

**SBSTA 40 agenda item 13 (c)**  
**Market and non-market mechanisms under the Convention**  
**New market-based mechanism**

**Version 1 of 8 June 2014 at 21:30 hrs**

---

**Elements for draft conclusions proposed by the Co-Chairs ('Strawdog')**

1. Technical paper on lessons learned on the registration and tracking of mitigation units and outcomes, including in relation to the avoidance of double counting, building on experience gained with the existing infrastructure, for consideration at SBSTA 41.
  2. *Placeholder: possible inter-sessional submissions and technical work;*
  3. *Placeholder: work to be conducted at SBSTA 41.*
-

## Annex

### Elements of conclusions proposed by the Chair

1. The new market-based mechanism (NMM) shall have the following characteristics:
  - (a) Be based on the voluntary participation of Parties, subject to eligibility criteria;
  - (b) Promote fair and equitable access for all Parties;
  - (c) Contribute to sustainable development in the host country Party, including through the transfer of technologies, practices and processes that remove, reduce or avoid anthropogenic emissions of greenhouse gases;
  - (d) Be used in a manner that supplements domestic action and complements other means of support for mitigation action;
  - (e) Ensure environmental integrity and include safeguards against double counting by means of robust accounting rules for the international transfer of units;
  - (f) Facilitate the effective participation of private and public entities;
  - (g) Ensure good governance and robust market functioning and regulation.
2. There shall be a share of proceeds to cover the administrative expenses of the NMM and to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation. The least developed countries shall be exempt from the share of proceeds for meeting the costs of adaptation;
3. The modalities and procedures for the NMM shall draw on the modalities and procedures and guidelines for the mechanisms under the Kyoto Protocol, taking into account the elements of the work programme to elaborate such modalities and procedures referred to in decision 1/CP.18, paragraph 51.
4. *Placeholder: possible next steps in 2015 (e.g. submissions, technical work, workshops, COP21 decision).*