



**Conference of the Parties serving as the meeting
of the Parties to the Kyoto Protocol**
Eighth session
Doha, 26 November to 7 December 2012

Agenda item 7

Issues relating to the clean development mechanism

Guidance relating to the clean development mechanism

Proposal by the President

Draft decision -/CMP.8

Guidance relating to the clean development mechanism

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Recalling the provisions of Articles 3 and 12 of the Kyoto Protocol and decision 1/CMP.6,

Cognizant of decisions 3/CMP.1, 7/CMP.1, 1/CMP.2, 2/CMP.3, 2/CMP.4, 2/CMP.5, 3/CMP.6, 8/CMP.7, 9/CMP.7 and 10/CMP.7,

I. General

1. *Takes note* of the annual report for 2011–2012 of the Executive Board of the clean development mechanism;¹
2. *Commends* the Executive Board for the substantial work undertaken over the past year;
3. *Welcomes* the success of the clean development mechanism during the first commitment period of the Kyoto Protocol, which to date has been responsible for over 5,200 clean development mechanism project activities being registered in over 80 countries, over 50 programmes of activities being registered in 27 countries, over one billion certified emission reductions being issued and in excess of USD 215 billion being invested;

¹ FCCC/KP/CMP/2012/3 (Parts I and II) and FCCC/KP/CMP/2012/11.

4. *Stresses* the need to ensure the continued success of the clean development mechanism after the first commitment period of the Kyoto Protocol with regard to its contribution to the achievement of the objective of the Convention;
5. *Requests* the Executive Board to further improve the consistency, efficiency and transparency of its decision-making;
6. *Encourages* Parties to take into account the expected time commitments of members and alternate members, as specified in annex I to decision 3/CMP.6, when making nominations to the Executive Board;
7. *Takes note* of the work and recommendations of the policy dialogue on the clean development mechanism;
8. *Requests* the Executive Board to consider the recommendations arising from the policy dialogue on the clean development mechanism that fall within the scope of work of the Executive Board and the Marrakesh Accords;
9. [*Encourages* the establishment by Parties of clean development mechanism stabilization funds;]
10. [*Requests* the [secretariat][Executive Board] to collect information on the activities of clean development mechanism stabilization funds and to report thereon to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session;]

II. Review of the modalities and procedures for the clean development mechanism

11. *Reiterates* that, pursuant to decision 3/CMP.1, the first review of the modalities and procedures for the clean development mechanism, as contained in the annex to decision 3/CMP.1, shall be carried out by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session;
12. *Invites* Parties and admitted observer organizations to submit to the secretariat, by 25 March 2013, their views on possible changes to the modalities and procedures for the clean development mechanism;
13. *Requests* the secretariat to compile the submissions referred to in paragraph 12 above into a miscellaneous document, for consideration by the Subsidiary Body for Implementation at its thirty-eighth session;
14. *Also requests* the Executive Board to submit recommendations on possible changes to the modalities and procedures for the clean development mechanism, drawing upon the experience gained by the Executive Board, the secretariat and stakeholders in the implementation of the clean development mechanism, for consideration by the Subsidiary Body for Implementation at its thirty-eighth session;
15. *Further requests* the secretariat to organize, prior to the thirty-eighth session of the Subsidiary Body for Implementation, a workshop with the aim of facilitating the progress of the review of the modalities and procedures for the clean development mechanism, while ensuring broad participation of developing country Parties, subject to availability of resources;
16. *Requests* the Subsidiary Body for Implementation, at its thirty-ninth session, taking into account the work referred to in paragraphs 12–15 above, to prepare recommendations on possible changes to the modalities and procedures for the clean development mechanism, for consideration by the Conference of the Parties serving as the meeting of the

Parties to the Kyoto Protocol at its ninth session, with a view to adopting a decision on this matter at that session;

17. *Takes note* of the estimated budgetary implications of the workshop referred to in paragraph 15 above;

18. *Invites* Parties to make voluntary contributions to the Trust Fund for Supplementary Activities for the organization of the workshop referred to in paragraph 15 above;

19. *Requests* that the actions of the secretariat called for in paragraph 15 above be undertaken subject to the availability of financial resources;

III. Governance

20. *Welcomes* the work undertaken by the Executive Board to consolidate and clarify its regulatory documents;

21. *Designates* as operational entities those entities that have been accredited, and provisionally designated, as operational entities by the Executive Board to carry out the sector-specific validation functions and/or sector-specific verification functions described in the annex to this decision;

22. *Decides* that the Executive Board may extend from three to five years the frequency of reaccrediting operational entities;

23. *Welcomes* the work undertaken by the Executive Board to develop voluntary measures to highlight the sustainable development co-benefits brought about by clean development mechanism project activities and programmes of activities;

24. *Requests* the Executive Board to evaluate the use of the voluntary sustainable development tool during 2013 and to report on its findings to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session;

25. *Welcomes* the work undertaken by the Executive Board to develop a procedure for addressing significant deficiencies in validation, verification and certification reports;

26. *Notes* that Parties may wish to address the issue of significant deficiencies in validation, verification and certification reports as part of the review of the modalities and procedures referred to in paragraph 11 above;

27. *Also notes* that Parties may wish to address the issue of a Party withdrawing or suspending a letter of approval for a project activity or programme of activities as part of the review of the modalities and procedures referred to in paragraph 11 above;

28. *Welcomes* the implementation by the Executive Board and the secretariat, following the request contained in decision 8/CMP.7, of procedures for the voluntary cancellation of certified emission reductions in the clean development mechanism registry;

29. [*Requests* the secretariat, in its role as administrator of the clean development mechanism registry, to implement measures to increase the accessibility of voluntary cancellation of certified emission reductions to a wider range of stakeholders by allowing holding accounts in the clean development mechanism registry to be established for entities, other than project participants, of Parties eligible to participate in the clean development mechanism, subject to the availability of resources;]

30. *Commends* the Executive Board and the secretariat for their work on transparent and direct communication with stakeholders;

31. *Requests* the Executive Board to include information on the use of the modalities and procedures for direct communication with stakeholders in its annual report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

32. *Encourages* Parties to share their experiences in relation to local stakeholder consultation processes;

IV. Baseline and monitoring methodologies and additionality

33. *Welcomes* the adoption by the Executive Board of improved standards for the demonstration of additionality, in particular with regard to “first-of-its-kind” and common practice;

34. *Encourages* the Executive Board to further extend the simplified modalities for the demonstration of additionality, including positive lists, to a wider scope of small-scale project activities, while ensuring environmental integrity;

35. [*Requests* the Executive Board to make provision for the inclusion over time of clean development mechanism project activities in project or sectoral baselines and additionality assessments to ensure the updating of baselines;]

36. [*Requests* the Executive Board and Parties to consider how their own contributions might be reflected voluntarily in proposals for methodologies, with a view to making recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol as input to the review of the modalities and procedures for the clean development mechanism;]

37. [*Requests* the Executive Board to ensure that policies are considered in baseline and additionality assessments by reappraising the current E+/E- guidance and in particular ensuring that policy baselines are updated over time, with a view to avoiding double counting and the crediting of ‘business as usual’ domestic action;]

38. *Welcomes* the work undertaken by the Executive Board in further developing and implementing the regulatory framework relating to standardized baselines;

39. *Also welcomes* the work undertaken by the Executive Board to streamline the regulatory framework in relation to programmes of activities;

40. *Requests* the Executive Board to continue its work on programmes of activities, inter alia:

(a) To ensure that the eligibility criteria for the inclusion of component project activities in programmes of activities adequately reflect differences in technology types in order to make programmes of activities homogeneous and to prevent debundling;

(b) To allow for practical approaches to addressing situations of missing data in relation to monitoring and verification of programmes of activities at the micro-scale level;

(c) [To ensure that component project activities are included in a programme of activities only if they started operation after the date of registration of said programme of activities][To ensure that early-start component project activities can be included in a programme of activities after the registration of said programme of activities and the certified emission reductions between starting date of component project activities and date of inclusion to the component project activities can be issued can be included];

(d) To ensure that verification and validation are performed by the same designated operational entity only in cases of limited access to designated operational entities or significantly higher transaction costs and if the designated operational entity can

ensure the implementation of processes to safeguard the impartiality and integrity of the designated operational entity in undertaking such activity;

41. *Encourages* the Executive Board to continue its work on the simplification and streamlining of methodologies, with the aim of reducing transaction costs for all project activities and programmes of activities, especially those in regions underrepresented in the clean development mechanism;

42. *Requests* the Executive Board to consider the use of more cost-effective approaches in afforestation/reforestation methodologies for the estimation of baseline stocks and removals, including the use of remote sensing for monitoring, as long as conservative estimates are used to guarantee the environmental integrity of afforestation/reforestation projects;

43. *Also requests* the Executive Board to consider possible flexibility in the timing of the verification of afforestation and reforestation projects during a crediting period, while ensuring consistency with the principles of temporary certified emission reductions, and to report back on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session;

44. *Notes* that Parties may wish to address the length of crediting periods as part of the review of the modalities and procedures referred to in paragraph 11 above;

45. *Welcomes* the work undertaken by the Executive Board to adopt relevant documents regarding carbon dioxide capture and storage in geological formations as clean development mechanism project activities;

46. [*Encourages* project developers to continue to develop and submit, for consideration by the Executive Board, methodologies relating to all project types underrepresented in the clean development mechanism [, including carbon dioxide capture and storage,] to facilitate the registration of such projects;]

47. *Decides* that the eligibility under the clean development mechanism of carbon dioxide capture and storage in geological formations project activities which involve the transport of carbon dioxide from one country to another or which involve geological storage sites that are in more than one country and the establishment of a global reserve of certified emission reduction units for carbon dioxide capture and storage in geological formations project activities shall be considered by Subsidiary Body for Scientific and Technological Advice at its forty-fifth session;

48. *Also decides* that while carbon dioxide capture and storage in geological formations project activities which involve the transport of carbon dioxide from one country to another or which involve geological storage sites that are in more than one country would merit inclusion under the clean development mechanism, more practical experience of carbon dioxide capture and storage project activities in geological formations under the clean development mechanism would be beneficial;

V. Registration of clean development mechanism project activities and issuance of certified emission reductions

49. *Takes note* of the significant increase in the rates of submission of requests for registration and issuance, including the substantial increase in the number of requests for registration of programmes of activities under the clean development mechanism;

50. *Welcomes* the work being undertaken by the Executive Board and the secretariat to ensure the efficient processing of requests for registration and issuance during a period of significantly increased submissions;

51. *Requests* the Executive Board and the secretariat to continue seeking ways to streamline the processes for the registration of clean development mechanism project activities and programmes of activities, and the issuance of certified emission reductions, to ensure that the average time between the receipt of a submission and the commencement of the completeness check is fewer than 15 calendar days;

52. *Requests* the Executive Board to explore the possibility of reviewing the validation process of clean development mechanism project activities that are deemed to be automatically additional;

53. *Encourages* the Executive Board to improve the guideline on the application of materiality in verifications, based on experience gained through the implementation of the guideline;

VI. Regional and subregional distribution

54. *Welcomes* the launch and operationalization of the clean development mechanism loan scheme;

55. *Invites* Parties and institutions wishing to do so to make voluntary contributions to the clean development mechanism loan scheme, as described in decision 3/CMP.6, in order to expand the capacity of the scheme to provide loans to support eligible project activities;

56. *Welcomes* the establishment by the secretariat of regional collaboration centres to promote the clean development mechanism in regions underrepresented in the clean development mechanism and to support stakeholders at the regional and national levels;

57. *Notes with appreciation* the further activities undertaken by the Executive Board and the secretariat to promote the equitable distribution of project activities and programmes of activities, including the help desk and training for the designated national authorities of Parties underrepresented in the clean development mechanism;

58. *Reiterates* its request to the secretariat, as contained in decision 8/CMP.7, to continue enhancing its support for Parties underrepresented in the clean development mechanism;

59. *Also reiterates* its encouragement to designated operational entities, as contained in decision 2/CMP.5, to establish offices in developing countries, in line with the provisions of the clean development mechanism accreditation standard, in order to reduce the transaction costs for those countries and to contribute to achieving a more equitable distribution of clean development mechanism project activities and programmes of activities;

[*Proposal to delete the following text: paragraphs 3, 4, 7, 9, 10, 16, 23, 52*]

[*Proposal to add the following text:*

VII. Implementation

60. *Decides* that only Parties that have ratified a second commitment period of the Kyoto Protocol may continue to participate in ongoing project activities under Article 12 of the Kyoto Protocol and any project activities to be registered after 31 December 2012;

61. *Also decides* that Parties included in Annex I to the Convention that do not have a quantified emission limitation and reduction commitment inscribed in the third column of Annex B to the Kyoto Protocol shall not be eligible, after 31 December 2012, to participate in activities under Article 12 of the Kyoto Protocol, or to use, transfer or acquire any units

until the ratification or entry into force of the second commitment period of the Kyoto Protocol;

62. *Further decides* that a Party shall only be eligible to use certified emission reductions under Article 12 of the Kyoto Protocol, transfer and/or acquire emission reduction units under Article 6 of the Kyoto Protocol, and transfer and/or acquire emission reduction units, certified emission reductions, temporary certified emission reductions, long-term certified emission reductions, assigned amount units or removal units under Article 17 of the Kyoto Protocol, if the Party concerned has a quantified emission limitation and reduction objective for the second commitment period inscribed in Annex B to the Kyoto Protocol and has deposited its instrument of acceptance of the amendments contained in the annexes to this decision in accordance with Article 20, paragraph 4, of the Kyoto Protocol;

63. *Additionally decides* that the use of surplus units from the first commitment period must be limited in the second commitment period to protect the environmental integrity of the second commitment period.]

Annex

Entities accredited and provisionally designated by the Executive Board of the clean development mechanism and recommended for designation by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for validation and verification/certification for specific sectoral scopes

<i>Name of entity</i>	<i>Provisionally designated and recommended for designation for sectoral scope</i>	
	<i>Project validation</i>	<i>Emission reduction verification</i>
Re-consult Ltd. ^a	1	1
URS Verification Private Limited (URS) ^a	1 and 13	1 and 13
Japan Consulting Institute (JCI) ^c	1, 2, 4, 5, 9, 10 and 13	1, 2, 4, 5, 9, 10 and 13
Korea Testing & Research Institute (KTR) ^a	1, 4, 5, 11 and 13	1, 4, 5, 11 and 13
Foundation of Industrial Development - Management System Certification Institute (Thailand) (FID-MASCI) ^a	1, 3, 4, 13 and 15	1, 3, 4, 13 and 15
TÜV SÜD Industrie Service GmbH (TÜV SÜD) ^c	1–15	1–15
Korea Energy Management Corporation (KEMCO) ^c	1–15	1–15
Swiss Association for Quality and Management Systems (SQS) ^c	1–15	1–15
China Environmental United Certification Center Co., Ltd (CEC) ^c	1–15	1–15
Perry Johnson Registrars Carbon Emissions Services (PJRCS) ^b	4	4
Japan Quality Assurance Organisation (JQA) ^c	1, 3–5, 11, 13 and 14	1, 3–5, 11, 13 and 14
DNV Climate Change Services AS (DNV) ^c	1–15	1–15
SGS United Kingdom Limited (SGS) ^c	1–13 and 15	1–13 and 15
ERM Certification and Verification Services Limited (ERM CVS) ^c	1–5, 8–10, 13 and 15	1–5, 8–10, 13 and 15
Korean Foundation for Quality (KFQ) ^c	1–5, 11 and 13	1–5, 11 and 13
RINA Services S.p.A. (RINA) ^c	1–8, 10, 11 and 13–15	1–8, 10, 11 and 13–15
Korean Standards Association (KSA) ^c	1–5 and 13	1–5 and 13
Korea Environment Corporation (KECO) ^c	1–7 and 13–15	1–7 and 13–15
Japan Management Association (JMA) ^c	1–4, 6, 8, 9 and 14	1–4, 6, 8, 9 and 14
Germanischer Lloyd Certification GmbH (GLC) ^c	1–5, 7, 8, 10, 13 and 15	1–5, 7, 8, 10, 13 and 15
China Quality Certification Center (CQC) ^c	1–15	1–15
SIRIM QAS International Sdn Bhd (SIRIM) ^c	1–4, 7, 10, 13 and 15	1–4, 7, 10, 13 and 15
TÜV Rheinland (China) Ltd. (TÜV Rheinland) ^c	1–15	1–15
TÜV SÜD South Asia Private Limited (transferred from TÜV SÜD Industrie Service GmbH) ^d	1–15	1–15
Instituto Brasileiro de Opinião Pública e Estatística Ltda. (IBOPE) ^a	1	1

Provisionally designated and recommended for designation for sectoral scope

<i>Name of entity</i>	<i>Project validation</i>	<i>Emission reduction verification</i>
Shenzhen CTI International Certification Co., Ltd (CTI) ^a	1–4,6,7,9,10 and 13	1–4,6,7,9,10 and 13
Ernst & Young Associés (France) (EYG) ^c	14	14

Note: The numbers 1 to 16 indicate sectoral scopes as determined by the Executive Board. For details, see <http://cdm.unfccc.int/Reference/Standards/accr_stan01.pdf>.

^a Accreditation granted for three years

^b Extension of scope. For the entities for which the scope of accreditation was extended, only the new sectoral scopes are indicated

^c Re-accreditation for three years

^d Transfer of accreditation
