

# Update on the UNFCCC negotiations



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Methodologies for CDM and JI Projects"  
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# Since The Hague...towards Bonn

- COP 6 (The Hague) decided to resume in May/June 2001
- President of Cop 6 continues consultations with Parties
  - Informal high level meeting (April 2001)
  - Consultative meeting prior to the resumption of COP 6 (Stockholm)
- President to continue to prepare consolidated negotiating text (CNT)
- COP 6 to resume in Bonn from 16 to 27 July 2001

# Mechanisms

## ISSUES

## PROPOSALS

**Principles** —————→ Articles 2 and 3 of the Convention.

**Supplementarity** —→ Policies and measures, domestic action and environmental integrity,  
—→ Qualitative and quantitative information to be provided and reviewed under Art. 7 and 8.

# Mechanisms

## ISSUES

## PROPOSALS

- Use of CERs, ERUs and AAUs** —→ CERs, ERUs and AAUs can be added and subtracted from the assigned amount without altering quantified emission limitation/reduction commitments, as inscribed in Annex B
- Banking CERs allowed towards meeting commitments in the second commitment period
- Article 4 related issues** —→ Provisions on the use of the mechanisms should apply individually to the Parties acting under Article 4

# Mechanisms - eligibility

## ISSUES

## PROPOSALS

- |                                      |   |
|--------------------------------------|---|
| <b>Requirements</b>                  | → Compliance with methodological and reporting requirements under Articles 5.1, 5.2 , 7.1,7.4.  |
|                                      | → Eligibility after 16 months, if no decision is forthcoming.   |
|                                      | → Acceptance of agreement on compliance supplementing the Protocol in order to use credits  |
| <b>Consequence of non-compliance</b> | → Compliance Committee (enforcement branch)   |
|                                      | → Suspension of eligibility until the Party has demonstrated that it meets the methodological and reporting requirements under Articles 5.1, 5.2, 7.1,7.4 |

# Art. 12 (CDM)

## ISSUES

## PROPOSALS

<b>Sustainable development</b>	→ NAI Party to judge
<b>Use of nuclear facilities</b>	→ AI Parties to refrain from using for generating CERs.
<b>Public funding</b>	→ Not to result in diversion of ODA.
<b>Small scale projects</b>	→ Simplified procedures for: <ul style="list-style-type: none"><li>- Renewable energy projects (output capacity equiv.max 15 MW);</li><li>- Energy improvement projects (reduce useful energy consumption by max equiv. of 5 MW).</li></ul>
<b>Project categories</b>	→ EB to review and recommend to COP/MOP, if necessary

# CDM - LULUCF

## ISSUES

## PROPOSALS

- Art.12 (CDM)** —→ Afforestation and reforestation to be the only eligible LULUCF CDM.
- Process on modalities for inclusion under SBSTA: permanence, additionality, leakage, scale, uncertainties, socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems

# CDM - Governance

## ISSUES

## PROPOSALS

Composition	→	10 members (1 from each 5 UN regional groups, 1 from AOSIS, 2 from AI Parties, 2 from NAI Parties)
Decision making	→	Consensus or $\frac{3}{4}$ majority
Prompt start	→	With EB election at COP 7.

# CDM – Finance issues

PROPOSALS ISSUES	Adaptation Fund	Special Climate Change Fund
Project eligibility	Demonstration/pilot and concrete adaptation projects. Forest conservation, combatting desertification eligible	Tech.transfer, capacity building, economic diversification, energy, transport, industry, agriculture, forestry, waste.
Funding	<ul style="list-style-type: none"> <li>- CDM SoP: 2% of CERs (LDCs exempted)</li> <li>- AI Parties (in particular for start-up period)</li> </ul>	<ul style="list-style-type: none"> <li>- AI Parties' contributions</li> <li>- Units of Assigned Amount</li> </ul>
Governance	New trust fund within GEF managed by a separate council	New trust fund within GEF

# Art.6 (Joint Implementation)

## ISSUES

## PROPOSALS

- Verification** —————→ - by the host Party if it meets eligibility requirements of Art. 5.1, 5.2, 7.1 and 7.4 and maintenance of a national registry system,  
- independent verification procedure specified in NT
- Nuclear facilities** —————→ Annex I Parties to refrain from using for generating ERUs
- LULUCF** —————→ LULUCF projects to conform with definitions, accounting rules, modalities and guidelines for Article 3.3 and 3.4.

# Art.17 (Emissions Trading)

## ISSUES

## PROPOSALS

**Commitment Period  
Reserve**



Commitment period reserve not to drop below:

- 90% of a Party's assigned amount calculated pursuant to Article 3.7 and 3.8 of the Protocol, or
  - Five times its most recently reviewed inventory,
- whichever is lowest.

# Compliance

## ISSUES

## PROPOSALS

- Second commitment period** → Commitments for Annex I Parties for second commitment period to be adopted before 2008
- Basis of adoption** → Adoption of a formal agreement supplementing the Kyoto Protocol.