliver real, permanent, additional, and verified mitigation outcomes, avoid double counting of effort and achieve a net decrease and/or avoidance of greenhouse gas emissions;
- (d) Requirements for the accurate measurement, reporting and verification of emission reductions, emission removals and/or avoided emissions;
- (e) Means to stimulate mitigation across broad segments of the economy, which are defined by the participating Parties and may be on a sectoral and/or project-specific basis;
- (f) Criteria, including the application of conservative methods, for the establishment, approval and periodic adjustment of ambitious reference levels (crediting thresholds and/or trading caps) and for the periodic issuance of units based on mitigation below a crediting threshold or based on a trading cap;
- (g) Criteria for the accurate and consistent recording and tracking of units;
- (h) Supplementarity;
- (i) A share of proceeds to cover administrative expenses and assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation;
- (j) The promotion of sustainable development;
- (k) The facilitation of the effective participation of private and public entities;
- (l) The facilitation of the prompt start of the mechanism.

19. The new market based mechanism, taking into account national circumstances and different capacity and capabilities, shall enhance cost- effectiveness and promote mitigation actions, in particular mitigation actions that support sustainable development in developing countries.
20. Parties with commitments under the Convention may use emission reduction units accruing from REDD+ results based actions that are measured, reported and verified at the national level to contribute to compliance with their additional emissions reduction commitments.
21. The acquisition of emission reduction units by Parties referred to in paragraph 22 above shall be supplemental, significant and additional to their reduction commitments as determined by the Conference of the Parties at its eighteenth session in order to guarantee environmental integrity.
22. The new market based mechanism will be sectoral in nature and under the authority of the COP. It shall be used by Parties on a voluntary basis and taking into account national circumstances.
23. The NMM should contribute to raise the level of ambition by developed country Parties in their mitigation commitments under the Convention.
24. Units issued from a NMM will be transformed, upon request, into an IRU, and be used in any jurisdiction for compliance with UNFCCC commitments.
25. To be eligible as in IRU, units from a NMM will be issued at the national level and subject to national accounting and MRV, consistent with the approach taken in FVA. National authorities will ensure that no double counting takes place.
26. NMM governance and institutional approach should ensure that there is consistency and coherence with the other elements in the FVA. As such, existing infrastructure should be used as much as possible, including regulatory bodies, adapted to the needs of the NMM, and based on lessons learned from the flexible mechanisms under the Kyoto Protocol.
27. A pilot phase for NMM should be launched by COP19.
28. As part of the NMM, a REDD+ mechanism should be defined by COP19. The REDD+ mechanism should include results-based actions as referred to in paragraph 73 of decision 1/CP.16.
29. The REDD+ mechanism should:
  - Be voluntary;
  - Assist Parties' compliance with their mitigation commitments under the Convention;
  - Include net reduction of greenhouse gas emissions that are fully measured, reported and verified at the national level consistent with decision 1/CP.16;
30. In accordance with Article 3, paragraph 12 bis and ter of the Kyoto Protocol units generated from the REDD+ mechanism may be used may be used by Parties included in Annex I to assist them in achieving compliance with their quantified emission limitation and reduction commitments under Article 3 during the second commitment period (SCP). In the SCP, developed country Parties will be able to set aside an amount of AAUs or IRUs, commensurate with the implementation outcome of the REDD+ mechanism. Such units will be transferred to developing country Parties implementing the REDD+ mechanism. If the reductions are not achieved, the units set aside will be returned.
31. Adequate technical and financial support should be provided by developed country Parties to developing country Parties for the implementation of the activities referred to in paragraph 22 above.

## **Submission by the Plurinational State of Bolivia**

**Views from Parties and admitted observer organizations on the matters referred to in paragraphs 44–46 of document FCCC/CP/2012/L.14/Rev.1, including information, experience and good practice relevant to the design and operation of various approaches.**

### **1. The purposes of the framework**

1. *Decides* that the scope of the work programme shall take into account the following aspects:

- a. The criteria for eligibility and definition of various approaches,
- b. The assessment of the approaches considering principles and standards that these approaches shall meet,
- c. The definition of mechanisms for the implementation of various approaches according with the previous assessment.

### **2. The scope of approaches to be included under the framework**

The scope of the approach should take into consideration the paragraph 56 of the Rio+20 document “The future we want”. This paragraph establishes 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...*”

Also, the approach should take into account the 27/8 decision on green economy in the context of sustainable development and poverty eradication adopted by the Governing Council/Global Ministerial Environment Forum at its first universal session. This decision states the following:

2. *Acknowledges that there are different approaches, visions, models and tools developed by Member States of the United Nations in order to achieve sustainable development, and in this regard takes note of the approach of Living-Well in balance and harmony with Mother Earth as a holistic and integrated approach to sustainable development that can guide humanity to live in harmony with nature and lead to efforts to restore the health and integrity of the Earth’s ecosystems”;*

Finally, the framework of various approaches should take into consideration the paragraph 2 of decision of the FCCC/CP/2012/L.14/Rev.1 adopted at Doha that states the following: “

*“2. Also decides that Parties’ efforts should be undertaken on the basis of equity and common but differentiated responsibilities and respective capabilities, and the provision of finance, technology transfer and capacity-building to developing countries in order to support their mitigation and*



*adaptation actions under the Convention, and take into account the imperatives of equitable access to sustainable development, the survival of countries and protecting the integrity of Mother Earth”;*

Mother Earth is a distinctive concept than nature since this considers that nature is a living being or a living system. This means a move from an anthropocentric vision of the earth to a cosmocentric understanding, in which human beings and nature are similar; and therefore, it implies the recognition that human beings and nature have equal rights, and the importance to consider the universal recognition of the rights of Mother Earth.

Having recognized the need for the protection of the integrity of Mother Earth at the decision FCCC/CP/2012/L.14/Rev.1 the next step is therefore the recognition of the universal rights of Mother Earth as a living system, as one of the key issues to be discussed in the context of the framework of various approaches.

The approach should take into account the different approaches, visions, models and tools developed by country Parties in light of the “Living-well in balance and harmony with Mother Earth”, alternative to those based on market-based approaches because they are not able to fulfill the principles and standards oriented to achieve the ultimate objective of the Convention and the protection of integrity of Mother Earth, as established in section 3 below. Therefore, non-markets-based approaches are at the core of the development of various approaches.

The civilizational horizon of the “Living-well in balance and harmony with Mother Earth” is one of the key approaches to be developed on the context of the framework of various approaches. This is based on the operation of the “**Management of Environmental Functions**” (**MEF**), which is based on the articulation of a bundle of rights, historical responsibilities, obligations and duties at different levels. Therefore, the MEF should be achieved first at a global scale in order to be implemented at national and local scales. The MEF international scale can be depicted as follows:

- **Rights** are referred to the recognition of the rights of Mother Earth, and mainly the “right of Mother Earth to adapt naturally to climate change, taking into consideration the stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system”. This means moving the ultimate objective of the UNFCCC as a right of the Mother Earth.
- **Historical responsibilities**, refers to the responsibilities of developed countries to take the lead in reducing carbon emissions, in accordance to the principle of Common but Differentiated Responsibilities, its historical responsibility with climate change.
- **Obligation of the States**, in order to promote the conditions at the country level for the achievement of the integral development and eradication of poverty of their citizens, taking as a main condition the transfer of finance and technology from developed country Parties to developing countries.
- **Duties of the societies and citizens**, to ensure the protection of the environmental integrity of Mother Earth if previous parameters are met.

Consequently, the Management of Environmental Functions (MEF) is one the non-market-based approaches to be included on the framework, and one of its main tools to be considered is the “Joint Mitigation and Adaptation Mechanism for the Integral and Sustainable of Mother Earth and Forests

“, as presented in the submission of the development of the work programme on non-market-based approaches.

### **3. A set of criteria and procedures to ensure the environmental integrity of approaches in accordance with decision 2/CP.17, paragraph 79**

A set of principles and standards should be taken into account in order to decide the feasibility of the approaches to be included in the framework to enhance the cost-effectiveness of, and to promote, mitigation actions and as well as adaptation to climate change.

The principles to be considered in the assessment of the environmental integrity of approaches should be the following:

- a) Principles of equity and Common but Differentiated Responsibilities of the Convention;
- b) Protection of the integrity of Mother Earth, including ethical responsibility, and change of unsustainable patterns of consumption and production;
- c) Non-commodification and non-financialization of the environmental functions of Mother Earth;
- d) Conceptual congruity with the basic science of climate change.
- e) Articulation of rights, historical responsibilities, obligations of States and duties of society and citizens in order to achieve greenhouse gas stabilization to prevent climate change.

The standards to be taken into account in order to ensure the environmental integrity of approaches with respect to the protection of the integrity of Mother Earth are the following:

- a) Social and environmental integrity and strengthening of governance of environmental functions according to their distinctive nature of jointness of use or consumption and excludability;
- b) Recognition of the need of compensation arising from accrued climate debt from developed countries to developing countries Parties through transfer of finance, technology and capacity building;
- c) Delivering of real, permanent, additional and verified mitigation outcomes by developed country Parties, including emission reductions, emission removals, and a real decrease or avoidance of greenhouse gases emissions through domestic means and actions, and in accordance with clear guidelines on the basis of robust standards;
- d) Enforcement of joint mitigation and adaptation practices.
- d) Achievement of Annex I country Parties mitigation commitments;

### **4. Technical specifications to avoid double counting through the accurate and consistent recording and tracking of mitigation outcomes.**

Non-market-based approaches that strengthen the development of domestic reduction emissions through the fulfillment of the principle of Common but Differentiated Responsibilities are the only

way to ensure avoiding double counting and an accurate and consistent recording and tracking of mitigation outcomes.

Among other things, one of the permanent problems or risks of market-based mechanisms is the double counting.

## **5. The institutional arrangements for the framework**

The various approaches to ensure mitigation outcomes on climate change must consider the need to establish a polycentric institutional approach to cope with climate change.

The Plurinational State of Bolivia echoes an alternative approach to address the complex problem of climate change caused by greenhouse gas emissions that has been posed by Elinor Ostrom who won the 2009 Nobel Prize in Economic Sciences, arguing that “single policies adopted only at a global scale are unlikely to generate sufficient trust among citizens and firms so that collective action can take place in a comprehensive and transparent manner that will effectively reduce global warming”<sup>1</sup>.

Ostrom states (2009) that the initial relevance of the polycentric approach is the parallel between the earlier theoretical presumption that only the largest scale was relevant for the provision and production of public goods for metropolitan areas, and the contemporary presumption that only one scale is relevant for policies related to global public goods. Instead of the benefits derived from reducing greenhouse gases existing only at the global level, multiple benefits are created by diverse actions at multiple scales.

Since efforts to reduce global greenhouse gas emissions are a classic collective action problem that is best addressed at multiple scales and levels; therefore, the Bolivian proposal is to develop a polycentric approach at various levels with active oversight of local, regional, and national stakeholders. A polycentric approach has the main advantage of encouraging experimental efforts at multiple levels, leading to the development of methods for assessing the benefits and costs of particular strategies adopted in one type of ecosystem and compared to results obtained in other ecosystems.

International institutional arrangements should be able to contribute to the ongoing efforts to scale up and improve the effectiveness of finance, capacity building and technology transfer for different non-market-based approaches and mechanisms oriented to achieve the ultimate objective of the Convention.

Therefore, the institutional arrangements should take into account the need to establish a multi-level system in order to cope with a multi-level problem, such as the following:

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<sup>1</sup> Ostrom, E. (2009). A Polycentric Approach for Coping with Climate Change. Washington, D.C.: World Bank: policy research working paper.

- **Local level.** Development of national initiatives in order to arrange a processes of adscription of local initiatives to a national policy and mechanism, so that enforcing local-level initiatives to cope with climate change.
- **National level.** Strengthening of national mechanisms oriented to mitigation and adaptation to climate change prioritizing non-market-based approaches.
- **International level.** A global coordination level encompassing a network of initiatives, in order to scale up the impacts of the transference of finance, technology and capacity building, and oriented to address and solve the leakage problems of actions oriented to manage climate change.

**Soumission des vues des pays du Bassin du Congo (Burundi, Cameroun, Congo, Gabon, Guinée Equatoriale, République Centrafricaine, République Démocratique du Congo, Rwanda, Sao Tomé et Principe et Tchad)**

**PREAMBULE**

Cette soumission est présentée par les pays du Bassin du Congo réunis au sein de la Commission des Forêts d'Afrique Central (COMIFAC), conformément à la déclaration des Chefs d'Etat de 1999, dite « Déclaration de Yaoundé », relative à la conservation et à la gestion durable des écosystèmes forestiers d'Afrique Centrale, soutenue par la signature et la ratification du traité de la COMIFAC.

La COMIFAC regroupe 10 pays : Burundi, Cameroun, Congo, Gabon, Guinée Equatoriale, République Centrafricaine, République Démocratique du Congo, Rwanda, Sao Tomé et Principe et Tchad.

La COMIFAC est un organe crée par les Chefs d'Etat en vue de gérer de manière concertée les forêts du Bassin du Congo à travers une plate forme commune dénommée « Plan de Convergence », qui comprend dix axes stratégiques. Le premier axe met un accent tout particulier sur les Conventions de Rio de Janeiro de 1992 dont la Convention Cadre des Nations Unies sur les Changements Climatiques (CCNUCC).

Le Partenariat pour les Forêts du Bassin du Congo (PFBC), lancé en 2002 lors du Sommet Mondial sur le Développement Durable de Johannesburg, regroupe 34 membres composés des pays du Bassin du Congo, des ONG internationales et des partenaires au développement (bilatéraux et multilatéraux). Et pour appuyer les pays de la COMIFAC, plusieurs membres du PFBC contribuent à la mise en œuvre du Plan de Convergence.

Dans le contexte des pays du Bassin du Congo, la déforestation et la dégradation restent modestes comparée à d'autres régions du monde.

Les pays de la COMIFAC considèrent que les efforts entrepris jusqu'à présent dans les domaines de la Gestion durable des forêts, la Conservation et de la préservation des écosystèmes forestiers sont bénéfiques pour le climat global et revendiquent leur prise en compte dans le futur régime climatique.

Les pays de la COMIFAC souhaitent également faire référence aux principes-clés énoncés dans leurs soumissions précédentes, à savoir :

- Bénéfices réels pour le climat,
- Responsabilité commune mais différenciée,
- Souveraineté des Etats et Développement Durable,
- Equité,
- Rapport coût efficacité,
- Ressources additionnelles,
- Actions rapides préservant l'intégrité des mécanismes existants.

### **MANDAT**

La Conférence des Parties (COP- 18) de la Convention Cadre des Nations Unies sur les Changements Climatiques (CCNUCC), a invité les Parties à soumettre au Secrétariat d'ici le 25 mars 2013, leurs avis portant sur certains points à débattre lors des 38<sup>ème</sup> Sessions des organes subsidiaires de ladite Convention.

Les points ci – dessous ont été retenus par les Pays membres de la COMIFAC et font l'objet de ces soumissions conformément à la demande du Secrétariat :

- **Concernant le processus de coordination de l'appui, y compris les incitations positives et questions de gouvernance, y compris les fonctions potentielles, les modalités et les procédures (FCCC/CP/2012/L14/Rev.1 paragraphes 34,35 et 36).**

Les pays de la COMIFAC réaffirment qu'il est essentiel qu'un financement accru, additionnel, prédictible et adéquat, provenant de sources publiques et privées, soit mis à la disposition des pays en développement ;

Ils rappellent que les engagements financiers des pays développés doivent provenir principalement de sources publiques, et que le financement par le biais de sources privées doit compléter ce financement, et s'y substituer.

Ce financement privé ne doit, par ailleurs pas être une façon détournée de subventionner le transfert technologique d'entreprises basées dans les pays développés, mais plutôt engendrer des bénéfices concrets dans le pays hôte afin de répondre aux besoins urgents en matière d'adaptation et d'atténuation, qui s'intègrent obligatoirement dans leurs programmes nationaux de développement économique et social;

S'agissant du paragraphe 35, les pays membres de la COMIFAC optent pour la mise en place d'un Conseil pour le mécanisme de la REDD+.

- **Concernant les questions relatives à l'UTCATF (FCCC/SBSTA/2012/2 paragraphe 116 à 118 ; FCCC/SBSTA/2012/L30, paragraphe 5).**

Pour le point relatif aux risques de la non-permanence des certificats des réductions des émissions, les pays de la COMIFAC souhaitent la création des crédits permanents avec une flexibilité accordées aux parties.

S'agissant des activités additionnelles ou supplémentaires, les pays de la COMIFAC restent ouverts à toutes inclusions d'activités. Il s'agit entre autres de la gestion durable des forêts et de l'agroforesterie.

S'agissant de la comptabilité exhaustive, les pays de l'espace COMIFAC souhaitent des règles de comptabilisation qui soient applicables à tous, et celles-ci devraient tenir compte des circonstances nationales.

En outre, les pays de l'espace COMIFAC souhaitent l'organisation des ateliers sur le renforcement des capacités relatif aux règles de comptabilisation.

- **Concernant les MRV nationales des NAMA (FCCC/SBSTA/2012/L.24, paragraphe 30).**

Etant donné que les réflexions autour des questions sur les NAMA soient en cours, les pays membres de la COMIFAC sont favorables pour garantir la gouvernance du processus NAMA. Toutefois, ils souhaitent que des approches méthodologiques soient définies séparément de celles de la REDD+.

- **Concernant les questions sur les Approches non fondées sur le marché (FCCC/CP/2012/L.14/Rev.1 point 48)**

Sur la question des directives méthodologiques pour les approches non fondées sur le marché, les pays de la COMIFAC s'engagent à travailler de façon constructive pour résoudre les questions méthodologiques en suspens qui seront abordées lors de la 38<sup>ème</sup> SBSTA.

Selon le 4<sup>ème</sup> rapport du GIEC, la réduction des émissions résultant de la déforestation présente un potentiel de réduction de l'ordre de 15 à 30 % des émissions de GES.

La réduction des émissions résultant de la déforestation nécessite des investissements supplémentaires en termes de gestion durable des forêts et autres. A titre indicatif, le coût d'opportunité de la protection des forêts dans 8 pays responsables pour 70 % des émissions résultant des activités de changement d'usage du sol, est estimé entre 5 et 11 milliards de dollars par an selon le rapport Stern.

Le mécanisme financier à mettre en place doit permettre de générer des ressources prévisibles, stables et suffisantes.

- **Concernant le Nouveau mécanisme de marché (FCCC/CP/2012/L.14/Rev.1. point 52)**

Tenant compte des nombreux co-bénéfices socio-économiques et écosystémiques qu'engendrent les activités REDD, les pays membres de la COMIFAC demandent que le Comité Permanent sur la Finance adopte



rapidement son plan de travail, de façon à instaurer dans les plus brefs délais un mécanisme de gouvernance du financement climat robuste et transparent, et qui aura suffisamment d'autorité pour garantir une fois pour toute l'additionnalité des fonds mis à contribution par les pays développés.

Ils réaffirment que, lors de la mise en œuvre de plein déploiement de la REDD+ (phase 3), l'atteinte de résultats ne peut se limiter à la simple réduction d'émissions liées aux forêts, mais doit également tenir compte des multiples bénéfices socio-économiques et écosystémiques engendrés par les activités REDD+, favoriser la conservation des forêts sur pied et la promotion de la gestion durable des forêts.

- **Concernant les orientations relatives au mécanisme de développement propre (FCCC/KP/CMP/2012/L.10, point 12).**

Les pays membres de la COMIFAC souhaitent que les procédures des MDP soient plus flexibles, et que la répartition géographique des projets soit équitable.

- **Concernant les dispositions pour rendre le Centre et réseau des technologies climatiques (CRTC) (FCCC/CP/2012/L.10, point 12)**

Les pays membres de la COMIFAC choisissent la COMIFAC comme hôte du Centre et du Réseau des Technologies Climatiques (CRTC) de la sous-région.

Les pays membres de la COMIFAC encouragent le Secrétariat Exécutif de la COMIFAC à prendre des dispositions nécessaires pour lancer rapidement l'opérationnalisation du CRTC.

**SUBMISSION BY INDONESIA**

**Framework for Various Approaches (FVA) and New Market Mechanism (NMM)**

The Government of the Republic of Indonesia welcomes the opportunity to provide its views on Framework on Various Approaches (FVA) and New Market Mechanism (NMM) for post-Doha processes under the UNFCCC. It is our hope that Parties will come to an agreement as to the implementation of both concepts for climate change mitigation purposes.

Indonesia would like to underline the value of clear definition as well as objectives and basic understandings pertaining to the operationalization of FVA and NMM concepts.

**Views of Indonesia**

**I. Framework on Various Approaches (FVA)**

In regards to the Framework on Various Approaches (FVA), Indonesia underlines the importance of the following elements:

**A. Definition and Purpose**

Agreement on FVA definition is of utmost important and urgency. Indonesia views FVA as a framework which is operated on market and/or non-market approach that produces verified emissions reduction based on acceptable standard (e.g. ISO 14064 or similar) that may be used for international offsetting purposes. As FVA's purpose is to promote permanence and reliable mitigation actions that has a clear co-benefit for the host countries, it may cover market and non-market activities such as renewable energy development, energy efficiencies, REDD+, and any other nationally-appropriate emission reduction programs that produces verified emissions reduction.

**B. Baseline Setting and Emissions Reduction Usage**

Every FVA program or project must have a clear baseline. The baseline must be developed in scientifically acceptable way and respects different circumstances and domestic conditions of participating country(ies). Emissions reduction which are produced under FVA should be internationally transferable and usable for domestic offsetting purposes as a part of efforts to fulfil the international emissions reduction commitment. The transferred and used/retired emissions reduction should be recorded in participating country(ies) registry to avoid double counting. In case of international transfer, it should be recorded in the International Transaction Log under UNFCCC.

## **II. New Market Mechanism (NMM)**

In regards to the New Market Mechanism (NMM), Indonesia believes that the technical elements applicable to FVA may also applicable to NMM. The spirit that should be reflected in the forthcoming UNFCCC decisions in NMM is development of a robust mechanism yet allows broad participation of the Parties. Linking of mechanisms could be considered as one of the potential means.

**SUBMISSION BY IRELAND AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES**

**This submission is supported by Albania, Croatia, Bosnia and Herzegovina, Iceland, the Former Yugoslav Republic of Macedonia and Serbia.**

**Dublin, 19 March 2013**

**Subject: New market-based mechanism**

**Introduction**

1. The decision taken at COP 18 in Doha gives SBSTA the mandate to elaborate the modalities and procedures (M&P) for the new market-based mechanism (NMM) defined in Durban<sup>1</sup>, with a view of adopting the M&P at COP 19 in Warsaw.
2. The EU regrets that the Durban mandate on the M&P for the NMM in Doha remained unfulfilled. The EU is of the view that in order to facilitate cost-effective mitigation and scale up global mitigation efforts to be in line with the 2°C objective, Parties need to shift to a more strategic approach that facilitates low-carbon policy designs for broad segments of the economy and fosters own contribution. The transition from pure offsetting to the generation of net mitigation benefits is central to both the delivery of future agreed mitigation objectives and efforts to help address the supply side imbalances that are currently being experienced in the international carbon market.
3. The work programme for the elaboration of the M&P for the NMM shall consider the elements listed in paragraph 51 of the decision 1/CP.18<sup>2</sup> taken in Doha.
4. As the EU has already expressed its views in relation to many of these elements, this submission should be read in conjunction with our previous submissions, most recently that of November 2012<sup>3</sup>, which contains the EU's envisaged set of M&P for the NMM.

**General views**

5. The EU strongly considers that market-based mechanisms, such as the NMM, have the ability to enhance the cost-effectiveness of, and to promote, mitigation actions. They also complement other means of support for nationally appropriate mitigation actions. The EU is of the view that enhancing the cost-effectiveness of mitigation actions can enable an increase in the overall level of ambition.
6. The EU supports a more active role for the Implementing Party and more flexibility in the choice of the way reductions are achieved, from regulatory measures via carbon taxes to domestic emission trading systems. The NMM would assist countries to implement their NAMAs by providing incentives to achieve emission reductions below the level of unilateral and supported NAMAs (as own contribution by the country) by generating units for these "credited NAMAs".
7. The NMM would promote "own contribution" by Parties ensuring a net decrease and/or avoidance of global greenhouse gas emissions. This would promote lower cost mitigation measures, i.e., in relation to the "low

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<sup>1</sup> Paragraph 83, decision 2/CP.17

<sup>2</sup> „Agreed outcome pursuant to the Bali Action Plan”

<sup>3</sup> <http://unfccc.int/resource/docs/2012/awglca15/eng/misc06a06.pdf>

hanging fruit". These could be implemented as either unilateral or supported NAMAs, while avoiding double counting.

8. In the view of the EU, participation of Least Developed Countries in the Clean Development Mechanism should be strengthened; however, countries interested in market-based approaches, and having the necessary capacity, should move towards participation in the NMM and ultimately in cap-and-trade systems.
9. The NMM could become an essential catalyst for ambitious mitigation action by all countries in the near term as well as under the new protocol to be agreed by 2015 and in force by 2020 at latest. Facilitating a prompt start for the NMM, including a pilot phase before 2020, could help to further develop the technical details of the M&P of the NMM and also to build market readiness and institutional capacity in the Implementing Parties.
10. In the view of the EU it is important to aim to design a system which strives to be efficient, cost-effective and as streamlined as possible. As such, making use of existing infrastructure should be taken into account where feasible. Flexible mechanisms provide valuable experiences in this regard and where possible, existing approaches could be used as a stepping stone in development of the NMM to scale up mitigation actions and contribute to a net decrease of greenhouse gas emissions.
11. The EU also believes that common rules agreed and under the authority of the COP are necessary to ensure a robust system that safeguards environmental integrity and to ensure that emission reductions represent real, permanent and verifiable mitigation actions.

### **Possible elements of the mechanism, as listed in paragraph 51 of the Doha decision**

#### ***a) Operation under the guidance and authority of the Conference of the Parties***

12. Decision 2/CP.17 defined the NMM and stipulated that it would operate under the guidance and authority of the COP. The EU sees the oversight of the Conference of the Parties as a crucial design element of the NMM. In that regard a rules-based system agreed under the UNFCCC will guide the national implementation of the NMM.
13. A commonly agreed set of rules and standards will constitute a vital safeguard for environmental integrity of any action undertaken. It will also ensure a level playing field where participants have to meet common standards and criteria, as approved by the COP, providing the credibility that will be necessary to facilitate private sector investment.

#### ***b) Voluntary participation of Parties in the mechanism***

14. It is a Party's choice to participate in the NMM and to implement it according to its national circumstances, taking into account the M&P of the NMM. This element reiterates an already agreed principle (paragraph 80 (a) of the decision 1/CP.16). However, it should be noted that when the Implementing Party chooses to engage in the NMM, it will need to take on responsibilities including the need to designate its national authorities, putting in place measures to conform with participation requirements<sup>4</sup>, submitting initial reports and monitoring its activities in accordance with the NMM modalities and procedures. The implementation of all these elements in line with the internationally agreed set of rules and criteria should foster the Party's ability to adopt nationally tailored efficient and ambitious mitigation policies, while safeguarding environmental integrity.
15. Many Parties are already undertaking pilot initiatives that could be compatible with the NMM concept of sectoral crediting or sectoral trading. Following the adoption of NMM M&P in Warsaw, involving these Parties in NMM activities from an early stage could provide valuable experience on the ground.

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<sup>4</sup> Details on EU's view of participation requirements can be found in section 3 of the EU's submission of 16 November 2012: <http://unfccc.int/resource/docs/2012/awglca15/eng/misc06a06.pdf>

***c) Standards that deliver real, permanent, additional, and verified mitigation outcomes, avoid double counting of effort and achieve a net decrease and/or avoidance of greenhouse gas emissions***

16. It has been agreed by the Parties in Durban that market-based approaches such as the NMM need to meet standards delivering real, permanent, additional and verified mitigation outcomes that avoid double counting of effort and achieve a net decrease and/or avoidance of greenhouse gas emissions (paragraph 79 of the decision 2/CP.17). The EU wishes again to reiterate that setting baselines and thresholds is a critical factor influencing the environmental integrity of NMM activities, and consequently their trustworthiness as compliance instruments.
17. The adoption of robust principles and criteria for establishing baselines and thresholds is an essential part of the M&P for the NMM. To ensure that implemented actions bring real, permanent, additional and verified mitigation outcomes, the EU proposes an international scrutiny process. To this end, the EU envisages a model with a technical assessment of independent experts (IRT – International Review Team) supervised and guided by an international body (IC – Implementation Committee) overseeing the general implementation of the NMM, under the authority and guidance of the COP.<sup>5</sup>
18. By setting the threshold below business-as-usual emissions, the NMM would ensure that the emission reductions credited are towards the higher end of the cost curve, leaving lower cost solutions to be realised by countries as part of their unilateral or supported NAMAs, thus promoting own contribution by Implementing Parties, while avoiding the double counting of emissions reductions.
19. Main criteria for setting baselines<sup>6</sup>:
  - baselines should be based on the most conservative baseline scenario that reasonably represents anthropogenic emissions by sources of greenhouse gases;
  - policies and measures that are adopted or at an advanced stage of development at the time that the baseline is approved should be incorporated in the baseline and inflation of the baseline should be avoided;
  - the baseline, including the baseline scenario, should be revised periodically, in accordance with M&P, to take into account changes in circumstances and factors upon which it is based. This review should be undertaken by the Implementing Party, who should propose a revised baseline below the original baseline. The revised baseline should be reviewed by the IRT and approved by the IC.
20. Main criteria for setting thresholds<sup>7</sup>:
  - thresholds should be substantially below the accurately determined baseline to ensure the consideration of the Implementing Party's own contribution and a net decrease and/or avoidance of global greenhouse gas emissions;
  - thresholds should be proposed by the Implementing Party and approved by the IC. In determining thresholds, account should be taken, inter alia, of greenhouse gas mitigation potential in the broad segment of the economy participating in the NMM, and the Implementing Party's overall capability to undertake emission reduction activities. Other factors to be taken into account include financing received or expected by the Implementing Party for reducing greenhouse gas emissions and any greenhouse gas mitigation pledges assumed by the Implementing Party. At setting the level of ambition for crediting thresholds/targets, objective criteria (performance benchmarks, where feasible) should be applied;
  - thresholds should be set at a level that requires going beyond the reduction path expected to result from supported and unilateral NAMAs in the sector, and would be expected to entail higher marginal costs, leaving lower cost mitigation options to be implemented as the country's own contribution;

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<sup>5</sup> For a full picture on the proposed implementation cycle of NMM and the role of IRT, IC and COP please refer to the EU's submission of 16 November 2012 (sections 4-7)

<sup>6</sup> For a full list of principles please refer to the EU's submission of 16 November 2012 (paragraph 9.1)

<sup>7</sup> For a full list of principles please refer to the EU's submission of 16 November 2012 (paragraph 9.2):

- thresholds should be reviewed periodically, and updated when necessary. This review and update, when necessary, should be undertaken by the Implementing Party, which should propose a revised threshold below the original threshold. The proposed revised threshold should be reviewed by the IRT and be subject to approval by the IC.

***d) Requirements for the accurate measurement, reporting and verification of emission reductions, emission removals and/or avoided emissions***

21. The task of measuring and reporting of emissions occurring in the broad segment of the economy where the NMM is implemented is the responsibility of the Implementing Party. Implementing Parties would need to adhere to an internationally agreed set of rules and processes on measuring and reporting, accounting and registry related requirements, to be adopted by the COP.
22. The conformity of the Implementing Party's measuring and reporting arrangements should also be subject to international scrutiny with the involvement of the IRT and IC<sup>8</sup>.
23. Requirements for the measurement, reporting and verification of the NMM activities should include as a minimum:
  - clear allocation of responsibilities for data collection, monitoring, reporting, verification, and storage of data;
  - provisions for transparency of monitoring and reporting;
  - information on accuracy, completeness, consistency and comparability of the reported data;
  - provisions on data, sources, quality, use of factors including default factors and conservativeness – to the extent possible, observed data should be preferred over default values;
  - independent verification of actual emissions, where appropriate.

***e) Means to stimulate mitigation across broad segments of the economy, which are defined by the participating Parties and may be on a sectoral and/or project-specific basis***

24. Recalling the principle of stimulating mitigation across broad segments of economy (paragraph 80 (d) of the decision 1/CP.16), the EU wishes to reiterate the importance of agreeing on a common approach to define the broad segment of economy.
25. Regarding "Broad segment of the economy" the EU envisage that this would mean one or more sector, category or sub-category listed in Annex II of the UNFCCC guidelines on reporting and review, as adopted by the Conference of the Parties in decision 15/CP.17.
26. The EU envisages two basic forms of implementation of the NMM: crediting and trading, which both cover broad segments of economy and can be described as sectoral approaches<sup>9</sup>.
27. The Implementing Party should determine in its initial report one or more sectors, categories or sub-categories which should be included in the Implementing Party's broad segment of the economy.
28. The Implementing Party may propose in its initial report to include one or more sectors, categories or sub-categories in the Implementing Party's broad segment of the economy that diverge from the definition of sectors, categories or sub-categories pursuant to Decision 15/CP.17. For the purpose of carrying out the technical assessment of this proposal in the context of the initial report, the following criteria should be taken into account:
  - the proposal must be sufficiently justified on the basis of, inter alia, the unsuitability of the definitions of sectors, categories and sub-categories pursuant to Decision 15/CP.17 and the need to avoid leakage and double counting;

<sup>8</sup> Details of the NMM implementation cycle can be found in paragraph 4 of the abovementioned EU submission

<sup>9</sup> Details on how the EU envisages the two basic forms of implementation of the NMM participation can be found in paragraph 11 of the EU's submission of 5th of March 2012:

<http://unfccc.int/resource/docs/2012/awglca15/eng/misc06.pdf>

- alternative definitions must be clearly defined and relate to a specific product or service. Definitions should not relate to a specific technology.
29. If the broad segment of economy proposed does not have specific methodologies adopted by the IPCC for estimating GHG emissions, the proposal from the Implementing Party should include methodologies for the estimation of these emissions that should be approved by the IRT and the IC.

***f) Criteria, including the application of conservative methods, for the establishment, approval and periodic adjustment of ambitious reference levels (crediting thresholds and/or trading caps) and for the periodic issuance of units based on mitigation achieved against a crediting threshold or based on a trading cap***

30. As described in the paragraphs 16 to 20 above, the EU envisages a model where:
- baselines and thresholds are set by the Implementing Party and approved by the Implementing Committee (IC);
  - they are set based on the internationally agreed set of criteria forming part of the M&P for the NMM;
  - emissions are monitored and reported by the Implementing Party;
  - units are issued upon the fulfilment of the relevant requirements;
  - baselines and thresholds are periodically reviewed and updated, subject to international approval.<sup>10</sup>
31. Under the crediting track, units should only be issued once emission reductions have been monitored, reported and verified by the Implementing Party and the IC, and all conformity issues have been resolved.
32. Under the trading track units corresponding to the threshold should only be issued after the approval of the Implementing Party's initial report by the IC.

***g) Criteria for the accurate and consistent recording and tracking of units***

33. Adequate tracking of units generated by the NMM activities is a vital part of the design of the mechanism.
34. Not all countries may be able to perform all functions needed to operate the NMM, especially not in the beginning. Therefore, some functions can be provided by the UNFCCC, such as a registry for the NMM. This implies that if the host country chooses to satisfy the registry requirements through use of the UNFCCC provided registry, a separate national registry would not be required. Facilitated participation for those countries not able to ensure all functions is allowed, subject to compulsory participation requirements.

***h) Supplementarity***

35. As a general principle the use of the NMM to meet mitigation commitments should be supplemental to domestic mitigation efforts. The EU also wishes to reiterate the principle of net mitigation benefit, achieved by the internationally and domestically supported emission reduction activities ("own contribution") of the Implementing Party that provide deviation from the baseline but are above the threshold.

***i) Share of proceeds to cover administrative expenses and assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation***

36. At the issuance of units for the NMM a quantity corresponding to the share of proceeds to cover administrative expenses should be forwarded to a determined account. The level of share of proceeds should not exceed the level applied in mechanisms under the Kyoto Protocol.
37. The detailed rules for the amount and destination of share of proceeds should constitute a part of the M&P for the NMM.

***j) Promotion of sustainable development***

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<sup>10</sup> Details on the issuance of units can be found in section 10 of the abovementioned EU submission



38. Implementing Parties shall be responsible for having appropriate processes in place to ensure that implementation of the NMM contributes to safe and sustainable development within the country and does not have any negative impacts on the environmental or social well-being. Implementing Parties should detail in their initial reports how the implementation of the NMM contributes to sustainable development and report annually on how this contribution is performed.

***k) Facilitation of the effective participation of private and public entities***

39. The NMM should be considered as a tool to facilitate mitigation action through policy making by the Implementing Parties. The NMM at the national level in Implementing Parties will consist of developing an institutional and regulatory framework to carry out the functions and tasks related to establishing and overseeing a mechanism that will stimulate mitigation across broad segments of the economy.
40. Implementing Parties will enjoy flexibility in choosing the best way to implement the NMM on their territory. This includes possible incentives for effectively involving private sector actors to participate in the relevant broad segment of the economy.

***l) Facilitation of the prompt start of the mechanism***

41. The EU supports the facilitation of a prompt start for the NMM, including a pilot phase pre-2020, that could provide valuable experience on the ground for Implementing Parties and investors before 2020.

Paper no. 6: Japan

Submission by Japan on  
various approaches, including opportunities for using markets,  
to enhance the cost-effectiveness of, and to promote, mitigation actions

Japan welcomes the opportunity to submit its views on the matters referred to in paragraphs 44–46 of Decision 1/CP.18 (section D, chapter 2 of Agreed outcome pursuant to the Bali Action Plan), including information, experience and good practice relevant to the design and operation of various approaches, in response to the invitation in paragraph 48 of Decision 1/CP.18.

1. The purposes of the framework for various approaches

In Japan's view, the purposes of the framework is to facilitate the development and implementation of, and coordinating interaction among, existing and emerging market based approaches that result in international transfers of mitigation outcomes, in a transparent manner that provides assurance of environmental integrity.

2. The scope of approaches to be included under the framework for various approaches

The framework will cover broad approaches such as existing Kyoto Mechanisms, a new market-based mechanism under the guidance and authority of the Conference of the Parties, domestic Emission Trading Schemes (ETSs) which link to other ETSs internationally, and other mechanisms developed and implemented by Parties which include the Joint Crediting Mechanism/Bilateral Offset Credit Mechanism (JCM/BOCM) promoted by Japan.

3. A set of criteria and procedures to ensure the environmental integrity of approaches in line with Decision 2/CP.17, paragraph 79

Japan considers the following ideas should be incorporated in a set of criteria for crediting mechanisms to ensure environmental integrity in line with Decision 2/CP.17, paragraph 79:

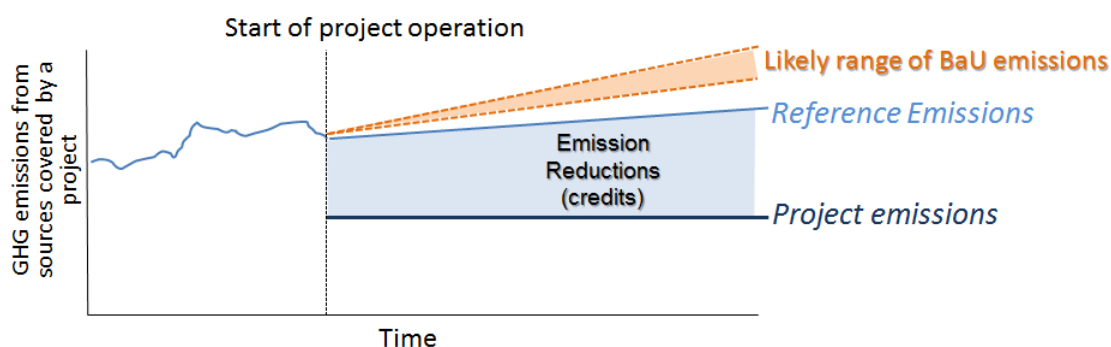
(1) Eligibility criteria for the project

Eligibility of the project under the mechanisms should be clearly described in advance so as to give certainty to project participants and hence promote additional investments for emission reductions or removals. For example, the criteria could be set, among others, by establishing a positive list of technologies, products, systems, services, etc. which are expected to contribute to achieving additional emission reductions.

## (2) Conservative way of calculation of emission reductions or removals

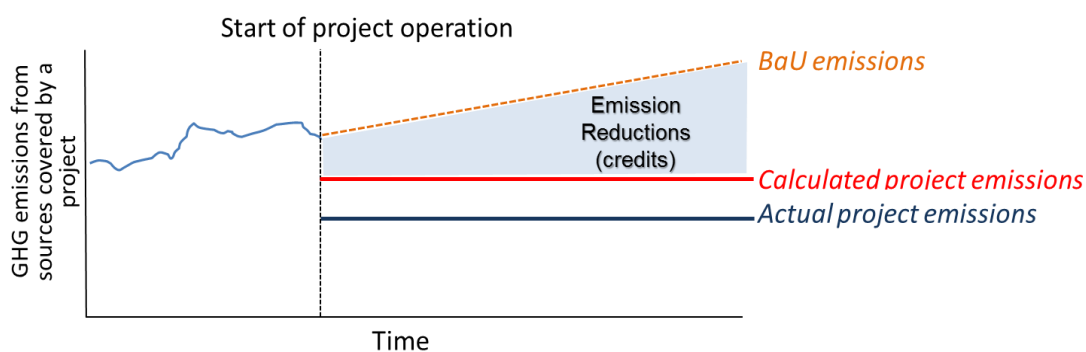
The amount of emission reductions or removals should be calculated conservatively. Figure 1 shows an example of a conservative way of calculation of emission reductions. The reference emissions here are set below the likely range of business-as-usual (BaU) emissions – which represent plausible emissions in providing the same outputs or service level of the project under the mechanism – by, for instance, discounting certain percentage points from BaU emissions. In this case, emission reductions to be credited are calculated as the difference between the reference emissions and the project emissions.

(Figure 1)



In another example showed in Figure 2, project emissions are calculated larger than actual project emissions by applying conservative default values for parameters to calculate project emissions instead of monitoring actual values. In this case, emission reductions to be credited are calculated as the difference between the BaU emissions and the project emissions calculated in a simple and conservative manner.

(Figure 2)



Japan considers the following steps should be incorporated in a set of procedures for crediting mechanisms, in order to ensure environmental integrity in line with decision 2/CP.17, paragraph 79:

### (1) Validation and verification

Independent third party entities should conduct validation and verification under the mechanisms. For the third party entities, DOEs (Designated Operational Entities) under the Clean Development Mechanism as well as ISO 14065 certification bodies are deemed appropriate in terms of capacity to conduct validation and verification.

(2) Public inputs

In the process of approval of methodologies and project registrations, draft of methodologies and PDDs (Project Design Documents) should be made publicly available for public inputs through appropriate means including the website.

(3) Information disclosure

All relevant information on the mechanism including rules and guidelines, and information on project descriptions and credit issuance should be disclosed immediately after decisions are made.

4. Technical specifications to avoid double counting through the accurate and consistent recording and tracking of mitigation outcomes

The issue of “double counting” can be interpreted multiply such as “double registration” of projects, “double issuance” of credits, “double usage (including “double transfer”)” of credits or allowances , and “double claiming” of credits.

“Double registration” of projects can be described as one mitigation project being registered under two or more international crediting schemes. “Double Issuance” of credits can be described as issuing credits two or more times from the same mitigation outcomes, which may occur as a result of “double registration” of projects.

“Double Usage” of credits or allowances (units) can be described as using the same units two or more times in different countries or under different schemes. “Double usage” may happen if retired units in country A are transferred to country B as unused units, and those units are retired again in country B.

“Double Claiming” of credits can be described as a situation where the credits generated in a developing country by an international crediting scheme are used by a developed country to offset its emissions without any further actions taken (e.g. adding the emissions equivalent to the amount of credits transferred onto the developing country’s emissions to be reported). As a result, the credits will be “double claimed” by both the developed country and the developing country involved. Japan recognizes that this “double claiming” issue should be further discussed internationally in conjunction with the treatment of credits from the existing mechanisms.

“Double registration”, “double issuance”, and “double usage” cannot be addressed within a single scheme respectively. Therefore, the following possible countermeasures should be elaborated among the administrators of various schemes in a cooperative manner.

(1) Possible countermeasures to avoid “double registration” and “double issuance”

In order to avoid “double registration” of projects, an administrator of an international crediting scheme should be required to check whether a proposed project for registration has not been registered under other schemes, before registering the project.

For that purpose, minimum information to be made publicly available regarding registered projects under each scheme should be harmonized among such schemes.

Therefore those minimum requirements for public information disclosure (e.g. project location including coordinates, scope, scale, etc.) should be identified as a first step.

It should also be considered to mandate project participants of a mitigation project to submit a written oath indicating that the project participant will (a) not register the project under two or more international crediting schemes, and (b) accept the cancelation of the credits by scheme administrators in the event of “double registration”.

## (2) Possible countermeasures to avoid “double usage”

“Double Usage” of units should be prevented by confirming the decrease of the amount of units in the transferring account of a registry and increase of the same amount on units in the receiving account of another registry after the international transaction between schemes.

In addition, it is necessary for a scheme administrator of the transferring account to check whether those units to be transferred have not been retired or canceled, before a transaction.

## 5. The institutional arrangements for the framework

In order to ensure transparency, it will be necessary for the Parties to report to the COP on both the design of the schemes at the planning stage *ex ante* and the outcomes of schemes *ex post*.

In addition, each Party should disclose information on such schemes individually. Reports to the COP by the Parties should include disclosure of information referred to in the previous sentence.

## 6. Information, experience and good practice relevant to the design and operation of various approaches

Japan has been promoting the JCM/BOCM as one of the various approaches. The JCM/BOCM aims at facilitating diffusion of leading low carbon technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions, and contributing to sustainable development of developing countries. The JCM/BOCM also aims at appropriately evaluating contributions to GHG emission reductions or removals from Japan in a quantitative manner, by applying measurement, reporting and verification (MRV) methodologies, and use them to achieve Japan’s emission reduction target. Japan hopes it contributes to the ultimate objective of the UNFCCC by facilitating global actions for GHG emission reductions or removals, complementing the CDM.

The JCM/BOCM will be designed and implemented, taking into account the following:

- (a) Ensuring robust methodologies, transparency and environmental integrity;
- (b) Maintaining simplicity and practicality based on the rules and guidelines;
- (c) Promoting concrete actions for global GHG emission reductions or removals;
- (d) Preventing uses of any mitigation projects registered under the JCM/BOCM for the purpose

of any other international climate mitigation mechanisms to avoid double counting of GHG emission reductions or removals.

Once the JCM/BOCM starts its operation between Japan and a host country, a Joint Committee (JC) will be established between the two countries. The JC will decide the rules and guidelines of the JCM/BOCM taking into account each national circumstance. A report and all decisions of the JC are made publicly available immediately after the decisions are adopted. The JCM/BOCM will be implemented in line with a set of criteria and procedures stated in section 3 of this submission in order to ensure environmental integrity.

Japan has held consultations and briefings with several developing countries since 2011. Japan has signed the bilateral documents to start the JCM/BOCM respectively with Mongolia and Bangladesh recently. Japan is willing to share its experience gained through the implementation of the JCM/BOCM and to make further contributions for the elaboration of the framework for various approaches under the work programme conducted by the Subsidiary Body for Scientific and Technological Advice.

AOSIS Submission

**Various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries**

The Republic of Nauru, on behalf of the Alliance of Small Island States (AOSIS), welcomes the opportunity to present its views on matters referred to in paragraphs 44-47 of decision 1/CP.18. This submission builds upon AOSIS's previous submission on this issue from 11 April 2012 found at FCCC/AWGLCA/2012/MISC.4.

**I. Introduction**

Decision 1/CP.18, paragraph 44 (Agreed outcome pursuant to the Bali Action Plan), agreed in Doha, requests the SBSTA to conduct a work programme to elaborate a framework for various approaches. Paragraph 45 "*Considers that any such framework will be developed under the authority and guidance of the Conference of the Parties*".

Paragraph 46 establishes the following elements of the proposed work programme:

- a) The purposes of the framework;
- b) The scope of approaches to be included under the framework;
- c) Procedures to ensure the environmental integrity of approaches in accordance with decision 2/CP.17, paragraph 79;
- d) Technical specifications to avoid double counting through the accurate and consistent recording and tracking of mitigation outcomes;
- e) The institutional arrangements for the framework.

Paragraph 47 requests the SBSTA to conduct a work programme to elaborate non-market based approaches with a view to recommending a draft decision for adoption at COP 19 and paragraph 48 invites Parties and admitted observer organizations to submit their views on these matters. .

AOSIS welcomes the opportunity to present its views on matters referred to in paragraphs 44-47 of decision 1/CP 18. This submission builds upon previous AOSIS submissions and they should be read in conjunction with each other.

**2. Purposes and Scope of Approach of the Framework**

AOSIS considers it fundamental that all Parties be in agreement on the purposes and ultimate objectives of the proposed framework for various approaches (paragraph 46(a)), before further detailed work is undertaken.

It is essential that the international community have a means to determine and verify the emissions seen by the atmosphere as a result of each individual Party's efforts to meet its economy-wide emission reduction targets, commitments or nationally-appropriate mitigation actions. The international community must also be able to aggregate the effect of these mitigation efforts in order to determine progress towards global goals.

However, AOSIS reiterates that an internationally-agreed framework already exists **for standards and approaches to deliver real, permanent, additional and verified mitigation outcomes for mitigation, established under the Kyoto Protocol.**

It took two decades to develop a framework for the implementation of a set of common accounting rules under the Kyoto Protocol. AOSIS is of the firm view that there should be little deviation from these prescribed rules, as these rules can readily be extended to embrace a broader grouping of Parties, or be applied directly under the Convention, where they can be adapted to embrace a wider collection of activities and Parties.

AOSIS notes that virtually all Parties to the Convention are also Parties to the KP and a decision has been taken to establish a new market mechanism under the Convention by decision 2/CP.17. There are also limitations to the use of market-based mitigation approaches and a need to develop non-market based approaches, which will also benefit from a common accounting framework to avoid double counting.

Therefore AOSIS is of the view that the purpose and scope of the framework for various approaches should be limited to:

- Developing a common set of accounting rules (inter alia, to avoid double counting of emissions or financial support) for and between any new market mechanisms (NMMs) established under the Convention and already established market mechanisms under the Kyoto Protocol (e.g. international emissions trading, JI, and the CDM).
- Developing a common set of principles, standards and accounting rules to allow for the coordinated use of market and non-market approaches established at the international level under the Convention to enhance mitigation efforts.

AOSIS is of the view that any such new framework must not simply be developed under the Convention, but must also operate under the authority and guidance of the COP (the use of the word “*considers*” in paragraph 45 is not decisive enough). This framework should be limited to the regulation and coordination of mechanisms (market and non-market) established under the authority of the COP and CMP only.

AOSIS notes that several countries (developed and developing) have established or are about to establish domestic GHG emissions trading systems outside of the UNFCCC for purposes of achieving a range of domestic mitigation and other policy goals. It is further noted that bilateral agreements may allow the trading of certain units between these new markets. However, to preserve the environmental integrity of the global mitigation effort, AOSIS considers it imperative that a clear distinction be maintained between carbon units established under the authority and guidance of the COP for the purposes of assisting Parties to meet their targets and commitments established under the Convention, and other units created and generated outside of the Convention as the result of national or sub-national legislation over which the international process can have little control.

AOSIS is of the view that it would fatally undermine the credibility of the UNFCCC regime, and the environmental integrity of the climate change regime, to endorse a fragmented and decentralized approach to the establishment of internationally-recognized offset units. This would raise unsolvable issues and concerns regarding environmental integrity, additionality, transparency, accountability, measurability and verifiability, among others.



The only units that should be permitted for use to assist Annex I Parties in meeting their quantified economy-wide emission reduction commitments at the international level are those that are:

- **established at the international level** by international agreement
- result from **an internationally-agreed common set of accounting rules**
- employ **transparent baselines**, agreed at the international level
- operate in internationally-agreed sectors
- have direct **international oversight**
- remain within the oversight of the COP so that **programme rules may be altered as necessary** to ensure environmental integrity.

AOSIS further notes that there may be potential for under or over accounting of emissions inventories and of financial support provided from AI to NAI countries if clear and transparent rules are not established. AOSIS is also of the view that markets, although efficient in identifying mitigation opportunities that can be realized at the lowest marginal costs, are limited in their capacity and should be complemented by non-market based approaches. - for example, the use of legislation and/or financial initiatives that pay directly for low-cost mitigation (e.g., HFC destruction or N<sub>2</sub>O abatement from adipic acid production) without generating tradable units that can be used to allow increased emissions elsewhere.

### **3. Criteria and procedures to ensure environmental integrity**

AOSIS emphasizes the importance of the decision contained within 2/CP.17 (Para 79) that various approaches used by Parties to enhance the cost-effectiveness of, and to promote, mitigation actions, including opportunities for using markets, "*must meet standards that deliver real, permanent, additional and verified mitigation outcomes, avoid double counting of effort and achieve a net decrease and/or avoidance of greenhouse gas emissions*".

AOSIS wishes to re-iterate that the following rules that were established under the Kyoto Protocol and through the Marrakesh Accords should apply to any framework approach:

For Annex I Parties, these accounting rules require, among others:

- legally-binding economy-wide emission reduction or limitation commitments
- annual GHG inventory accounting
- establishment of initial assigned amounts for accounting periods
- national registries that meet agreed standards
- centralized registries to track all traded units
- technical reviews by expert review teams of national inventories, satisfaction of eligibility requirements and reporting obligations
- adjustments to inventories where methodologies used may lead to overestimation or underestimation of emissions
- reporting of supplementary information on how commitments will be met
- compliance assessments
- international oversight by the Compliance Committee

Where tradable units are involved, these rules also require:

- uniform treatment of proposed projects of the same type
- uniform crediting periods for projects of the same type
- internationally-agreed validation standards, standards for accreditation of DOEs and verification standards
- baseline methodologies and monitoring standards agreed at the international level

- oversight by the CDM EB, JISC and/or Compliance Committee, staffed by representatives from regional groupings, developed and developing countries, to ensure transparency and ensure application of internationally-agreed rules
- the power to suspend trades at the international level where trades would violate multilaterally agreed rules
- provisions to ensure environmental integrity (e.g., carryover restrictions, commitment period reserves, caps on credit use, supplementarity, eligibility requirements)
- the ability to adjust rules at the international level as necessary where difficulties arise
- uniform methods to address non-permanence issues around LULUCF-related units in a uniform and predictable way

Any framework for standards and approaches to deliver real, permanent, additional and verified mitigation outcomes for mitigation actions must begin with this framework outlined above, add to its international and centralized approach, continue to apply internationally-agreed common accounting rules, ensure use of UNFCCC institutions, and be even more stringent with respect to environmental integrity.

#### **4. Technical Specifications to Avoid Double Counting**

AOSIS considers that while it is important for SBSTA to consider how a framework for various approaches could avoid double counting between new market mechanisms and Kyoto mechanism units, as well as avoid double counting between mechanisms and non-market mechanisms, through the accurate and consistent recording and tracking of mitigation outcomes; this portion of the work programme should be considered only after the purpose and scope of the framework has been agreed by all Parties.

AOSIS is of the view that the "why" and the "what" should be considered in the proposed work programme before the "how"..

#### **5. Institutional Arrangements**

Similarly, it is premature to consider the details of an institutional structure for a new framework until the purpose and scope of this framework have been agreed by all Parties. The one essential draft decision that should be forwarded to COP 19 by the SBSTA is that the any new framework must operate under the authority and guidance of the COP.

#### **6. Work programme on non-market mechanisms**

AOSIS has outlined ideas for a work programme on non-market mechanisms in previous submissions. This could include considering ways to use non-market based mechanisms, such as legislation and/or financial instruments such as green investment funds, revolving funds, and concessional loans, to deliver measurable, additional emission reductions outside an offsetting context – to ensure no double counting of emission reductions and assist in incentivizing low cost or negative cost reductions. AOSIS believes that equal time should be spent on considering non-market mechanisms as well as any new market mechanisms.

#### **7. Conclusion**

The existing market-based mechanisms under the Kyoto Protocol and the new market-based mechanisms established under the Convention have been established at the international level, to support mitigation efforts. The framework for various approaches should provide confidence among all Parties that there will be no double counting of emission reductions from these Convention and Protocol mechanisms, through

transparent and internationally-agreed eligibility requirements, reporting requirements, verification requirements and compliance rules.

**Norwegian submission on a framework for various approaches including opportunities for using market mechanisms**

Norway welcomes the opportunity to submit its view in accordance with paragraph 48 of FCCC/CP/2012/8/Add.1. This submission focuses on the framework for various approaches. A separate submission has been made on the new market-based mechanism.

In our view, the scope of the framework for various approaches is to provide a sound basis for considering and capturing approaches that Parties develop to enhance cost-effectiveness, and that can this can facilitate an increase in mitigation ambition. We focus on market-based approaches and the role that the framework can have for promoting mitigation actions through markets, but we are open to discuss proposals for non-market approaches. The further discussions should target the issues listed in paragraph 46 of Decision 1/CP.18.

The accounting of credits from international market mechanisms is closely linked to the accounting of national emissions and the achievement of pledges. The framework must meet standards that deliver real, permanent, additional and verified mitigation outcomes, avoid double counting of effort and achieve a net decrease and/or avoidance of greenhouse gas emissions.

An international framework is only necessary for credits that would cross borders. National level market approaches would not be affected, as the emission reductions from such measures would be reflected in the national emissions inventory. Establishing a robust international framework for the approval and tracking of internationally traded GHG credits, or units, is needed to maintain trust in the use of market mechanisms to meet mitigation targets and actions under the UNFCCC. Norway sees a robust international framework as necessary to ensure the environmental integrity of units from market mechanisms, and of accounting for mitigation commitments. Fungibility of units and liquidity in the international carbon markets are long term targets. With a greater variety in the types of post-2012 pledges and targets, the flow of GHG units from market mechanisms may also become more complex and multi-directional, underpinning the need for a strong international accounting framework.

Two basic elements need to be in place to create an accounting framework for internationally traded units. Firstly, certain minimum standards are needed to ensure the quality of the units to be used against the achievement of GHG target or pledges. Secondly, an international system, such as the ITL, is needed in order to be able to track the flow of units to avoid double counting. When designing an international framework one faces a choice between increased flexibility in the design of market mechanisms at the national level, and the level of international governance that can ensure minimum environmental quality standards and some level of oversight of the flow of credits.

Norway's view is that the UNFCCC would continue to play an important coordinating role. Parties should agree on common criteria for defining and recognising all types of units that are transferred over country borders. Such criteria would serve to ensure the environmental integrity of the units. The UNFCCC could also retain its role of accrediting verification agencies, which in turn would have to verify emission reductions according to the rules of the nationally developed mechanisms, but also that the activities adhere to the common criteria or standards agreed by Parties. Common criteria could involve an environmental quality test based on for instance a standardised baseline approach, demonstration that already implemented projects and legally mandated projects are not credited and use of common global warming potential (GWP) values. Other UNFCCC eligibility criteria could include principles for methodology development and monitoring standards.

Norway believes that pursuing a framework under which Parties agree common criteria for definition and recognition of units will create trust in units from different market mechanisms, and reduce the risk of fragmentation of international carbon markets. How effective such a framework would be, depends largely on the quality and stringency of the commonly agreed criteria as well as the functioning of international tracking and governance systems. Maintaining the UNFCCC's role in accrediting verification agencies, combined with the requirement that verifiers confirm that the common criteria have been fulfilled would also contribute to creating trust in the quality of different units. Norway argues for a more centralised governance framework, as we believe this could also facilitate the establishment of a system based on a common international allowance unit in the future.

In addition to unit eligibility criteria, a second element required in an accounting framework is a system for tracking the flow of units. Different options are possible here as well, with one option being the expansion of the ITL in its existing form also for non-UNFCCC mechanisms<sup>1</sup>. Norway is in favour of a centralized, expanded ITL that will perform both technical and policy-related checks for all market mechanisms. Including policy-related checks would allow the system to check at the issuance stage whether the units transacted originate from a mechanism that fulfils the eligibility criteria before executing a transaction.

Norway believes it is time to begin detailed discussions on the framework for various approaches. Discussions should target the two basic elements need to be in place to create an accounting framework for internationally traded units: 1) certain minimum standards to ensure the quality of the units, and 2) international system, such as the ITL, to be able to track the flow of units to avoid double counting. In order to facilitate fruitful discussions, Norway sees the need for a technical paper produced by the secretariat addressing the key issues of this framework. A workshop should be held as quickly as possible after production of the paper and in good time prior to the next COP session. The workshop should be designed to be a forum for Parties to exchange views on and address the issues raised in the paper, as well as in any submissions from Parties. The workshop should also discuss options for draft conclusions for the work program on the framework for

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<sup>1</sup> This would require COP/MOP decision

various approaches that can be forwarded to the COP at its 19<sup>th</sup> session. Furthermore, we see value in compiling information on plans and proposals for various approaches, and doing pilot studies or pilot projects as a basis for further work, and for considering what would be needed for international recognition of nationally developed mechanisms.

## Paper no. 9: Saudi Arabia

### Views on matters related to the Framework for Various Approaches

Saudi Arabia welcomes the opportunity to submit its views on the work program for elaborating the Framework for various approaches in line with decision 1CP/18 which Invites Parties and admitted observer organizations to submit their views on the matters referred to in paragraphs 44–47, including information, experience and good practice relevant to the design and operation of various approaches.

Saudi Arabia of the opinion that the framework for using various approaches, including markets, to enhance mitigation actions was an agenda item that was originally introduced as part of the Bali Action Plan among many other agenda items that are collectively geared towards meeting the objectives of the Convention. Therefore, it is a very integral part of the total Bali action plan package and should always be viewed in the context of the balance and complementing other elements such as adaptation, finance, capacity building and technology transfer.

As such, It must be emphasized that Parties may develop and implement various approaches, including opportunities for using markets and non-markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries. With that said, the framework should ensure differentiation between developed and developing countries and that the convention principles of equity and CBDR should not be compromised.

Furthermore, the framework for various approaches must be based on a set of guiding principles, key among them;

- Market-based mechanism established under the Convention should not introduce emission reduction commitments for developing countries;
- Ensures voluntary participation by Parties and preserves the ability of Parties to develop other market-based mechanisms in accordance with their national circumstances;
- Emission reduction commitments of the developed country Parties should be achieved mainly through domestic efforts and market-based mechanism could only play a complementary role;
- Promotes mitigation outcomes and emission reductions that are real, permanent, additional, and verified, avoid double counting of effort and achieve a net decrease and/or avoidance of greenhouse gas emissions;
- Promotes transparency of information and is consistent with UNFCCC guidelines for measurement, reporting and verification, including biennial and national communication reporting guidelines;
- Market-based mechanism established under the Convention should cover a broad segment of the economy, as well as project-based, subject to the discretion of the host country and that its modalities and procedures should be comparable to those established under the Kyoto Protocol.

Saudi Arabia believes that the work program for elaborating FVA should provide clarity on the purpose of the FVA and better assist in making the design decisions, including: the extent and nature of FVA guidance under the UNFCCC. It should also provide clarity on the potential use of various approaches under the FVA, and provide better understanding of the future decisions on possible use of various approaches; markets and non-markets based mechanisms, and the application in different segments of the economy.



**Submission by South Africa**

**FRAMEWORK FOR VARIOUS APPROACHES (FVA)**

**25 March 2013**

South Africa welcomes the opportunity to submit its views and proposals on Various Approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries

**Purpose of the framework**

South Africa understands that the aim and purpose of the Framework for Various Approaches (FVA) (new market mechanisms and non-markets) is to draw parameters through regulation, standardization, rules setting; and building on existing standards, both with a view of reducing or avoiding GHG emissions globally. The FVA should operate under the guidance of the COP and the principles of the Convention. Ultimately the FVA should cover a wide range of activities, while upholding the common standards governing these activities as well as ensuring the fungibility of units created. Additionally these activities must be subject to standardised measurement, reporting and verification procedures.

South Africa asserts that the Framework for various approaches includes all approaches, including market and non-market approaches, for internationally traded carbon market units under the Convention, that are applied by developed and developing country Parties, on a voluntary basis, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind the different circumstances of developed and developing countries;

Therefore the FVA must encompass the following elements:

1. The FVA should apply to internationally traded units in the carbon market and will only be accessible to Parties under the Convention that have expressed quantified emission limitation and reduction obligations under Decision XXXX.
2. The FVA includes all approaches, including market and non-market approaches, for internationally traded carbon market units under the Convention that are supplemental to domestic action by developed country Parties.
3. Activities covered under the FVA must meet Sustainable Development criteria as defined by Parties hosting/participating in such activities
4. The FVA should include common standards, to ensure that activities:

- Deliver real, permanent, additional and verified emissions reductions and/or avoidance which include the following:
    - Reduction of greenhouse gas emissions by sources or avoided emissions resulting from a clearly identified action or policy (activity);
    - Emissions reductions or avoided emissions are accurately measured and recorded over time, at a reasonable frequency
    - Provision for unit tracking and registering;
    - The effective tracking of activities (therefore units created), including registries that record the attributes, quantities and ownership of units, and transaction logs that record the movement of units within and among Parties;
    - The effective operation of emissions trading systems, including emissions caps, unit distribution and points of regulation;
    - Good governance, including the development of appropriate legal and regulatory frameworks
    - Ensures fungibility of units
  
  - Disallow double counting by ensuring the following:
    - A unit can be claimed only once, and on an exclusive basis, towards the achievement of a developed country Party's mitigation commitment or target, or towards the achievement of a developing country Party's mitigation action;
    - Measures exist to ensure the accurate and consistent quantification of activities (units created)
  
  - The work programme on the FVA must be developed in a transparent manner that is fully inclusive of all Parties.
-