UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC)

Kyoto Protocol

INTERNATIONAL AGREEMENT- CLIMATE CHANGE (197 COUNTRIES)

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The Kyoto Protocol is an international agreement linked to the United Nations Framework Convention on Climate Change, which **commits** its Parties by setting internationally binding emission reduction targets.

Recognizing that developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere as a result of more than 150 years of industrial activity, the Protocol places a heavier burden on developed nations under the principle of "common but differentiated responsibilities."

The Kyoto Protocol was adopted in Kyoto, Japan, on 11 December 1997 and entered into force on 16 February 2005. The detailed rules for the implementation of the Protocol were adopted at COP 7 in Marrakesh, Morocco, in 2001, and are referred to as the "Marrakesh Accords." Its first commitment period started in 2008 and ended in

2012.

The Kyoto mechanisms

Under the Protocol, countries must meet their targets primarily through national measures. However, the Protocol also offers them an additional means to meet their targets by way of three market-basedmechanisms.

The Kyoto mechanisms are:

- International Emissions Trading
- Clean Development Mechanism (CDM)
- Joint implementation (JI)

The mechanisms help to stimulate green investment and help Parties meet their emission targets in a cost-effective way.

Monitoring emission targets

Under the Protocol, countries' actual emissions have to be monitored and precise records have to be kept of the trades carried out.

Registry systems track and record transactions by Parties under the mechanisms. The UN Climate Change Secretariat, based in Bonn, Germany, keeps an international transaction log to verify that transactions are consistent with the rules of the Protocol.

Reporting is done by Parties by submitting annual emission inventories and national reports under the Protocol at regular intervals.

A compliance system ensures that Parties are meeting their commitments and helps them to meet their commitments if they have problems doing so.

Adaptation

The Kyoto Protocol, like the Convention, is also designed to assist countries in adapting to the adverse effects of climate change. It facilitates the development and deployment of technologies that can help increase resilience to the impacts of climate change.

The Adaptation Fund was established to finance adaptation projects and programmes in developing countries that are Parties to the Kyoto Protocol. In the first commitment period, the Fund was financed mainly with a share of proceeds from CDM project activities. In Doha, in 2012, it was decided that for the second commitment period, international emissions trading and joint implementation would also provide the Adaptation Fund with a 2 percent share of proceeds.

The road ahead

The Kyoto Protocol is seen as an important first step towards a truly global emission reduction regime that will stabilize GHG emissions, and can provide the architecture for the future international agreement on climate change.

In Durban, the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) was established to develop a protocol, another legal instrument or an agreed outcome with legal force under the Convention, applicable to all Parties. The ADP is to complete its work as early as possible, but no later than 2015, in order to adopt this protocol, legal instrument or agreed outcome with legal force at the twenty-first session of the Conference of the Parties and for it to come into effect and be implemented from 2020.

International Emissions Trading

Greenhouse gas emissions – a new commodity

Parties with commitments under the Kyoto Protocol (Annex B Parties) have accepted targets for limiting or reducing emissions. These targets are expressed as levels of allowed emissions, or “assigned amounts,” over the 2008-2012 commitment period. The allowed emissions are divided into “assigned amount units” **(AAUs).**

Emissions trading, as set out in Article 17 of the Kyoto Protocol, allows countries that have emission units to spare - emissions permitted them but not "used" - to sell this excess capacity to countries that are over their targets.
Thus, a new commodity was created in the form of emission reductions or removals. Since carbon dioxide is the principal greenhouse gas, people speak simply of trading in carbon. Carbon is now tracked and traded like any other commodity. This is known as the "carbon market."

Other trading units in the carbon market

More than actual emissions units can be traded and sold under the

Kyoto Protocol's emissions trading scheme.

The other units which may be transferred under the scheme, each equal to one tonne of CO_2, may be in the form of:

- A removal unit **(RMU)** on the basis of land use, land-use change and forestry (LULUCF)activities such as reforestation
- An emission reduction unit **(ERU)** generated by a joint implementation project
- A certified emission reduction **(CER)** generated from a clean development mechanism project activity

Transfers and acquisitions of these units are tracked and recorded through the registry systems under the Kyoto Protocol. An international transaction log ensures secure transfer of emission reduction units between countries.

The commitment period reserve

In order to address the concern that Parties could "oversell" units, and subsequently be unable to meet their own emissions targets, each Party is required to maintain a reserve of ERUs, CERs, AAUs and/or RMUs in its national registry. This reserve, known as the "commitment period reserve", should not drop below 90 per cent of the Party's assigned amount or 100 per cent of five times its most recently reviewed inventory, whichever is lowest

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Relationship to domestic and regional emissions trading schemes

Emissions trading schemes may be established as climate policy instruments at the national level and the regional level. Under such schemes, governments set emissions obligations to be reached by the participating entities. The European Union emissions trading scheme is the largest in operation.

Clean Development Mechanism (CDM)

The Clean Development Mechanism (CDM), defined in Article 12 of the Protocol, allows a country with an emission-reduction or emission-limitation commitment under the Kyoto Protocol (Annex B Party) to implement an emission-reduction project in developing countries. Such projects can earn saleable certified emission reduction (CER) credits, each equivalent to one tonne of CO_2, which can be counted towards meeting Kyoto targets.

The mechanism is seen by many as a trailblazer. It is the first global, environmental investment and credit scheme of its kind, providing a standardized emissions offset instrument, CERs.

A CDM project activity might involve, for example, a rural electrification project using solar panels or the installation of more energy-efficient boilers.

The mechanism stimulates sustainable development and emission reductions, while giving industrialized countries some flexibility in how they meet their emission reduction or limitation targets.

For more information about offsetting with CDM projects, visit Climate Neutral Now.

Operating details of the CDM

A CDM project must provide emission reductions that are additional to what would otherwise have occurred. The projects must qualify through a rigorous and public registration and issuance process. Approval is given by the Designated National Authorities. Public funding for CDM project activities must not result in the diversion of official development assistance.

The mechanism is overseen by the CDM Executive Board, answerable ultimately to the countries that have ratified the Kyoto Protocol.

Operational since the beginning of 2006, the mechanism has already registered more than 1,650 projects and is anticipated to produce CERs amounting to more than 2.9 billion tonnes of CO_2 equivalent in the first commitment period of the Kyoto Protocol, 2008–2012.

Joint Implementation (JI)

The mechanism known as “joint implementation,” defined in Article 6 of the Kyoto Protocol, allows a country with an emission reduction or limitation commitment under the Kyoto Protocol (Annex B Party) to earn emission reduction units (ERUs) from an emission-reduction or emission removal project in another Annex B Party, each equivalent to one tonne of CO_2, which can be counted towards meeting its Kyoto target.

Joint implementation offers Parties a flexible and cost-efficient means of fulfilling a part of their Kyoto commitments, while the host Party benefits from foreign investment and technology transfer.

Eligibility and approval

A JI project must provide a reduction in emissions by sources, or an enhancement of removals by sinks, that is additional to what would otherwise have occurred. Projects must have approval of the host Party and participants have to be authorized to participate by a Party involved in the project.

Projects starting as from the year 2000 may be eligible as JI projects if they meet the relevant requirements, but ERUs may only be issued for a crediting period starting after the beginning of 2008.

Track 1 and Track 2 procedures

If a host Party meets all of the eligibility requirements to transfer and/or acquire ERUs, it may verify emission reductions or enhancements of removals from a JI project as being additional to any that would otherwise occur. Upon such verification, the host Party may issue the appropriate quantity of ERUs. This procedure is commonly referred to as the “Track 1” procedure.”

If a host Party does not meet all, but only a limited set of eligibility requirements, verification of emission reductions or enhancements of removals as being additional has to be done through the verification procedure under the Joint Implementation Supervisory Committee (JISC). Under this so-called “Track 2” procedure, an independent entity accredited by the JISC has to determine whether the relevant requirements have been met before the host Party can issue and transfer ERUs.

A host Party which meets all the eligibility requirements may at any time choose to use the verification procedure under the JISC (Track 2 procedure).

Reference

http://unfccc.int/kyoto_protocol