
Market Readiness Proposal (MRP) Indonesia Summary of Expert Group Feedback

Country: Indonesia
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on behalf of the Expert Group
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Outline of Presentation

1. Purpose and objectives of presentation
2. Brief description of PMR Expert Feedback Process
3. Overall impression of the MRP
4. Key suggestions/issues raised by the Expert Group for MRP and future work
5. Key challenges going forward

Purpose and Objective of Presentation

- ◆ Purpose is to highlight key issues discussed during the draft MRP feedback process
 - ◆ Comments were made on Indonesia's *DRAFT* MRP
 - ◆ *Revised* MRP has incorporated suggestions from expert reviewers and PMR secretariat made during the feedback process

1. Brief description of PMR Expert Feedback Process

PMR Expert Group

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- Michael Lazarus

Feedback Process

- Draft MRP submitted to Secretariat March 29;
- Written feedback provided by the experts to the Secretariat April 8
- Expert group conference call April 9
- Consolidated feedback provided to country team April 10
- Two-day in-country visit to discuss feedback and advance MRP April 15-16
- Revised MRP provided to PMR Secretariat & Expert Group May 13

2. Overall Impression of the Draft MRP by the Expert Group

- Builds on strong climate change policy framework (pledge, RAN-GRK, RAD-GRK, cement sector targets, roadmap, etc.) and activities under development (Nusantara Carbon Scheme, CDM, JCM, etc.)
- Benefits from extensive stakeholder consultation process undertaken to develop MRP
- Reflects early stage in process of assessing market-based instruments appropriate in the local context and how they could relate to policy objectives and targets
- Could benefit from sequencing of activities so they can better inform each other, e.g. selection of MBI may influence MRV design
- Could enhance discussion and approach to institutional development for MRV and MBI
- Could strengthen MRP activities and embed them in broader context by identifying complementary activities from other donors or in kind contribution

Building Block 1/2 – Expert Group Feedback

General impression:

A strong policy framework and extensive stakeholder consultation process provides a good basis for developing and implementing the activities in the MRP.

Specific feedback:

- Further elaborate relationship of MBI to national policy objectives and other energy/climate policies, and how it could help overcome barriers and drive emission reductions
- Strengthen rationale for proposed activities and selection of target areas by a more detailed description of the selection process/criteria, focusing on the market-readiness aspects
- Provide more insight how MRP activities could build on experiences with CDM, NCS, JCM, cement sector GHG targets, and other activities

Building Block 3 – Expert Group Feedback

General impression:

Important initiatives exist or are under development that could be used to build upon in developing the technical infrastructure in BB3, especially on MRV.

Specific feedback

- Emphasize role of institutional development & capacity building in building a robust MRV system
- Consider a detailed gap analysis to strengthen the case for the need of specific activities proposed compared to existing activities (e.g. on cost curves, MRV)
- Sequence activities to ensure that the type of MBI chosen is reflected in early design choices (e.g. requirements for verification in relation to international fungibility of credits)

Building Block 4 – Expert Group Feedback

Overall impression:

Provides a broad, generic approach that can be adapted to the design and piloting of various types of market-based instruments

Specific feedback:

- Build, more explicitly, on work and lessons learned from other MBIs across the world
- Sequence activities such that draft MBI design is selected early on and can inform other BB3/BB4 activities (gap analysis, failure testing, MRV, etc.)
- Elaborate and clarify, to the extent possible, the candidate MBIs to be evaluated.
- Consider institutional development for MBI as a deliverable

Building Block 5 – Expert Group Feedback

General impression:

Government involvement in the implementation phase is broad, building on the strong stakeholder consultation process used in the development of the MRP

Specific feedback:

- A detailed description of activities helps understand how activities feed into or build upon each other, providing more understanding of the timing of deliverables and sequencing of activities
- A clear delineation of the responsibilities of the different stakeholders and their role in the implementation phase would support strong institutional development and effective implementation

4. Key challenges going forward

- Developing and piloting robust systems amidst uncertainty about political decision-making
- Designing an MBI that is consistent with national objectives, NAMAs and existing policies and that addresses barriers to emission reductions
- Ensuring sufficient participation both in the supply-side (local parties reducing emissions) and on the demand-side (who will be buyers?)
- Taking into account, as appropriate, requirements for international fungibility and linkage (demand) in MBI design
- Ensuring target sector engagement (companies), also in light of earlier activities aimed at these sectors (especially for the cement sector)
- Sequencing and streamlining of MRP activities, allowing time for building on lessons learned and incorporating decisions from other BBs
- Mobilizing public and private co-financing