

DRAFT TEXT

on

SBSTA 61 agenda item 12

Matters relating to the operation of the clean development mechanism

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Matters relating to the operation of the clean development mechanism

Draft conclusions proposed by the Chair

1. The Subsidiary Body for Scientific and Technological Advice (SBSTA) considered matters relating to the operation of the clean development mechanism (CDM).
2. The SBSTA welcomed the technical paper by the secretariat on the further breakdown of the necessary level of resources for the activities, processes and institutions under the CDM.¹
3. The SBSTA also welcomed the update from the secretariat on communication with the CDM project participants that have not paid their share of proceeds and on their intention to pay.²

Option 1

4. The SBSTA recommended a draft decision on this matter for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its nineteenth session (November 2024) (for the text of the draft decision, see document FCCC/SBSTA/2024/L.X/Add.1).

Option 2

5. The SBSTA agreed to continue consideration of this matter at SBSTA 63 (November 2025) with a view to recommending a draft decision thereon for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its twentieth session (November 2025).

¹ FCCC/TP/2024/7.

² See <https://unfccc.int/documents/641883>.

Annex XX

Draft decision -/CMP.19

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

1. The SBSTA agreed to recommend to the CMP deadlines for the phased discontinuation of the operations, processes and institutions under the CDM, as follows:

Issuance, transfer and cancellation of CERs:

(a) The submission of requests for issuance of certified emission reductions for CDM project activities or programmes of activities shall cease on 31 December 2025;

(b) The submission of requests for transfer of certified emission reductions to the Article 6.4 mechanism registry, pursuant to Annex I, paragraph 18 of decision 7/CMA.4, shall cease on 31 December 2026;

(c) The cancellation of certified emission reductions and any other transactions in the CDM registry shall cease on 31 December 2026;

Post-registration changes:

(d) The submission of requests for post-registration changes shall cease on 31 December 2025;

Approval, revision, issues related to methodologies:

(e) The submission of proposed new methodologies, requests for revisions to methodologies and methodological tools submitted under the bottom-up process, in accordance with the relevant procedures, shall cease on 31 December 2024;

(f) The approval and revision of methodologies and methodological tools under the top-down process, in accordance with the relevant procedures, shall be limited to addressing any environmental integrity issues and shall cease when the Supervisory Body for the mechanism established by Article 6, paragraph 4, of the Paris Agreement approves a methodology, methodological tool or standardized baseline covering the same scope, but no later than 31 December 2025;

(g) The submission of requests for clarification to methodologies, methodological tools shall cease on 31 December 2025;

(h) The submission of requests from DNAs on automatic additionality of microscale technologies and for recognition of a special underdeveloped zone shall cease on 31 December 2024;

(i) The submissions of requests from DNAs on a change in the definition of forest shall cease on 31 December 2024;

Accreditation of designated operational entities:

(j) The accreditation of designated operational entities (DOEs) under the CDM shall cease on 31 December 2026;

Stakeholder interactions:

(k) The stakeholder interaction as per the defined procedure of the above-mentioned processes are to be maintained as long as they are in operation;

2. The SBSTA agreed to recommend that the CMP request the CDM Executive Board to:

(a) Cease receiving the submission of requests for initial accreditation and reaccreditation of DOEs on 31 December 2024;

- (b) Cease other operations related to accreditation, including regular surveillance, spot checks and performance monitoring, on 31 December 2026;
 - (c) Allow DOEs 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 paragraphs 1(e–g) and (j) above;
 - (e) Report, in its annual reports to the CMP, on arrangements made relating to the deadlines set out in paragraph 1 above;
 - (f) Hold its last meeting once all functions and operations, as set out in paragraph 1 above, have been concluded.
3. The SBSTA agreed to recommend that the CMP request:
- (a) The administrator of the CDM registry to:
 - (i) Administratively cancel any certified emission reductions for which no share of proceeds have been paid and that are remaining in pending accounts in the CDM registry on 1 January 2027;
 - (ii) Disconnect the CDM registry from the international transaction log, while maintaining the functions of issuance and cancellation in the CDM registry, no later than 1 July 2025;
 - (iii) Stop operating the CDM registry once the relevant operations and functions referred to in paragraph 1(a–c) above have been concluded;
 - (iv) Make arrangements for safeguarding the data from the CDM registry for at least 15 years after ceasing its operation;
 - (b) The CDM Executive Board to notify project participants, DOEs, designated national authorities, owners of certified emission reductions and relevant stakeholders of the deadlines and recommendations referred to in paragraphs 1–2 above, as early as possible;
 - (c) The secretariat to make arrangements for safeguarding regulatory documents and information pertaining to 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(f) above;

II. Management of financial resources

4. The SBSTA agreed to recommend that the CMP request the CDM Executive Board to review and reduce its expenditure, consistently with the provisions and timelines set out in paragraphs 1–2 above;
5. The SBSTA agreed to recommend that the CMP request the secretariat, following the last meeting of the CDM Executive Board, as referred to in paragraph 2(f) above, to report to the CMP on the arrangements made for the closure of the CDM, including for the resources remaining in the CDM trust fund, for consideration by the CMP;

Option 1

6. The SBSTA agreed to recommend that the CMP request the Subsidiary Body for Implementation to authorize a transfer of USD [xx] million from the CDM trust fund [to the Adaptation Fund] [for activities related to Article 6 of the Paris Agreement, including capacity-building activities to support developing countries] [for the infrastructure under Article 6 of the Paris Agreement, including the Article 6.4 mechanism registry] [for the enhanced transparency framework under the Paris Agreement, including capacity-building for related reporting and review thereof] [potentially to other areas in need of funding];

Option 2

7. The SBSTA agreed to recommend that the CMP not transfer any amount from the CDM trust fund for any activities outside of the CDM;

III. Operation of the international transaction log

8. The SBSTA agreed to recommend that the CMP request 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 2025;

9. The SBSTA also agreed to recommend that any unspent balances from the trust fund for the international transaction log shall be transferred in order to operationalize Article 6, paragraph 2, under the Paris Agreement.]
