

Innovative Financing and International Maritime Emission Reduction Scheme

Proposal by Nigeria and Liberia | Draft COP 15 decision | 04 Nov 2009

(Relates to [AWG-LCA INF.1 para 173 option 4](#) & [non-paper 34: para 10 option 4](#);

Levies on emissions from international maritime transport for developed countries ...

1. An innovative mechanism for financing climate change action and simultaneously reducing emissions from international maritime transport is hereby established. The mechanism shall be called the International Maritime Emission Reduction Scheme (IMERS).
2. The mechanism shall be based on a market-driven levy on emissions from international maritime transport.
3. In order to comply with the principles of the Convention, the application of the levy shall be differentiated.
4. Developing country Parties shall obtain refunds. The amount of refund shall be calculated annually in proportion to a country's share of worldwide imports. A developing country Party could voluntarily decide to forego a refund, or a part of it, and record its decision.
5. The levy shall apply to all ships over a predetermined size.
6. The levy shall be set at the rolling average market carbon price.¹
7. Revenue generated by this mechanism will contribute to the fulfillment of financial obligations under the Convention of Annex II Parties.
8. Revenue generated from the mechanism shall be split between assisting developing countries in implementing climate change action and the global shipping sector to accelerate reduction of its growing emissions. Financial resources shall be provided for:
 - (a) Adaptation to climate change
 - (b) Reduction of emissions from deforestation and forest degradation (REDD+)
 - (c) Technology R&D, transfer, and transformation in the shipping sector
9. The proportion of funding between adaptation, REDD+ and technology shall be decided by the Conference of Parties and may change with time.²
10. In order to enable integrity of national carbon accounting, a quantity of emissions accountable to each developed country Party could be calculated by the mechanism.³
11. In order to create an efficient and effective mechanism, the implementation provisions for the levy collection and compliance shall be established through the International Maritime Organization (IMO). These provisions shall build on existing maritime conventions and practices, and existing global institutions.⁴
12. The Conference of Parties shall adopt further principles, modalities, rules and guidelines for the functioning of the IMERS mechanism at its 16th session.⁵

¹ Until a global carbon price emerges, the levy shall be set at the rolling average carbon price of the largest economy-wide emission reduction scheme, over a predetermined period of time, adjusted for any free emission allowances existing in the scheme.

² The funding for adaptation and REDD+ will be directed through existing funding mechanisms under the Convention, and Technology funding will be directed through a mechanism established by the International Maritime Organization.

³ This quantity of emissions shall be obtained by multiplying a global quantity of emissions from international shipping and a country's share of global imports by value. The Conference of Parties may replace the country's share of global imports with another measure when such becomes available.

⁴ In order to provide predictable funding and global compliance, the levy could be collected worldwide directly from ships, based on fuel consumption. The ships could be liable to pay the levy periodically to their carbon accounts, established with an appropriate existing global institution. Compliance could be included as part of ship certification. It may be enhanced by port entry conditions, declining entry to the port or detention until ship's compliance is met.

⁵ This may include expanding scope of the refund mechanism to Economies in Transition.