

**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
(Agenda item 3(b)(v))**

Informal note

In progressing their work, Parties may wish to further elaborate the elements contained in the bullet points in this section:

A framework for various approaches

Preamble:

- Objective of convention
 - Relevant COP decisions;
 - Relationship with Kyoto Protocol mechanisms;
 - Statement about need for appropriate supply and demand balance;
1. Purpose(s)/role(s) of a framework:
 - (a) Reporting on use of various approaches;
 - (b) Certification of various approaches;
 - (c) Facilitation of development of various approaches;
 2. Scope of approaches included under the framework:
 - (a) Market-based approaches;
 - (b) Non-market-based approaches;
 - (c) Approaches established under UNFCCC;
 - (d) Approaches established outside UNFCCC;
 3. Principles:
 - (a) Cancun/Durban principles;
 - (b) Net mitigation / avoidance
 - (c) Transparency;
 - (d) Sustainable development, technology transfer, capacity building;
 - (e) Dynamic framework open to innovation;
 - (f) Relationship with national incentives/disincentives;
 4. Standards for promoting environmental integrity:
 - (a) What standards;

- (i) Guidance for defining segments, sectors, subsectors, technologies and policies, as well as the scope of activities;
 - (ii) Requirement for emission reductions to be real and measurable;
 - (iii) Requirements regarding the quality of emissions-related data;
 - (b) How to uphold standards;
 - (c) Double counting and unit tracking;
 - (d) Measurement, reporting, and verification;
 - (e) Role of standards (binding, facilitative, etc.);
5. Accounting:
- (a) Common accounting rules;
 - (b) International carbon units:
 - (i) Definition;
 - (ii) Criteria for issuance;
 - (c) Use of units;
 - (d) Trading of units;
6. Tracking:
- (a) Purpose(s):
 - (i) Avoidance of double counting;
 - (ii) Transparency;
 - (b) National registries:
 - (i) Functions;
 - (ii) Conditions;
 - (c) International registry/transaction log;
 - (d) Technical tools;
7. Reporting;
8. Governance/ Organization:
- (a) Regulatory board;
9. Financing of framework activities, share of proceeds;
10. Further work.

The new market-based mechanism

- 1. Purpose(s)/role(s) of the NMM:
 - (a) Definition of type(s) of activities;
 - (b) Relationship with framework for various approaches;
 - (c) For what level of demand should the NMM be designed;
- 2. NMM Principles

3. Voluntary participation:
 - (a) Sovereign right for each Party to choose whether to participate;
 - (b) How to enable participation in a fair and equitable manner;
 - (c) Eligibility requirements;
4. Complementarity with other means of support:
 - (a) Relationship with Kyoto Protocol mechanisms;
 - (b) Relationship with nationally appropriate mitigation actions;
 - (c) Relationship with other mechanisms;
5. Stimulation of mitigation across broad segments of the economy:
 - (a) Definition and selection;
 - (b) Criteria for setting boundaries;
 - (c) Assessment of the risk of carbon leakage;
6. Safeguarding of environmental integrity:
 - (a) What standards:
 - (i) Guidance for defining segments, sectors, subsectors, technologies and policies, as well as the scope of activities;
 - (ii) Requirement for emission reductions to be real and measurable;
 - (iii) Requirements regarding the quality of emissions-related data;
 - (b) How to uphold standards;
 - (c) Double counting and unit tracking;
 - (d) Measurement, reporting, and verification;
 - (e) Sustainable development;
 - (f) Additionality;
7. Net mitigation benefit (net decrease and/or avoidance):
 - (a) Means to achieve this;
 - (b) Baselines, thresholds, target-setting (including criteria to determine and procedures to approve);
 - (c) Own contribution;
8. Use of units:
 - (a) Issuance;
 - (b) Tracking;
 - (c) Supplementarity;
 - (d) Length of crediting period;
 - (e) Conditions on use of the NMM;
9. Governance and market functioning and regulation:
 - (a) Supervisory body;

- (b) Participation of private sector;
 - (c) Creation and transmission of incentives;
 - (d) Share of proceeds;
 - (e) Reporting and review;
 - (f) Transparency in decisions and processes;
 - (g) Financing the administration of the NMM;
 - (h) Conformity checks on:
 - (i) Additionality;
 - (ii) Baselines;
 - (iii) Methodologies;
 - (iv) Monitoring;
 - (v) Verification;
 - (vi) Conformity checks through an international transaction log;
10. Pilot phase;
11. Further work:
- (a) Adoption of modalities and procedures in Doha;
 - (b) Finalization of technical details under SBSTA in 2013.
-