

Submission by Indonesia

Views on Framework for Various Approaches, New Market Mechanism and Non-Market Based Approaches

Indonesia welcomes the invitation of The 38th session of the Subsidiary Body for Scientific and Technological Advices (SBSTA-38) to submit views on a number of aspects related to the framework for various approaches (FVA), new market mechanism (NMM) and non-market based approaches (NMA).

Indonesia is of the view that common understanding and common perspective on definition and scope of FVA, NMM and NMA will enhance and accelerate the negotiation process under the United Nations Framework Convention on Climate Change (UNFCCC).

In this regard, Indonesia would like to share our views as follows.

1. Framework on Various Approaches

Indonesia is of the view that the FVA is the framework under the UNFCCC to support emissions reduction initiatives undertaken by developed and developing countries at all levels. This includes sub-national, national, regional and international, with market and/or non-market approaches, which produce units of emissions reduction that counted as part of the efforts to meet mitigation commitment based on internationally acceptable standard. These units of emissions reduction will be used to fulfil international commitment and obligation.

The FVA aims to promote mitigation actions and enhance their cost effectiveness, to facilitate increment of mitigation ambitions from developed countries, and to enhance contribution of mitigation actions from developing countries in the context of sustainable development.

The scope of the FVA should cover market and non-market approaches in reducing greenhouse gases while enhancing the cost effectiveness and promoting mitigation actions both in developed and developing countries that produce verified emissions reduction for domestic or international purposes. Such actions will include renewable energy development, energy efficiency, REDD+ and other landscape based approaches, and other nationally-appropriate emission reduction programs

With regard to the possible link between the FVA and other relevant matters under the Convention and its instruments, Indonesia believes that the FVA may cover all of the market and non-market approaches and instruments, including the current and new market mechanism under the Convention, that produces internationally standard units of emission reductions.

The elements of the FVA should be operated under the principles, provisions and commitments of the Convention with flexibility for the countries involved as accommodated in the Convention. Such flexibility and adjustment will be done based on country's national circumstances.

2. New Market-based Mechanism (NMM)

In Indonesia's view, NMM is a mechanism operated under the guidance and authority of the COP comprising market-based schemes of emissions reduction initiatives, governed by a transparent and accountable entity with robust and internationally agreed standard and transaction logs.

Indonesia sees that the difference between NMM and the existing market-based mechanism is in its openness for Parties' involvement, regardless of their category under the Kyoto Protocol. To distinct further, the NMM should be able to accommodate more types of projects and activities that reduce greenhouse gases, in particular very small scale projects, with limited units of emissions reduction. The NMM should have simple approaches with streamlined methodology, but with more rigid standards than the FVA.

With regard to the relationship between a Party's level of mitigation ambition and its use of the NMM, the GoI sees that every party can participate in the NMM, especially those with high level of mitigation ambition.

For us, the NMM is the highest standard of market based mitigation actions under the Convention. To ensure the highest standard, the Convention should provide general guidelines and requirements for approval and accreditation of NMM projects.

The consistency of the NMM with the objective, principles and provisions of the Convention should be ensured by guidance from the COP. The consistency with the science of the climate change and environmental integrity should be ensured through a periodical review process using the latest updated science.

3. Non Market-based Approach (NMA)

In Indonesia's view, NMA is mitigation initiatives that produce emission reduction and/or emission avoidance for domestic purposes only. These initiatives may also include policies and support to create enabling condition for mitigation actions that will deliver real, permanent, additional, and verified units of emissions reduction and/or emissions avoidance. Such approaches can be used to deliver NAMAs, but it cannot be used in FVA or NMM.

We are also of the view that the main purpose of NMA is to enhance domestic mitigation actions using national agreed standards to achieve national target.

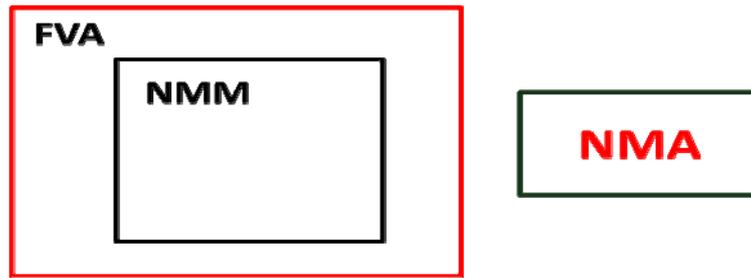


Figure 1. FVA, NMM, and NMA correlation

Notes:

1. NMM (New Market Mechanism) is a mechanism operated under the guidance and authority of the COP comprising market-based schemes of emissions reduction initiatives, governed by a transparent and accountable entity with robust and internationally agreed standard and transaction logs.
2. FVA (Framework for Various Approach) is the framework under the UNFCCC to support emissions reduction initiatives undertaken by developed and developing countries at all levels. This includes sub-national, national, regional and international, with market and/or non-market approaches, which produce units of emissions reduction that counted as part of the efforts to meet mitigation commitment based on internationally acceptable standard.
3. NMA is mitigation initiatives that produce emission reduction and/or emission avoidance for domestic purposes only. These initiatives may also include policies and support to create enabling condition for mitigation actions that will deliver real, permanent, additional, and verified units of emissions reduction and/or emissions avoidance.