

**Eligibility
to the Clean Development Mechanism, Joint Implementation
and International Emission Trading**

AWG-KP 17-2

Switzerland is pleased to submit a draft text on the eligibility to the Clean Development Mechanism (CDM), Joint Implementation (JI) and International Emission Trading (IET) for consideration by the AWG-KP in view of a decision at CMP 8.

Draft text for CMP8:

Recalling decisions 2/CMP.1, 3/CMP.1, 9/CMP.1 and 11/CMP.1;

Aware of decisions 13/CMP.1 and [X/CMP.8 on carry-over];

Acknowledging the purpose of the clean development mechanism (CDM) in achieving sustainable development;

Recognizing that some Parties to the Kyoto Protocol may not announce a quantified emission limitation and reduction commitment for the second commitment period under Annex B;

Decides that paragraphs 31 and 32 of the Annex of decision 3/CMP.1, paragraphs 21 and 22 of the Annex of decision 9/CMP.1 and paragraphs 2 and 3 of the Annex of decision 11/CMP.1 should be changed to allow the following:

1. Subject to the provisions of paragraph 3 below, a Party included in Annex I which has a commitment inscribed in Annex B for the second commitment period and has committed to [act consistently with] [implement] its commitments and other responsibilities in relation to the second commitment period is eligible to participate in the CDM, JI and IET, receive, transfer, acquire, carry over and use towards its commitment under Article 3 of the Kyoto Protocol, ERUs, CERs, AAUs, or RMUs in accordance with the relevant provisions, if it is in compliance with the following eligibility requirements:

(a) It is a Party to the Kyoto Protocol;

(b) It has in place a national system for the estimation of anthropogenic emissions by sources and anthropogenic removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, in accordance with Article 5, paragraph 1, and the requirements in the relevant guidelines;

(c) It has in place a national registry in accordance with Article 7, paragraph 4, and the requirements in the relevant guidelines;

(d) It has submitted annually the most recent required inventory, in accordance with Article 5, paragraph 2, and Article 7, paragraph 1, and the requirements in the relevant guidelines, including the national inventory report and the common reporting format;

(e) It submits the supplementary information on assigned amount in accordance with Article 7, paragraph 1, and the requirements in the relevant guidelines and makes any additions to, and subtractions from, assigned amount pursuant to Article 3, paragraphs 7 and 8, including for the activities under Article 3, paragraphs 3 and 4, in accordance with Article 7, paragraph 4, and the requirements in the relevant guidelines;

(f) It issues ERUs valid for the second commitment period for emission reductions between 1 January 2013 and 31 December 2020 by converting AAUs of the second commitment period, when participating as a host country Party in JI;

2. Subject to the provisions of paragraph 3 below, a Party included in Annex I which has no commitment inscribed in Annex B for the second commitment period is eligible to receive, transfer, acquire, carry over and use towards its commitment under Article 3 of the Kyoto Protocol, ERUs, AAUs, or RMUs in accordance with the relevant provisions, exclusively for emission reductions taking place before 31st December 2012 and emission rights of the first commitment period, and CERs, if it is in compliance with the following eligibility requirements:

(a) It is a Party to the Kyoto Protocol;

(b) It has in place a national system for the estimation of anthropogenic emissions by sources and anthropogenic removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, in accordance with Article 5, paragraph 1, and the requirements in the relevant guidelines;

(c) It has in place a national registry in accordance with Article 7, paragraph 4, and the requirements in the relevant guidelines;

(d) It has submitted annually the most recent required inventory, in accordance with Article 5, paragraph 2, and Article 7, paragraph 1, and the requirements in the relevant guidelines, including the national inventory report and the common reporting format;

(e) It submits, for the first commitment period, the supplementary information on assigned amount in accordance with Article 7, paragraph 1, and the requirements in the relevant guidelines and makes any additions to, and subtractions from, assigned amount pursuant to Article 3, paragraphs 7 and 8, including for the activities under Article 3, paragraphs 3 and 4, in accordance with Article 7, paragraph 4, and the requirements in the relevant guidelines;

3. A Party included in Annex I, under paragraphs 1 and 2 above, shall be considered:

(a) To meet the eligibility requirements referred to in paragraphs 1 and 2 above unless the enforcement branch of the Compliance Committee finds in accordance with decision 24/CP.7 that the Party does not meet these requirements, or, at an earlier date, if the enforcement branch of the Compliance Committee has decided that it is not proceeding with any questions of implementation relating to these requirements

indicated in reports of the expert review teams under Article 8 of the Kyoto Protocol, and has transmitted this information to the secretariat;

(b) To continue to meet the eligibility requirements referred to in paragraph 2 above unless and until the enforcement branch of the Compliance Committee decides that the Party does not meet one or more of the eligibility requirements, has suspended the Party's eligibility and has transmitted this information to the secretariat;

4. A Party included in Annex I which has no commitment inscribed in Annex B for the second commitment period is not eligible to receive, transfer, acquire, carry over and use towards a reduction objective, ERUs, AAUs, or RMUs in accordance with the relevant provisions, for emission reductions taking place after 31st December 2012 or emission rights of the second commitment period;

5. A Party included in Annex I which makes use of the CDM as per paragraph 2 above and has no commitment inscribed in Annex B for the second commitment period shall:

(a) Publicly announce before [1 January 2014] how it has transformed its quantified economy-wide emission reduction target into a quantified emission reduction objective calculated similarly to assigned amounts according to paragraphs 7 and 8 of Article 3 of the Kyoto Protocol and relevant subsequent provisions;

(b) Use and account CERs towards its reduction objective in a manner consistent with the rules of the Kyoto Protocol for the achievement of its reduction objective;

(c) Use the CDM as a supplemental means to domestic action;

(d) Continue to run a national registry and establish a specific account for the surrendering of CERs for use towards its reduction objective;

(e) Continue to contribute to the fees for the international transaction log;

(f) Promote the development of projects in and use of CERs from underrepresented countries or regions and from underrepresented sectors;

Decides that paragraphs 6 to 10 of the Annex to decision 11/CMP.1 and other provisions related to the operation of the commitment period reserve shall not apply to the transfer and acquisition of CERs, ERUs, AAUs and RMUs by Parties after 1 January 2013 until the calculation and recording of that Party's assigned amount for the second commitment period, if applicable as per paragraphs 1 and 2 above.