

DRAFT TEXT

on

SBSTA 62 agenda item 11

Matters relating to the operations of the clean development mechanism

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[Draft decision -/CMP.20]

I. Functioning of the clean development mechanism beyond the end of the second commitment period of the Kyoto Protocol

1. The CMP decides the following operations, processes and institutions under the CDM shall be discontinued with the following end dates:

Issuance, transfer and cancellation of CERs:

(a) For submitting requests for issuance of certified emission reductions for CDM project activities or programmes of activities: 31 December [2026] [2027];

(b) For submitting requests for transfer of certified emission reductions to the registry for the mechanism established by Article 6, paragraph 4, of the Paris Agreement pursuant to paragraph 18 of annex I to decision 7/CMA.4: [30 June 2027] [31 December 2027] [31 December 2028];

(c) For cancelling certified emission reductions and any other transactions in the CDM registry: [30 June 2027] [31 December 2027] [31 December 2028];

Post-registration changes:

(d) For submitting requests for the approval of post-registration changes: 31 December [2026] [2027];

Approval of and revisions to, and issues related to, methodologies and methodological tools:

(e) For submitting proposals for new CDM methodologies and requests for revisions to CDM methodologies and methodological tools under the bottom-up process in accordance with the relevant procedures: 31 December [2025] [2026];

(f) For submitting requests for the approval of and revisions to CDM methodologies and methodological tools under the top-down process in accordance with the relevant procedures: the earlier of 31 December [2026] [2027] or the approval by the Supervisory Body for the mechanism established by Article 6, paragraph 4, of the Paris Agreement of a methodology or methodological tool covering the same scope;

(g) For submitting requests for clarification of approved CDM methodologies and methodological tools: 31 December [2026] [2027];

(h) For submissions from DNAs on automatic additionality of microscale technologies and for recognition of a special underdeveloped zone: 31 December [2025] [2026];

(i) For submissions from DNAs on changes to the definition of forest: 31 December [2025] [2026];

Accreditation of designated operational entities:

(j) For submitting requests pertaining to the accreditation of designated operational entities (DOEs): 31 December [2025] [2026];

Stakeholder interactions:

(k) To maintain stakeholder interactions related to the operations, processes and institutions under the CDM referred to in paragraph **Error! Reference source not found.**(a–j) above for as long as those operations, processes and institutions continue;

2. The CMP requests the CDM Executive Board to:

(a) Cease receiving the submission of requests for initial accreditation and reaccreditation of DOEs on 31 December [2025] [2026];

(b) Cease other operations related to DOE accreditation, including regular surveillance, spot checks and performance monitoring, on 31 December [2026] [2027] [2028];

(c) Allow DOEs accredited under the mechanism established by Article 6, paragraph 4, of the Paris Agreement to perform validation and verification functions under the CDM, if necessary;

(d) Cease the operation of its panels and working groups as soon as their functions are no longer required in accordance with the timelines set out in paragraph 1(e–g) and (j) above;

(e) Report, in its annual report to the CMP, on arrangements made relating to the timelines set out in paragraph 1 above;

(f) Reduce the number of its meetings to one or two per year, conduct those meetings virtually and adjust its budget allocated to conduct the meetings accordingly;

(g) Transfer the responsibility for maintaining all stakeholder interactions related to the clean development mechanism to the Supervisory Body for the mechanism established by Article 6, paragraph 4, of the Paris Agreement and further requesting the Supervisory Body to continue such interactions for two years following the closure of the operations, processes and institutions under the CDM set out in paragraph 1 above;

(h) Hold its last meeting once all functions and operations, as set out in paragraph 1 above, have been concluded;

3. The CMP requests:

(a) The administrator of the CDM registry to:

(i) Administratively cancel, on [1 July 2027] [1 January 2028] [1 January 2029] any certified emission reductions for which no share of proceeds has been paid and that are remaining in pending accounts in the CDM registry;

(ii) Disconnect the CDM registry from the international transaction log while maintaining the functions of issuance and cancellation in the CDM registry by no later than 1 July [2026] [2027] [2028] [one year after transactions have commenced in the registry for the mechanism established by Article 6, paragraph 4, of the Paris Agreement];

(iii) Stop operating the CDM registry once the relevant operations and functions referred to in paragraph 1(a–c) above have discontinued;

(iv) Make arrangements for safeguarding the data from the CDM registry for at least 15 years after its operation is ceased;

(b) The CDM Executive Board to notify project participants, DOEs, designated national authorities, owners of certified emission reductions and other relevant stakeholders of the timelines referred to in paragraphs 1–2 above as soon as possible;

(c) The secretariat to make arrangements for safeguarding regulatory documents and information pertaining to CDM project activities and programmes of activities for at least 15 years after the last meeting of the CDM Executive Board, as referred to in paragraph 2(h) above;

II. Management of financial resources

4. The CMP recalls its request¹ to the Executive Board and the secretariat to ensure the efficient and prudent use of resources from the trust fund for the clean development mechanism;

5. The CMP requests the CDM Executive Board to review and reduce its expenditure consistently with the provisions and timelines set out in paragraphs 1–2 above;

6. The CMP requests the secretariat, following the last meeting of the CDM Executive Board, as referred to in paragraph 2(h) above, to report to the CMP on the arrangements made for the closure of the CDM, including for the resources remaining in the trust fund for the clean development mechanism, for consideration by the CMP at its relevant session;

Option 1

7. The CMP authorizes a transfer of USD [xx] million from the trust fund for the clean development mechanism to the Adaptation Fund;

8. The CMP authorizes a transfer of USD [xx] million from the trust fund for the clean development mechanism to the trust fund for supplementary activities for [capacity-building related activities under Article 6 of the Paris Agreement to support developing countries], [work pertaining to the infrastructure under Article 6 of the Paris Agreement, including the registry for the mechanism established by Article 6, paragraph 4, of the Paris Agreement];

9. The CMP authorizes a transfer of USD [xx] million from the trust fund for the clean development mechanism to the trust fund for supplementary activities for the work of the Supervisory Body for the mechanism established by Article 6, paragraph 4, of the Paris Agreement;

10. The CMP authorizes a transfer of USD [xx] million from the trust fund for the clean development mechanism to the trust fund for supplementary activities for work pertaining to the enhanced transparency framework under the Paris Agreement, including capacity-building activities for reporting and review thereunder;

11. The CMP authorizes a transfer of USD [xx] million from the trust fund for the clean development mechanism to the trust fund for supplementary activities for use for activities potentially in need of funding;

12. The CMP invites the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to allocate the equivalent amount referred to in paragraph 9 above transferred to the fund supporting the implementation of Article 6, paragraph 4, of the Paris Agreement, to the Adaptation Fund after the mechanism established by Article 6, paragraph 4, of the Paris Agreement has become self-financing;

Option 2

13. The CMP agrees not to make any transfers from the trust fund for the clean development mechanism for use for activities outside of the CDM;

III. Operation of the international transaction log

Option 1

14. The CMP requests the administrator of the international transaction log to close the international transaction log shortly after its decoupling from the CDM registry and no later than 31 December [2026] [2027] [2028];

Option 2

15. The CMP requests the administrator of the international transaction log to disconnect from the CDM registry one year after transactions have commenced in the registry for the mechanism established by Article 6, paragraph 4, of the Paris Agreement;

¹ Decision 2/CMP.17, para. 13.

End of Option 2

16. The CMP agrees that any unspent balances from the trust fund for the international transaction log shall be transferred to [the trust fund for supplementary activities for work to [support the infrastructure under Article 6 of the Paris Agreement] [operationalize Article 6, paragraph 2, of the Paris Agreement.]] [the Adaptation Fund].]
