

Advance unedited version

Draft decision -/CMP.16

Guidance relating to the clean development mechanism

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Recalling Articles 3 and 12 of the Kyoto Protocol,

Also recalling 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,

Acknowledging the contribution to global efforts to address climate change of the clean development mechanism, which as at 31 October 2021 was responsible for over 7,849 project activities being registered, 356 programmes of activities being registered and over 2.17 billion certified emission reductions being issued, of which over 301 million had been voluntarily cancelled either in national registries or in the clean development mechanism registry,

Welcoming the entry into force of the Doha Amendment to the Kyoto Protocol,¹

Cognizant of decision -/CMA.3 and its annex,²

Recognizing the need for a smooth transition from the clean development mechanism to the mechanism established by Article 6, paragraph 4, of the Paris Agreement,

I. General

1. *Welcomes* the reports for 2019–2020 and 2020–2021 of the Executive Board of the clean development mechanism;³
2. *Takes note* of the work undertaken over the past two years by the Executive Board, its panels and the secretariat in overseeing the implementation of the mechanism and maintaining stakeholder engagement in its operations;
3. *Designates* as operational entities those entities that have been accredited and provisionally designated as such by the Executive Board to carry out sectoral scope-specific validation and/or verification functions, as set out in the annex;

II. Baseline and monitoring methodologies

4. *Acknowledges* the work of the Executive Board in reviewing methodological approaches to calculating emission reductions achieved by project activities that result in the reduced use of non-renewable biomass in households and in including in these approaches region-specific default values for the baseline fossil fuel emission factor;
5. *Requests* the Executive Board to continue to review the methodological approaches referred to in paragraph 4 above, in particular with respect to the default baseline assumptions applied;

¹ Decision 1/CMP.8, annex I.

² Draft decision entitled “Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement” proposed under agenda item 12(b) of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its third session.

³ FCCC/KP/CMP/2020/1 and Corr.1 and FCCC/KP/CMP/2021/4.

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

6. *Acknowledges* the recommendations of the Executive Board that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol provide guidance on the functioning of the clean development mechanism beyond the end of the second commitment period of the Kyoto Protocol;⁴

7. *Decides* that requests for registration, renewal of crediting period and issuance of certified emission reductions for project activities, as well as the equivalent submissions for programmes of activities, relating to emission reductions occurring after 31 December 2020 may not be submitted under the clean development mechanism, acknowledging that such requests and submissions may be made under the mechanism established by Article 6, paragraph 4, of the Paris Agreement (hereinafter referred to as the Article 6.4 mechanism), approval of which is subject to the compliance with its rules, modalities and procedures and any other requirements determined by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement or the body that supervises the Article 6.4 mechanism as designated by decision -/CMA.3⁵ (hereinafter referred to as the Supervisory Body);

8. *Also decides* to conclude its consideration of the following matters related to the clean development mechanism, which have been referred to the subsidiary bodies:

(a) Review of the modalities and procedures for the clean development mechanism, referred to the Subsidiary Body for Implementation;⁶

(b) Procedures, mechanisms and institutional arrangements for appeals against decisions of the Executive Board of the clean development mechanism, referred to the Subsidiary Body for Implementation;⁷

(c) Land use, land-use change and forestry under Article 3, paragraphs 3–4, of the Kyoto Protocol and the clean development mechanism, referred to the Subsidiary Body for Scientific and Technological Advice;⁸

(d) Implications of the inclusion of reforestation of lands with forest in exhaustion as afforestation and reforestation clean development mechanism project activities, referred to the Subsidiary Body for Scientific and Technological Advice;⁹

9. *Requests* the Subsidiary Body for Implementation to consider measures to implement aspects relating to the clean development mechanism registry in decision -/CMA.3,^{10, 11} to develop recommendations for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventeenth session (November 2022);

10. *Also requests* the Executive Board to cooperate with the Supervisory Body upon its request to facilitate the expedited implementation of the Article 6.4 mechanism;

11. *Further requests* the Executive Board to make available hard and soft infrastructure under the clean development mechanism to the Supervisory Body to facilitate the expedited implementation of the Article 6.4 mechanism;

12. *Decides* that any registered clean development mechanism project activities and programmes of activities that have transitioned to the Article 6.4 mechanism in accordance

⁴ FCCC/KP/CMP/2017/5, FCCC/KP/CMP/2018/3, FCCC/KP/CMP/2019/3, FCCC/KP/CMP/2020/1 and FCCC/KP/CMP/2021/4.

⁵ As footnote 2 above.

⁶ Decision 5/CMP.8, para. 14.

⁷ Decision 3/CMP.6, para. 18.

⁸ Decisions 2/CMP.7, para. 6, and 7/CMP.10, para. 4.

⁹ Decision 2/CMP.5, para. 28.

¹⁰ As footnote 2 above.

¹¹ Relates to the movement of certified emission reductions from the clean development mechanism registry to the mechanism registry for the Article 6.4 mechanism.

with decision -/CMA.3¹² shall be deregistered from the clean development mechanism effective from the date of transition;

13. *Requests* the Executive Board to retain the provisional status accorded to the requests for registration, renewal of crediting period and issuance of certified emission reductions for project activities as well as to the equivalent submissions for programmes of activities under the temporary measures adopted by the Executive Board at its 108th meeting, acknowledging decision -/CMA.3,¹³ according to which the requests and other submissions that have been accorded provisional status under the temporary measures that meet the conditions for transition therein may transition to the Article 6.4 mechanism;

14. *Also requests* the Executive Board to reject the requests and other submissions that have been accorded provisional status under the temporary measures but subsequently have not transitioned to the Article 6.4 mechanism;

15. *Decides* that the Executive Board may continue receiving and processing the relevant requests and submissions under the temporary measures until the date when the process for submission of requests to the secretariat to transition the requests and other submissions that have been accorded provisional status to the Article 6.4 mechanism becomes operational, as may be specified by the Supervisory Body;

IV. Management of financial resources

16. *Decides* to discontinue the allocation, as set out in decision 3/CMP.6, of any interest accruing on the Trust Fund for the Clean Development Mechanism, given the administrative and budgetary closure of the CDM Loan Scheme in 2020 pursuant to decision 3/CMP.12;

17. *Also decides* to allocate the remaining balance of the CDM Loan Scheme and any interest accruing on the Trust Fund for the Clean Development Mechanism to the Trust Fund for Supplementary Activities for capacity-building to enhance regional climate action;¹⁴

18. *Further decides* to authorize the transfer of USD 30 million from the Trust Fund for the Clean Development Mechanism to the Trust Fund for Supplementary Activities for the work of the Supervisory Body to facilitate the expedited implementation of the Article 6.4 mechanism;

19. *Decides* to authorize the transfer of USD 10 million from the Trust Fund for the Clean Development Mechanism to the Trust Fund for Supplementary Activities for the work of the Supervisory Body to provide, through the regional collaboration centres, capacity-building in developing countries to apply the Article 6.4 mechanism, and support for the transition of clean development mechanism project activities and programmes of activities to the Article 6.4 mechanism if they are eligible for transition;

20. *Also decides* to authorize the transfer of USD 20 million from the Trust Fund for the Clean Development Mechanism to the Adaptation Fund;

21. *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 18 above from the fund supporting the Article 6.4 mechanism to the Adaptation Fund after the Article 6.4 mechanism has become self-financing;

22. *Requests* the Subsidiary Body for Implementation to review the status of the Trust Fund for the Clean Development Mechanism to develop recommendations for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighteenth session (November 2023).

¹² As footnote 2 above.

¹³ As footnote 2 above.

¹⁴ See draft decision -/CP.26 entitled “Programme budget for the biennium 2022–2023” (table 4, project number SB400-002) proposed under agenda item 16(c) of the Conference of the Parties at its twenty-sixth session.

Annex

Designation of operational entities by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its sixteenth session

[English only]

<i>Name of entity</i>	<i>Sectoral scopes (validation and verification)</i>
China Building Material Test and Certification Group Co. Ltd. (CTC) ^a	1–4, 6, 9–10, 13–15
China Certification Center, Inc. (CCCI) ^a	1–15
China Classification Society Certification Company (CCSC) ^a	1–10, 13, 14
KBS Certification Services Pvt. Ltd. (KBS) ^a	1–5, 7–10, 12–15
Lloyd's Register Quality Assurance Ltd. (LRQA) ^b	1–3, 7, 13
China Building Material Test and Certification Group Co. Ltd. (CTC) ^c	5, 11, 16
Korean Standards Association (KSA) ^c	14, 15

^a Accreditation granted for five years.

^b Voluntary withdrawal of accreditation in its entirety.

^c Extension of scope. For the entities for which the scope of accreditation was extended, only the new sectoral scopes are indicated.