

DRAFT TEXT

on

CMP 19 agenda item 5 Matters relating to the clean development mechanism

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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 that participation in a clean development mechanism project activity is voluntary,¹

Further 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 xx November 2024 was responsible for 7,840² project activities being registered, 353³ programmes of activities being registered and more than xx billion certified emission reductions being issued, of which more than xx million had been voluntarily cancelled either in national registries or in the clean development mechanism registry,

Cognizant of decisions 3/CMA.3, 2/CMP.17, and 1/CMP.18 and their annexes,

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 annual report of the Executive Board of the clean development mechanism to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;⁴
2. *Takes note* of the work undertaken from 28 September 2023 to 7 November 2024 by the Executive Board, its panels and the secretariat in overseeing the implementation of the clean development 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;
4. *Takes note* of the progress made by the Executive Board addressing the issue of non-responsive designated national authorities of Parties to the Kyoto Protocol and *requests* the

¹ As per decision 3/CMP.1, para. 28.

² The total number of project activities registered as at xx November 2024 was 7,864, of which 24 had been deregistered. Additionally, 26 project activities were recorded as provisional with a crediting period starting on or after 1 January 2021.

³ The total number of programmes of activities registered as xx November 2024 was 353; additionally, 10 programmes of activities were recorded as provisional with a programme of activity period starting on or after 1 January 2021.

⁴ FCCC/KP/CMP/2024/3 and FCCC/KP/CMP/2024/3/Add.1.

Executive Board to continue following up with non-responsive designated national authorities as per the approach established by the Board, as necessary;

5. Welcomes the adoption by the Executive Board⁵ of the procedure for submitting requests for transferring certified emission reductions in accordance with paragraph 11 of decision 2/CMP.17;

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

6. Acknowledges that the Executive Board agreed at its 118th meeting⁶ that it was not technically feasible to allow submissions of requests for registration, issuance and renewal of afforestation and reforestation project activities and programmes of activities under the temporary measures adopted at its 108th meeting for the operation of the clean development mechanism after the second commitment period of the Kyoto Protocol;⁷

7. Also acknowledges that the Executive Board ceased receiving requests under the temporary measures referred to in paragraph 6 above on 30 June 2023, when the process for the submission of requests for transition of clean development mechanism activities to the mechanism established by Article 6, paragraph 4, of the Paris Agreement became operational;^{8]}

III. [Timeframes for the activities, processes and institutions under the clean development mechanism

8. Decides the 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

⁵ See para. 37 of Executive Board document CDM-EB123.

⁶ See para. 24 of Executive Board document CDM-EB118.

⁷ See document FCCC/KP/CMP/2023/5, para. 10.

⁸ See document FCCC/KP/CMP/2023/5, para. 12.

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;

9. *Requests* 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 9(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 8 above;

(f) Hold its last meeting once all functions and operations, as set out in paragraph 8 above, have been concluded;

(g) Notify project participants, DOEs, designated national authorities, owners of certified emission reductions and relevant stakeholders of the deadlines and recommendations referred to in paragraphs 8 and 9 (a – f) above, as early as possible;

10. *Requests* the administrator of the CDM registry to:

(a) 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;

(b) 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;

(c) Stop operating the CDM registry once the relevant operations and functions referred to in paragraph 8 (a–c) above have been concluded;

(d) Make arrangements for safeguarding the data from the CDM registry for at least 15 years after ceasing its operation;

11. *Requests* 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 9 (f) above;]

IV. [Management of financial resources

12. *Recalls* its request⁹ 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;

13. *Requests* the Executive Board to review and reduce its expenditure, noting the reduction in issuance requests for certified emissions reductions as reported in annual report mentioned in para 1 above and consistently with the provisions and timelines set out in paragraphs 8–9 above;

14. *Requests* the secretariat, to report, following the last meeting of the Executive Board, as referred to in paragraph 9 (f) above, on the arrangements made for the closure of the CDM, including for the resources remaining in the CDM trust fund, for its consideration;

Option 1

15. *Requests* the Subsidiary Body for Implementation to authorize a transfer of USD [xx] million from the trust fund for the clean development mechanism to the Adaptation Fund;

16. *Requests* the Subsidiary Body for Implementation to authorize:

(a) 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 to facilitate the expedited implementation of the mechanism established by Article 6, paragraph 4, of the Paris Agreement;

(b) A transfer of USD [xx] million from the trust fund for the clean development mechanism to provide, through the regional collaboration centres, capacity-building in developing countries for applying the mechanism established by Article 6, paragraph 4, of the Paris Agreement; and

(c) A transfer of USD [xx] million from the trust fund for the clean development mechanism to support for the infrastructure under Article 6, paragraph 2, of the Paris Agreement and the mechanism registry;

17. *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 16 (a) above from the trust fund for supplementary activities for the work of the Supervisory Body to the Adaptation Fund after the mechanism has become self-financing;

Option 2

18. *Requests* the Subsidiary Body for Implementation to authorize a transfer of USD [xx] million from the trust fund for the clean development mechanism to the Adaptation Fund];

Option 3

19. *Decides* not to transfer any amount from the trust fund for the clean development mechanism for activities outside the clean development mechanism.

⁹ Decision 2/CMP.17, para. 13.