



Framework Convention on Climate Change

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Seventh session

Durban, 28 November to 9 December 2011

Agenda item 7

Issues relating to the clean development mechanism

Further guidance relating to the clean development mechanism

Proposal by the President

Draft decision -/CMP.7

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 and 3/CMP.6,

[Recalling that the use of the mechanisms shall be supplemental to domestic efforts and that domestic action shall thus constitute a significant element of the effort made by each Party included in Annex I to the Convention to meet its quantified emission limitation and reduction commitments under Article 3, paragraph 1, of the Kyoto Protocol,]

I. General

1. *Takes note* of the annual report for 2010–2011 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. Option 1: *[Affirms that the clean development mechanism shall continue to be operational beyond the first commitment period and may generate certified emission reductions;]*

¹ FCCC/KP/CMP/2011/13 (Parts I and II).

Option 2: [*Affirms* that the [operation] [continuation] of the clean development mechanism beyond the first commitment period is contingent upon the [ratification] [establishment] [inscription] of quantified emission limitation and reduction commitments by Parties included in Annex I to the Convention for the second commitment period [in Annex B to the Kyoto Protocol] [and shall only be used as a means to meet such commitments for that period, in accordance with decision 1/CMP.6];]

[Option 3:] [*Decides* that certified emission reductions after 31 December 2012 will only [be issued] [apply] to those Parties that adopt and ratify the second commitment period of the Kyoto Protocol [unless for reasons of compliance in relation to the first commitment period up to the end of the true-up period];]

4. Option 1: [*Requests* the Executive Board, on the basis of its experience gained in supervising the clean development mechanism, to make recommendations in relation to the first review of the modalities and procedures for the clean development mechanism pursuant to decision 3/CMP.1, [for the consideration of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and make these publicly available by 30 June 2013] [with a view to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol adopting a decision on that matter at its eighth session];]

Option 1 (continued): [*Requests* the Subsidiary Body for Implementation to consider the review of the modalities and procedures for the clean development mechanism pursuant to decision 3/CMP.1 at its thirty-eighth and thirty-ninth sessions, taking into account the recommendations referred to in paragraph 4 above, with a view to recommending a draft decision to the ninth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;]

Option 2: [*Reiterates* that the Executive Board should make recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol in relation to the first review of the modalities and procedures for the clean development mechanism pursuant to decision 3/CMP.1, as needed;]

5. *Welcomes* the launch of the clean development mechanism policy dialogue by the Executive Board;

6. *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 listed in the annex to this decision;

7. [*Encourages* the Executive Board to develop guidance on how to conduct clean development mechanism stakeholder consultation, taking into account the prerogative of host Party legislation in this regard[, and to report the guidance to the eighth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for its endorsement];]

8. *Requests* the Executive Board to continue its work and develop appropriate voluntary measures to highlight the co-benefits brought about by clean development mechanism project activities and programmes of activities, while maintaining the prerogative of Parties to define their sustainable development criteria;

9. *Also requests* the secretariat to make information materials available to stakeholders, operational entities and project participants on ongoing improvements and changes to, inter alia, modalities, rules, guidelines and approved methodologies under the clean development mechanism, through the existing stakeholder engagement process;

10. *Expresses its appreciation* to the Governments of Morocco and Ecuador for hosting meetings of the Executive Board and to the Government of the Gambia for hosting a meeting of the Small-Scale Working Group;

11. *Requests* the Executive Board to continue its work to improve the procedures on programmes of activities;

II. Governance

12. *Commends* the work undertaken by the Executive Board to consolidate and improve a broad range of standards and procedures, to simplify regulations relating to programmes of activities and to clarify timelines to be followed;

13. *Requests* the Executive Board to continue its work to further improve the consistency, efficiency and transparency of its decision-making;

14. *Encourages* the Executive Board to make the technical reports that it uses in its decision-making process publicly available, as appropriate, taking into account the confidentiality provisions contained in decision 3/CMP.1;

15. *Welcomes* the work undertaken by the Executive Board to address liability in the context of the draft procedure on significant deficiencies in validation, verification and certification reports;

16. *Requests* the secretariat and the Executive Board to further investigate the impact of potential approaches to address significant deficiencies in validation, verification and certification reports and to prepare a report on its findings;

17. *Also requests* the Executive Board, in consultation with stakeholders, to revise the draft procedure based on its findings, taking into account conclusions, if any, on the appeals process in the Subsidiary Body for Implementation, with the aim of avoiding duplication and promoting efficiency, for adoption at the eighth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

18. *Further requests* the Executive Board to review its code of conduct, if appropriate;

III. Baseline and monitoring methodologies and additionality

19. *Welcomes* the work undertaken by the Executive Board to adopt guidelines on the use of “first-of-its-kind”, the assessment of common practice and suppressed demand;

20. *Encourages* the Executive Board to extend the simplified modalities for the demonstration of additionality to a wider scope of project activities, inter alia energy efficiency project activities and renewable energy based electrification in areas without grid connection, and to develop simplified baseline methodologies for such project activities;

21. *Requests* the Executive Board to continue ensuring environmental integrity when developing and revising baseline and monitoring methodologies and methodological tools, in particular by considering possible ways of improving the current approach to the assessment of additionality, in order to provide clarity to encourage project activities in the private sector and the public sector;

22. *Also requests* the Executive Board to further improve the guidelines on the use of “first-of-its-kind” and the assessment of common practice, on the basis of the application of those guidelines to project activities;

23. *Further requests* the Executive Board and the secretariat to take action to reduce the time required to process methodologies and to revise, on a priority basis, the methodologies that it has put on hold;

24. *Requests* the Executive Board to consider the possible impact upon project implementation when existing methodologies are put on hold;

25. *Also requests* the Executive Board to conduct further work to develop simplified top-down baseline and monitoring methodologies, tools and standardized baselines, as appropriate, and in consultation with relevant designated national authorities, for use in countries and for project activity types underrepresented in the clean development mechanism, and to expand the scopes covered by the guidelines for the establishment of sector-specific standardized baselines;

26. *Further requests* the Executive Board to accelerate the implementation of guidelines on suppressed demand in baselines and monitoring methodologies, prioritizing those that are more applicable to least developed countries, small island developing States, African countries, and countries underrepresented in the clean development mechanism;

27. *Requests* the Executive Board to ensure its readiness to process submissions of standardized baselines;

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

28. *Welcomes* the implementation by the Executive Board of its revised procedures for the registration of clean development mechanism project activities and the issuance of certified emission reductions, which have resulted in a reduction in waiting time for project participants;

29. *Requests* the secretariat to implement further measures during 2012 to improve the efficiency of the project cycle, such as the digitization of validation and verification activities, and the reporting of the status of implementation to the eighth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

30. *Urges* the Executive Board and the secretariat to continue taking measures to ensure that the average waiting time between the receipt of submissions for registration and issuance and the commencement of completeness checks is less than 15 calendar days;

31. *Requests* the administrator of the clean development mechanism registry to provide for accounts in the registry to allow for the cancellation of units for administrative and other purposes;

32. *Also requests* the Executive Board to assess the implications of the withdrawal or suspension of letters of approval and make recommendations to be considered at the eighth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

V. Regional and subregional distribution and capacity-building

33. *Requests* the Executive Board to continue promoting the equitable distribution of project activities;

34. *Also requests* the secretariat, in consultation with the Executive Board, including through working with the Designated National Authorities Forum and the partner agencies of

the Nairobi Framework,² to enhance its support for countries underrepresented in the clean development mechanism, in particular least developed countries, small island developing States and African countries, by providing support, subject to workload and the availability of resources, for, inter alia, the following:

(a) Skills enhancement and training to assist designated national authorities, applicant and designated operational entities and project participants with regard to technical matters related to the clean development mechanism;

(b) Institutional strengthening through, inter alia, support to designated national authorities in the development and submission of standardized baselines and microscale renewable energy technologies that are automatically defined as additional;

(c) Activities of designated national authorities and stakeholders in the implementation of the guidelines on standardized baselines and suppressed demand through system development and application;

35. *Further requests* the Executive Board to allocate funds to support the activities of the secretariat referred in paragraph 34 above;

36. *Requests* the secretariat to accelerate the operationalization of the loan scheme and to report to the eighth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on these arrangements and its oversight of the implementing agency;

VI. [Supplementarity

37. *Decides* to limit the use of the clean development mechanism under the Kyoto Protocol by Parties included in Annex I to the Convention for compliance purposes up to 50 per cent of the total quantified emission reduction commitments and objectives [placeholder for results of the amendment of Article 3 paragraph 9 of Kyoto Protocol];]

VII. [Share of the proceeds of the issuance of certified emission reductions

38. *Decides* that the share of the proceeds to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting the cost of adaptation, as referred to in Article 12, paragraph 8, of the Kyoto Protocol, shall be increased to [4] [50] per cent of certified emission reductions for the first, second and subsequent commitment periods.]

² <cdm.unfccc.int/Nairobi_Framework/index.html>; as referred to in decision 1/CMP.2, paragraph 32.

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 scopes</i>	
	<i>Project validation</i>	<i>Emission reduction verification</i>
Colombian Institute for Technical Standards and Certification	7	7
China Classification Society Certification Company	1–10 and 13	1–10 and 13
Indian Council of Forestry Research and Education	14	14
Hong Kong Quality Assurance Agency	1	1
Japan Consulting Institute		4, 5 and 10
KBS Certification Services Pvt. Ltd	1, 3, 4, 5, 7, 12, 13 and 15	1, 3, 4, 5, 7, 12, 13 and 15
Carbon Check (Pty) Ltd	1–5, 8–10 and 13	1–5, 8–10 and 13
China Environmental United Certification Center Co., Ltd.	4–7, 9 and 11–15	4–7, 9 and 11–15

Note: The numbers 1 to 15 indicate sectoral scopes as determined by the Executive Board. For details, see <<http://cdm.unfccc.int/DOE/scopelst.pdf>>. For the entities for which the scope of accreditation was extended, only the new sectoral scopes are indicated.