

DRAFT TEXT
on
CMP 13 agenda item 4
Matters relating to the clean development mechanism

Version 02 of 11 November 2017 at 12:00 hrs

Co-Chairs' draft text

Draft decision -/CMP.13

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, **AGREED**

Cognizant of decision 3/CMP.1 and subsequent guidance provided by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol relating to the clean development mechanism, **AGREED**

Welcoming the *report* for 2016–2017 of the Executive Board of the clean development mechanism (hereinafter referred to as the Executive Board),¹ **AGREED**

Appreciating the Executive Board, its panels and working groups and the secretariat for the work undertaken in 2017, **AGREED**

Noting the contribution to global efforts to address climate change by the clean development mechanism, which to date has been responsible for over ### project activities being registered, over ### programmes of activities registered and over ## billion certified emission reductions being issued;² of which ### have been voluntarily cancelled in national registries or the clean development mechanism registry, **AGREED**

[*Noting* the regional distribution of registered project activities, registered programmes of activities and issuance of certified emission reductions, is, respectively: Africa ## per cent, ## per cent and ## per cent; Asia-Pacific ## per cent, ## per cent and ## percent; Eastern Europe ## per cent, ## per cent and ## per cent, and; Latin American and Caribbean ## per cent, ## per cent and ## per cent,]

[*Noting* decisions 1/CP.19, paragraph 5 (c) and 1/CP.21, paragraph 106, on the role of voluntary cancellation of certified emission reductions [as a means of [enhancing pre-2020 ambition][combatting climate change]],]

[*Further noting* the ongoing work of the Subsidiary Body for Scientific and Technological Advice under its agenda sub-items 11(a) and 11(b),]

[*Recognizing* the many valuable proposals that have been made for enhancing the environmental integrity of the clean development mechanism,]

¹ FCCC/KP/CMP/2017/5.

² See the clean development mechanism web pages at <http://cdm.unfccc.int/>.

[Acknowledging that it may not be possible for the Executive Board of the clean development mechanism to address these proposals in their entirety prior to the end of the second commitment period of the Kyoto Protocol in 2020,]

Recognizing that the Doha Amendment to the Kyoto Protocol has not yet entered into force[, with implications for the demand for certified emission reductions,] and that little time remains of the second commitment period of the Kyoto Protocol, regardless of the possible entry into force of the Doha Amendment, {from original para 8: Invites Parties to deposit with the Depository their instruments of acceptance in respect of the Doha Amendment³ pursuant to Article 20 of the Kyoto Protocol with a view to expediting its entry into force }

I. Guidance to the Executive Board and its support structure

A. [Guidance on the operation of an effective regulatory system for the implementation of clean development mechanism activities and certification of their outcome]

1. *[Notes that the Executive Board, in the context of decision 2/CMP.3, paragraph 25, gave consideration in 2017 to initiating the development of a small-scale methodology related to the switch by end users from non-renewable biomass to fossil fuels with a lower carbon intensity such as liquefied petroleum gas;*
2. *Placeholder for potential CMP response to para 1 [Agrees][Decides][Requests]...*
3. *Requests the Executive Board to continue to simplify the process for the development and approval of standardized baselines and to support designated national authorities in developing standardized baselines[upon the request of the designated national authority];*
4. *[Also requests designated national authorities to follow up and report on sustainable development aspects, including no-harm considerations, of clean development mechanism project activities and programmes of activities;]*
5. *[Further requests the secretariat to publish annually the holdings on each account in the clean development mechanism registry aggregated at Party level as required by decision 3/CMP.1, appendix D, paragraph 12;]*
6. *[Requests the Executive Board to assess the implications of integrating into methodologies crediting periods of varying lengths, in order to better reflect the characteristics of different project types, with regard to technological lifetimes or financial viability, including transaction costs, and to report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fourteenth session (December 2018);]*
7. *[Requests the Executive Board to explore the possibility of revising the approach of ‘displacement theory’ in the existing tool to calculate the emission factor for an electricity system, to reflect the current circumstances and to safeguard against maintaining a high grid emission baseline for several years, with implication on environmental integrity;]*

³ Decision 1/CMP.8.

B. [Guidance on demand for and participation in the clean development mechanism]

8. {moved to preamble}
9. [*Also invites* Parties and non-Party stakeholders to purchase and promote voluntary cancellation of certified emission reductions, as part of their enhanced engagement in the international response to climate change;]
10. [*Encourages* the Executive Board to continue its cooperation with financial institutions in response to decision 6/CMP.11, paragraphs 7 and 8; **AGREED**]
11. [*Appreciates* the support provided to stakeholders in the clean development mechanism through the regional collaboration centres;]
12. [*Requests* the secretariat to continue to extend the support provided via the regional collaboration centres to other aspects of climate action undertaken by Parties and non-Party stakeholders, noting that future reporting on and guidance to such activities would be provided through relevant agenda items;]
13. [*Requests* the Executive Board to communicate the benefits of the implementation of clean development mechanism project activities and programmes;]
14. [*Requests* the secretariat to conduct an assessment of experiences of and lessons learned from the clean development mechanism covering both the positive contributions and negative outcomes of the clean development mechanism, in particular regarding representation and governance, drawing on the views of a wide and balanced range of stakeholders;]

C. [Guidance on managing resources for work on the clean development mechanism]

15. [*Appreciates* that the Executive Board has adopted a two-year business and management plan (2018–2019) which ensures prudent resource allocation while providing certainty on the resource availability for the operation of the mechanism;]
16. [*Requests* the Executive Board to be prudent with its spending, including for the Executive Board members, to be able to perform its main duties continuously in the medium and long term;]

II. Guidance on matters under the direct responsibility of the CMP

17. [*Designates* as operational entities those entities that have been accredited and provisionally designated as such by the Executive Board to carry out the sector-specific validation functions and/or sector-specific verification functions described in the annex; **AGREED**]
18. [*Encourages* Parties and stakeholders, while there are no indicators to determine the quality of certified emission reductions, to refrain from differentiating between certified emission reductions, as they are fungible;]
19. [*Requests* Parties to refrain from adopting restrictive practices, including unilateral measures related to utilizing certified emission reductions, such as but not limited to

discrimination against some countries, technologies or greenhouse gases, in an effort to avoid the introduction of distortions to the carbon market and facilitate the market recovery;]

20. *[Notes that such an approach will also augment the Adaptation Fund with increased share of proceeds;]*

21. *[Encourages the consideration by Parties of a continuing contribution of the clean development mechanism under the existing work under Subsidiary Body for Scientific and Technological Advice agenda sub-items 11(a) and 11(b);]*

22. *[Requests the Executive Board to cease the receipt of requests for registration of new clean development mechanism project activities and programmes of activities as of 31 December 2018.]*

Annex

Designation of operational entities

Table to be added.