

Other possible improvements to emissions trading and the project-based mechanisms under the Kyoto Protocol

Note: Some Parties have expressed the view that the elements in sections I.F, I.G, I.H, I.K, II.I, II.K, II.L and II.M below would require an amendment to the Kyoto Protocol and would not be within the mandate of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP). Some other Parties have expressed the view that legal analysis is needed to determine which elements in this annex would require a decision of the CMP or an amendment to the Kyoto Protocol and that such amendments would be within the mandate of the AWG-KP.

I. Clean development mechanism

A. Introduce a different supervisory structure and institutional arrangement in case of modification of the scope of the clean development mechanism

B. Change the composition of the Executive Board membership to ensure equitable representation of Parties

C. Move the secretariat's function of supporting the Executive Board to another organization

D. Introduce alternative institutional arrangements for validation, verification and certification

E. Broaden the role of host Party governments

F. Differentiate the treatment of types of project activities by Party

G. Allocate proportions of demand to project activity types that contribute more to the sustainable development of host Parties

H. Allocate proportions of demand to specific groups of host Parties to enhance their sustainable development

I. Introduce alternative accounting rules for afforestation and reforestation project activities in order to increase demand¹

J. Restrict the clean development mechanism to bilateral project activities

K. Use global temperature potentials instead of global warming potentials²

¹ Discussion to be informed by outcomes from the consideration of non-permanence and other methodological issues.

² Global warming potentials are being considered by the AWG-KP under its work on greenhouse gases, sectors and source categories.

L. Include technology transfer as a criterion for the registration of project activities

M. Revise criteria for accreditation of designated operational entities, especially financial criteria, to enhance the accreditation of designated operational entities based in non-Annex I Parties

II. Joint implementation

A. Ensure that approaches for land use, land-use change and forestry projects under joint implementation are in line with the treatment of land use, land-use change and forestry under Article 3, paragraphs 3 and 4, of the Kyoto Protocol³

B. Introduce approaches for land use, land-use change and forestry projects under joint implementation that are parallel to the treatment of clean development mechanism afforestation and reforestation project activities⁴

1. The procedures for the development of project design documents set out in appendix B of the annex to decision 5/CMP.1 shall apply mutatis mutandis to land use, land-use change and forestry project activities under joint implementation.

C. Introduce crediting on the basis of nationally appropriate mitigation actions

D. Introduce a different supervisory structure and institutional arrangement in case of modification of the scope of joint implementation

E. Change the composition of the Joint Implementation Supervisory Committee membership to ensure equitable representation of Parties

F. Move the secretariat's function of supporting the Joint Implementation Supervisory Committee to another organization

G. Introduce alternative institutional arrangements for determination and verification

H. Broaden the role of host Party governments

I. Differentiate the eligibility of Parties through the use of indicators

Note Issues that may need to be addressed include carbon accounting and related concepts, including additionality, project boundaries and land eligibility.

J. Improve access to joint implementation projects by certain host Parties

K. Differentiate the treatment of types of projects by Party

³ Discussion to be informed by outcomes from the consideration of non-permanence and other methodological issues.

⁴ Discussion to be informed by outcomes from the consideration of non-permanence and other methodological issues.

L. Allocate proportions of demand to project types that contribute more to the sustainable development of host Parties

M. Allocate proportions of demand to specific groups of host Parties to enhance their sustainable development

N. Restrict joint implementation to bilateral projects

O. Introduce multiplication factors to increase or decrease the emission reduction units issued for specific project types

P. Use global temperature potentials instead of global warming potentials⁵

Q. Include technology transfer as a criterion for the final determination for projects

III. Emissions trading

A. Eliminate restrictions on the trading and use of certain Kyoto unit types under national and regional emissions trading schemes

B. Enhance equivalence among Kyoto unit types

C. Reduce the commitment period reserve

2. Each Annex I Party shall maintain, in its national registry, a commitment period reserve (CPR) which should not drop below the lower of either:

- (a) [x] per cent of the Party's assigned amount calculated pursuant to Article 3, paragraphs 7 and 8, of the Kyoto Protocol;
- (b) The sum of the reviewed inventories reported thus far in that commitment period plus the most recently reviewed inventory multiplied by the number of years remaining in that commitment period.

Note: Further issues that may need to be addressed include the operation of the CPR during the transition between commitment periods.

D. Increase the commitment period reserve

E. Encourage disclosure of information on transactions of Kyoto units

F. Move the secretariat's function of maintaining and operating the international transaction log to another organization

⁵ Global warming potentials are being considered by the AWG-KP under its work on greenhouse gases, sectors and source categories

IV. Cross-cutting issues

A. Reduce the number of unit types under the Kyoto Protocol

B. Introduce a mid-commitment-period assessment and review process

3. The Parties to the Kyoto Protocol shall undertake an assessment and review of efforts made to meet quantified emission limitation and reduction commitments agreed for the second commitment period in order to assess progress and determine whether additional measures are needed, based on best available scientific assessment, to meet the ultimate objective of the Convention. This review shall be concluded no later than 31 December 2015 and shall enable a decision of the Parties specifying additional measures to be taken by Annex I Parties, which may include more stringent quantitative emission limitation and reduction commitments for adoption by the Parties.⁶

⁶ The Party proposing this provision stated that it would be relevant in the case of commitment periods longer than five years.