



# **New** Market Mechanisms in **CHARTS**

**March 2017**

**Version 8.0**





## About this document

This document aims to provide a summary of views from the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) regarding the establishment of new market mechanisms based on the submission by the Parties.

It should be noted that this document does not replicate in the exact manner all the texts in the submission. Also, the views of Parties may change as there are issues yet to be settled in the international negotiations regarding detailed interpretations of text.

As for the details and exact expressions in the agreed texts, please refer to the respective documents available on the website of the United Nations Framework Convention on Climate Change <<http://unfccc.int/>>

Newer submissions are available at “Submission Portal”  
<<http://www4.unfccc.int/submissions/SitePages/sessions.aspx>>

This document will be updated as more submissions and decisions are made in the subsequent meetings.

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Other market mechanism related publications can be downloaded from  
< <http://www.iges.or.jp/en/climate/database.html#03>>.

For any queries relating to this document, please contact <[mm-info@iges.or.jp](mailto:mm-info@iges.or.jp)>.

# Abbreviations and Acronyms

AGN	African Group of Negotiators
AILAC	Independent Association of Latin America and the Caribbean
AOSIS	Alliance of Small Island States
AWG-LCA	Ad Hoc Working Group on Long-term Cooperative Action under the Convention
CER	Certified Emission Reductions
CDM	Clean Development Mechanism
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
COMIFAC	Central Africa Forest Commission
COP	Conference of the Parties (to the UNFCCC)
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
DOE	Designated Operational Entity
EB	CDM executive board
EIG	Environmental Integrity Group
ETS	Emission Trading Scheme
EU	European Union
FVA	Framework for Various Approaches
GHG	Greenhouse Gases
ITMOs	Internationally Transferred Mitigation Outcomes
JI	Joint Implementation
LDCs	Least Developed Countries
LMDC	Like Minded Developing Countries
MRV	Measurement, Reporting and Verification
NDC	Nationally Determined Contributions
NMA	Non-market Approaches

NMM	New Market-based Mechanisms
PA	Paris Agreement
REDD	Reducing Emissions from Deforestation and Degradation
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
UNFCCC	United Nations Framework Convention on Climate Change

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# 1. COP Decisions on market-based mechanisms

## 1-1. Relevant decisions

### COP 13

#### Bali Decisions [\[FCCC/CP/2007/6/Add.1\]](#)



Enhanced national/international action on mitigation of climate change, including, inter alia, consideration of:

(v) Various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries;

### COP 16

#### Cancun Decisions [\[FCCC/CP/2010/7/Add.1\]](#)



80. *Decides* to consider the establishment, at the seventeenth session of the Conference of the Parties, of one or more market-based mechanisms to enhance the cost-effectiveness of, and to promote, mitigation actions, taking into account the following:

- a. Ensuring voluntary participation of Parties, supported by the promotion of fair and equitable access for all Parties;
- b. Complementing other means of support for nationally appropriate mitigation actions by developing country Parties;
- c. Stimulating mitigation across broad segments of the economy;
- d. Safeguarding environmental integrity;
- e. Ensuring a net decrease and/or avoidance of global greenhouse gas emissions;
- f. Assisting developed country Parties to meet part of their mitigation targets, while ensuring that the use of such a mechanism or mechanisms is supplemental to domestic mitigation efforts;
- g. Ensuring good governance and robust market functioning and regulation;

84. *Decides* to consider the establishment, at the seventeenth session of the Conference of the Parties, of one or more non-market-based mechanisms to enhance the cost effectiveness of, and to promote, mitigation actions;



## COP17 Durban Decisions

[FCCC/CP/9/Add.1]



### Various approaches

79. *Emphasizes* that various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries, must meet standards that deliver real, permanent, additional and verified mitigation outcomes, avoid double counting of effort, and achieve a net decrease and/or avoidance of greenhouse gas emissions;

80. *Requests* the AWG-LCA to conduct a work programme to consider a framework for such approaches, with a view to recommending a decision to the COP at its 18th session;

81. *Invites* Parties and admitted UNFCCC observer organizations to submit to the secretariat, by 5 March 2012, their views on the matters referred to in paragraphs 79 and 80 above, including their experiences, positive and negative, with existing approaches and mechanisms as well as lessons learned;

82. *Requests* the AWG-LCA to conduct one or more workshops with Parties, experts and other stakeholders, including an in-session workshop at its session held in conjunction with the thirty-sixth session of the subsidiary bodies, to consider the submissions referred to in paragraph 81 above and to discuss the matters referred to in paragraphs 79 and 80 above;


### A new market-based mechanism

83. *Defines* a new market-based mechanism, operating under the guidance and authority of the COP, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries, which is guided by decision 1/CP.16, paragraph 80, and which, subject to conditions to be elaborated, may assist developed countries to meet part of their mitigation targets or commitments under the Convention;

84. *Requests* the AWG-LCA to conduct a work programme to elaborate modalities and procedures for the mechanism referred to in paragraph 83 above, with a view to recommending a decision to the COP at its 18th session;

85. *Invites* Parties and admitted UNFCCC observer organizations to submit to the secretariat, by 5 March 2012, their views on the matters referred to in paragraphs 83 and 84 above, including their experiences, positive and negative, with existing approaches and mechanisms as well as lessons learned;

86. *Requests* the AWG-LCA to conduct one or more workshops with Parties, experts and other stakeholders, including an in-session workshop at its session held in conjunction with the 36th session of the subsidiary bodies, to consider the submissions referred to in paragraph 85 above and to discuss the matters referred to in paragraphs 83 and 84 above.



## Various approaches

44. *Requests* the Subsidiary Body for Scientific and Technological Advice to conduct a work programme to elaborate a framework for such approaches, drawing on the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention on this matter, including the relevant workshop reports and technical paper, and experience of existing mechanisms, with a view to recommending a draft decision to the Conference of the Parties for adoption at its nineteenth session;

45. *Considers* that any such framework will be developed under the authority and guidance of the Conference of the Parties;

46. *Decides* that the work programme referred to in paragraph 44 above shall address the following elements, inter alia:

- a. The purposes of the framework;
- b. The scope of approaches to be included under the framework;
- c. A set of criteria and procedures to ensure the environmental integrity of approaches in accordance with decision 2/CP.17, paragraph 79;
- d. Technical specifications to avoid double counting through the accurate and consistent recording and tracking of mitigation outcomes;
- e. The institutional arrangements for the framework;

## A new market-based mechanism

50. *Requests* the Subsidiary Body for Scientific and Technological Advice to conduct a work programme to elaborate modalities and procedures for the mechanism defined in decision 2/CP.17, paragraph 83, drawing on the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention on this matter, including the relevant workshop reports and technical paper, and experience of existing mechanisms, with a view to recommending a draft decision to the Conference of the Parties for adoption at its nineteenth session;

51. *Also requests* that the work programme consider possible elements of the mechanism referred to in paragraph 50 above, for example the following:

- a. Its operation under the guidance and authority of the Conference of the Parties;
- b. The voluntary participation of Parties in the mechanism;
- c. Standards that deliver real, permanent, additional, and verified mitigation outcomes, avoid double counting of effort and achieve a net decrease and/or avoidance of greenhouse gas emissions;
- d. Requirements for the accurate measurement, reporting and verification of emission reductions, emission removals and/or avoided emissions;
- e. Means to stimulate mitigation across broad segments of the economy, which are defined by the participating Parties and may be on a sectoral and/or project-specific basis;
- f. Criteria, including the application of conservative methods, for the establishment, approval and periodic adjustment of ambitious reference levels (crediting thresholds and/or trading caps) and for the periodic issuance of units based on mitigation below a crediting threshold or based on a trading cap;
- g. Criteria for the accurate and consistent recording and tracking of units;
- h. Supplementarity;
- i. A share of proceeds to cover administrative expenses and assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation;
- j. The promotion of sustainable development;
- k. The facilitation of the effective participation of private and public entities;
- l. The facilitation of the prompt start of the mechanism;



# Article 6 of the Paris Agreement

[FCCC/CP/2015/L.9/Annex]



PARIS2015  
CONFERENCE OF THE PARTIES  
AND  
COP21-CMP11

## Cooperative approaches

1. Parties recognize that some Parties choose to pursue voluntary cooperation in the implementation of their NDCs to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity.
2. Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards NDCs, promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the CMA.
3. The use of internationally transferred mitigation outcomes to achieve NDCs under this Agreement shall be voluntary and authorized by participating Parties.

## The mechanism to contribute to the mitigation of GHG emissions and support sustainable development

4. A mechanism to contribute to the mitigation of GHG emissions and support sustainable development is hereby established under the authority and guidance of the CMA for use by Parties on a voluntary basis. It shall be supervised by a body designated by CMA and shall aim:
  - (a) To promote the mitigation of GHG emissions while fostering sustainable development;
  - (b) To incentivize and facilitate participation in the mitigation of GHG emissions by public and private entities authorized by a Party;
  - (c) To contribute to the reduction of emission levels in the host Party, which will benefit from mitigation activities resulting in emission reductions that can also be used by another Party to fulfil its NDCs; and
  - (d) To deliver an overall mitigation in global emissions.
5. Emission reductions resulting from the mechanism referred to in paragraph 4 of this Article shall not be sued to demonstrate achievement of the host Party's NDC if used by another Party to demonstrate achievement of its NDC.
6. The CMA shall ensure that a share of the proceeds from activities under the mechanism referred to in paragraph 4 of this Article is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.
7. The CMA shall adopt rules, modalities and procedures for the mechanism referred to in paragraph 4 of this Article at its first session.

## Framework for non-market approaches to sustainable development

8. Parties recognize the importance of integrated, holistic and balanced non-market approaches being available to Parties to assist in the implementation of their NDCs, in the context of sustainable development and poverty eradication, in a coordinated and effective manner, including through, inter alia, mitigation, adaptation, finance, technology transfer and capacity-building, as appropriate. These approaches shall aim to:
  - (a) Promote mitigation and adaptation ambition;
  - (b) Enhance public and private sector participation in the implementation of NDCs; and
  - (c) Enable opportunities for coordination across instruments and relevant institutional arrangements.
9. A framework for non-market approaches to sustainable development is hereby defined to promote the non-market approaches referred to in paragraph 8 of this Article.



## COP21 Paris Decisions

[FCCC/CP/2015/L.9/Rev.1]



### Cooperative approaches

37. *Requests* the SBSTA to develop and recommend the guidance referred to under Article 6, paragraph 2, of the Agreement for adoption by the CMA at its first session, including guidance to ensure that double counting is avoided on the basis of a corresponding adjustment by Parties for both anthropogenic emissions by sources and removals by sinks covered by their NDCs under the Agreement;

### The mechanism to contribute to the mitigation of GHG emissions and support sustainable development

38. *Recommends* that the CMA adopt rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Agreement on the basis of:

- (a) Voluntary participation authorized by each Party involved;
- (b) Real, measurable, and long-term benefits related to the mitigation of climate change;
- (c) Specific scopes of activities;
- (d) Reductions in emission that are additional to any that would otherwise occur;
- (e) Verification and certification of emission reductions resulting from mitigation activities by designated operational entities;
- (f) Experience gained with and lessons learned from existing mechanisms and approaches adopted under the Convention and its related legal instruments;

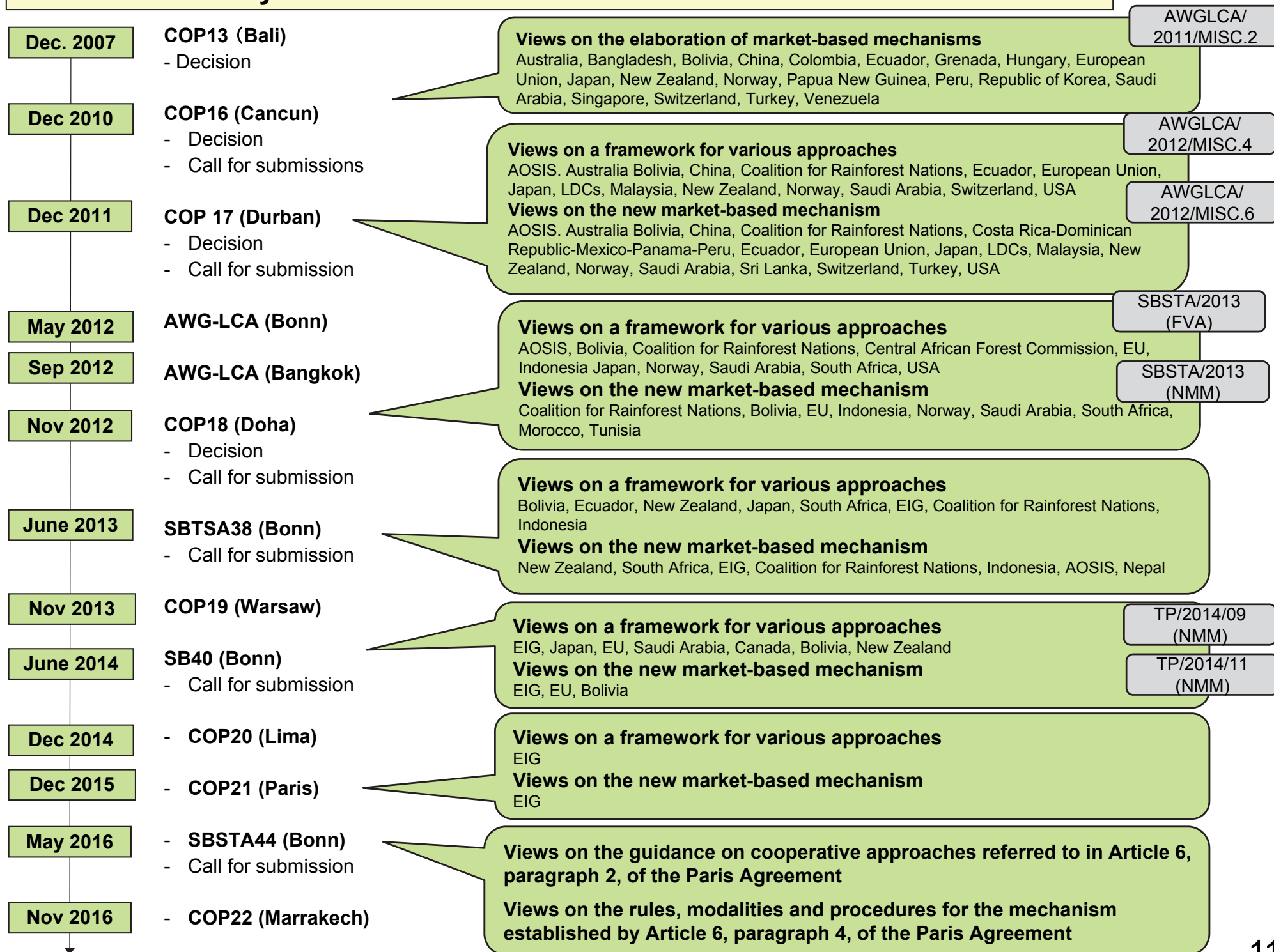
39. *Requests* the SBSTA to develop and recommend rules, modalities and procedures for the mechanism referred to in paragraph 38 above for consideration and adoption by the CMA at its first session;

### Framework for non-market approaches to sustainable development

40. *Also requests* the SBSTA to undertake a work programme under the framework for non-market approaches to sustainable development referred to in Article 6, paragraph 8, of the Agreement, with the objective of considering how to enhance linkages and create synergy between, inter alia, mitigation, adaptation, finance, technology transfer and capacity-building, and how to facilitate the implementation and coordination of non-market approaches;

41. *Further requests* the SBSTA to recommend a draft decision on the work programme referred to in paragraph 40 above, taking into account the views of Parties, for consideration and adoption by the CMA at its first session;

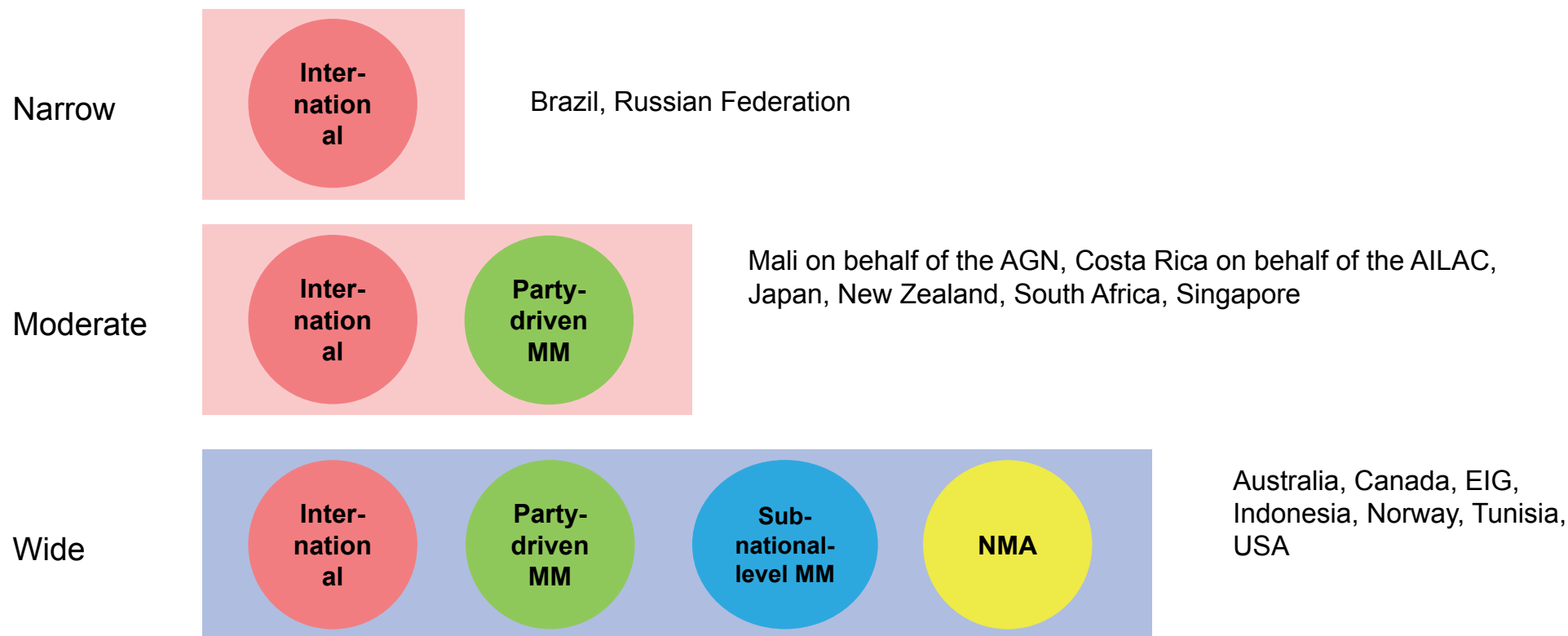
## 1-2. Submission by Parties



## 2. Article 6.2 Cooperative Approaches

### 2-1. The scope of approaches to be included

Most countries see cooperative approaches as a framework to govern various types of market-based activities. Some countries request co-benefits from cooperative approaches for adaptation, e.g. allocating share of proceeds (Brazil, Saint Lucia on behalf of the Caribbean Community, South Africa).



- International: International Emission Trading Systems and linkages between them, Kyoto Protocol mechanisms
- Party-driven: National, regional or bilateral schemes that involves international transaction of ITMOs, including offset purchases
- Subnational-level MM: sub-national carbon markets
- NMA: Non-market-based approaches which does not involve exchange of units, including climate finance and carbon pricing
- In addition, Australia and New Zealand include the mechanism under Article 6.4 as cooperative approaches

## 2-2. Who engages in cooperative approaches

Involves all Parties on a voluntary basis, regardless of the type of NDCs

Mali on behalf of the AGN, Japan, Norway, Singapore, South Africa

Involves only Parties with quantified NDCs

Saint Lucia on behalf of the Caribbean Community, Brazil, Ethiopia

Trade ITMOs in a bilateral (including sub-national) and multilateral setting

Canada

Involves Parties or subnational units

Costa Rica on behalf of the AILAC

## 2-3. Defining ITMOs

ITMOs transferred to be counted towards NDCs are:

Quantifiable units of GHG emissions reduction or removals by sinks (tCO<sub>2</sub>e)

Mali on behalf of the AGN, Costa Rica on behalf of the AILAC

Referred to as credits/units

Ethiopia

Limited, when they are to be traded, to the difference between current emissions and the average of the last three inventories

Brazil

Various types of emission reductions transferred between countries (e.g. units from ETS, CER, and emission reductions resulting from the mechanism referred to in Article 6.4)

Japan, Norway

## 2-4. Promotion of sustainable development

Most countries agree that promotion of sustainable development are prerogative of individual countries which depends on domestic circumstances and should be accountable to the international community.

### Authority, indicators, and reporting

- Prerogative of individual countries to be accountable internationally  
(Mali on behalf of the AGN, Australia, Ethiopia, Indonesia, Japan, Ecuador on behalf of the LMDC, New Zealand, Norway)

### Assessment requirements

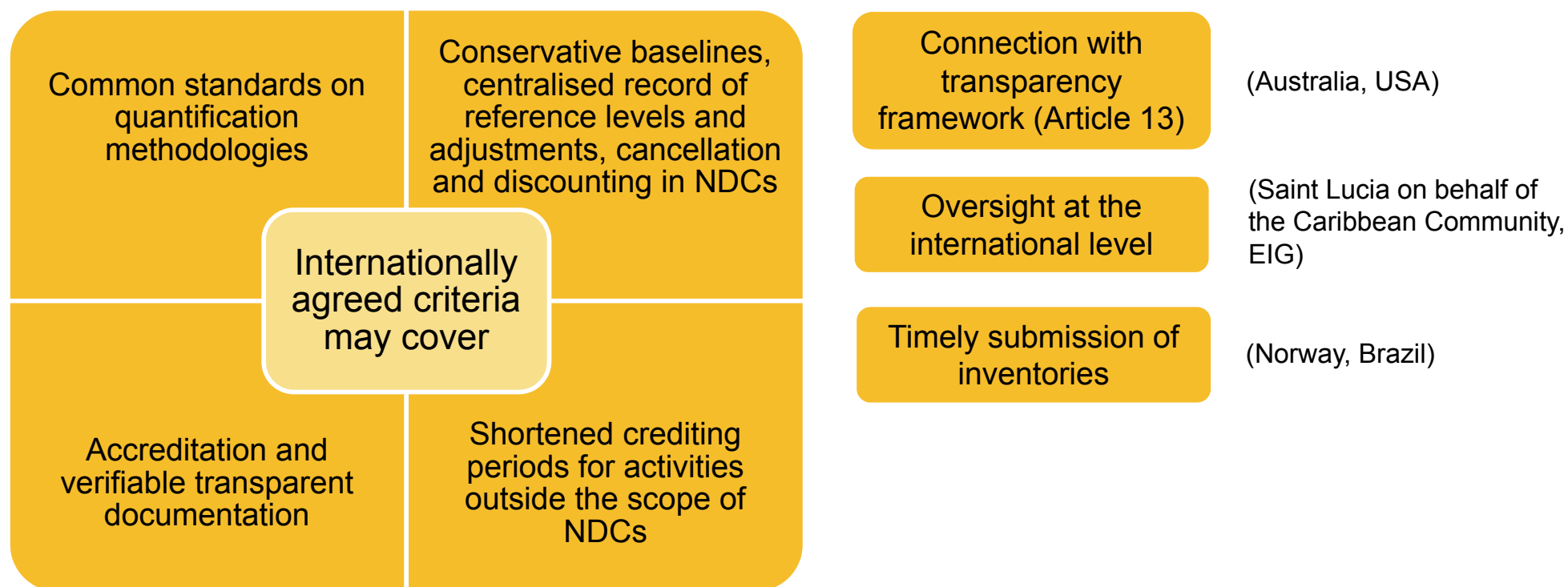
- Consistent with the Sustainable Development Goals and human rights (EIG)
- Take lessons from approaches under CDM and/or KP mechanisms (Australia, Norway, South Africa)

### Assessment tool

- An international tool to help Parties will be welcome  
(Mali on behalf of the AGN)
- Address diverse NDC types on each sustainable development component  
(Saint Lucia on behalf of the Caribbean Community)
- Different models, tools and approaches to achieve sustainable development are to be recognized (Ecuador on behalf of the LMDC)

## 2-5. Criteria and procedures to ensure environmental integrity and transparency

Most countries see the need for internationally agreed basic principles to ensure GHG emission reductions are real, verifiable, permanent and additional, while avoiding double counting.



(EIG, Indonesia, Saint Lucia on behalf of the Caribbean Community, Singapore, Slovakia and the European Commission on behalf of the EU and its Member States, South Africa, Tunisia)

Some countries support bottom-up approaches by Parties with rules, standards and guideline to ensure environmental integrity (Canada, Japan, New Zealand)

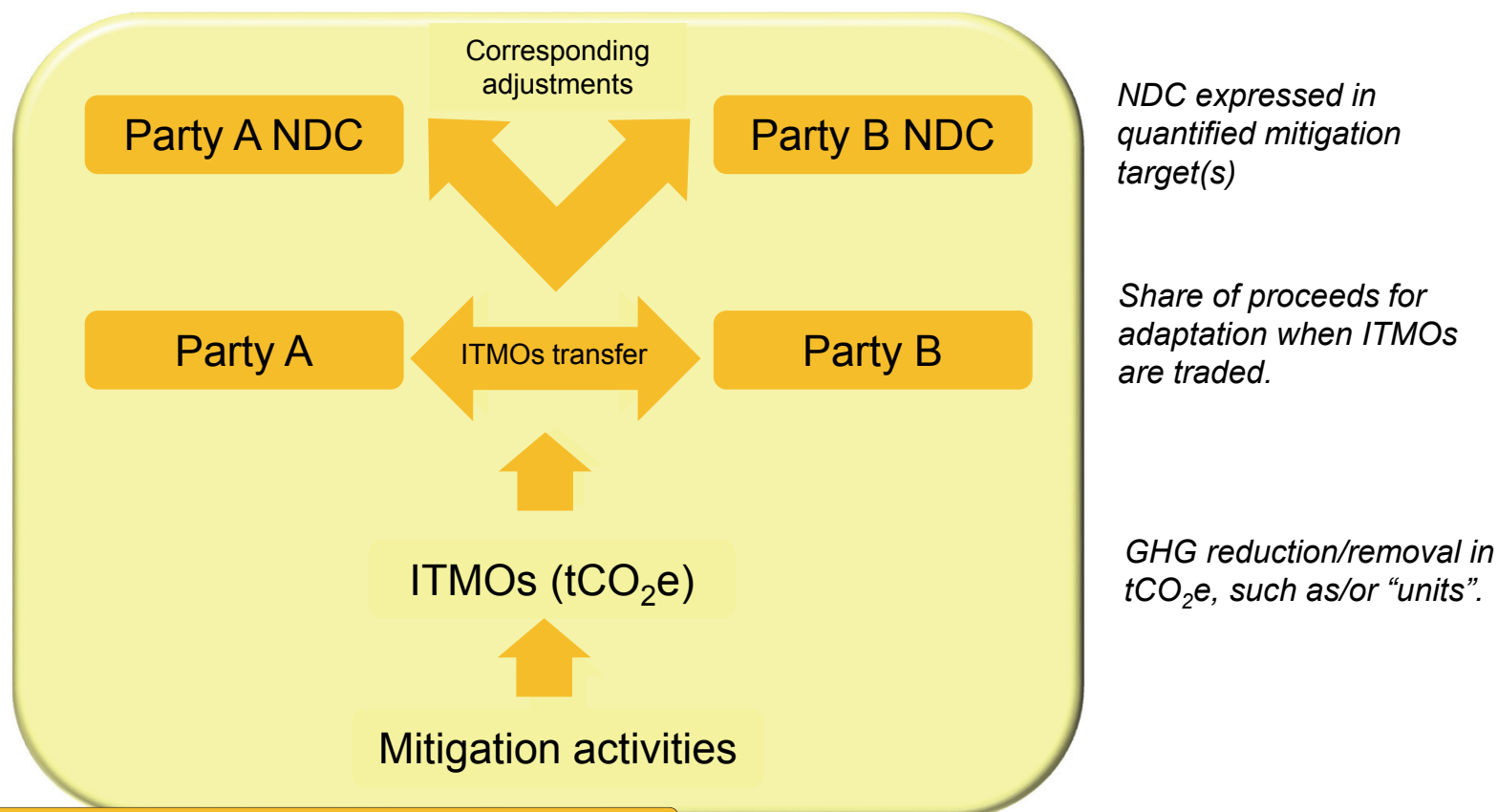
## 2-6. Robust accounting and avoidance of double counting

### ITMO tracking system to be established

- International tracking system (e.g. registry)
- Reporting in Parties' NDC reports or biennial communications
- New reporting tabular formats
- Publicly available information on activities and units

### Coverage of guidance for 'corresponding adjustments':

- Subtractions and additions of tCO<sub>2</sub>e toward NDCs
- Avoidance of double counting of emissions reduction and funding
- Comparability between single-year vs. multi-year emission reduction targets
- Treatment of credits/units issued before 2020
- Treatment of credits from activities outside a Party's NDC



### Linkages between Art. 6.2 and other Articles in the Paris Agreement

- Guidance is additional to Article 13 (transparency framework)
- Guidance is part of Article 4.13 (NDC accounting)
- Linked with Article 4.13, Article 13, and Article 6.4



## 2-7. Governance and authorization by participating Parties in using ITMOs

### International level authority

The PA is not tasked with overseeing or disallowing any Party from intending to supply and use ITMOs from a variety of systems.

(USA)

Appropriate institutions should be established under the CMA, such as a cooperative approaches board guided by the CMA or its designated body.

(South Africa)

### Authority of cooperating Parties

Statements from all Parties concerned articulating the nature of the cooperative approaches and the authority given.

(New Zealand)

Bilateral agreements will be necessary between participating Parties that specify, how and by whom outcomes are to be claimed against NDCs.

(Canada)

### Parties' national authority

Unit transferred must be authorized by a national designated authority

(Indonesia)

Achievement of contribution of Parties in a given timeframe shall be represented by equivalent amount of allowances and units held in the national registry of Parties.

(Brazil)

### 3. Article 6.4 Mechanism

#### 3-1. General design of the mechanism

##### Considerations to take into account in designing the mechanism

Design to be inspired by the CDM/JI experiences

(Mali on behalf of the African Group of Negotiators, Tunisia, Costa Rica on behalf of AILAC, Congo on behalf of COMIFAC, Japan, New Zealand)

Principle of common but differentiated responsibilities

(South Africa)

Market principles

(Indonesia)

The thinking and leading to refinements, e.g. PoA

(South Africa)

Consulting stakeholders, e.g. sub-national governments

(Canada)

Ensure the guarantee of a minimum carbon price

(Congo on behalf of COMIFAC)

##### Transition from the Kyoto flexible mechanisms to the PA. Art 6.4

###### Full transition

Recommends the transition of existing mechanisms such as the CDM into the mechanism of the Article 6.4. (South Africa, Australia)

###### Limited transition

It is crucial to keep the CDM running through the true up of the second commitment period in 2023. However it should be considered whether it is worthwhile to continue to operate the CDM and to what extent elements of the CDM should be imported and adapted to operation under the Paris Agreement (Norway)

###### Use of credits

Projects and credits issued under existing mechanisms such as the CDM should be incorporated in the new Art.6.4 mechanism (Mali on behalf of the African Group of Negotiators, Brazil)

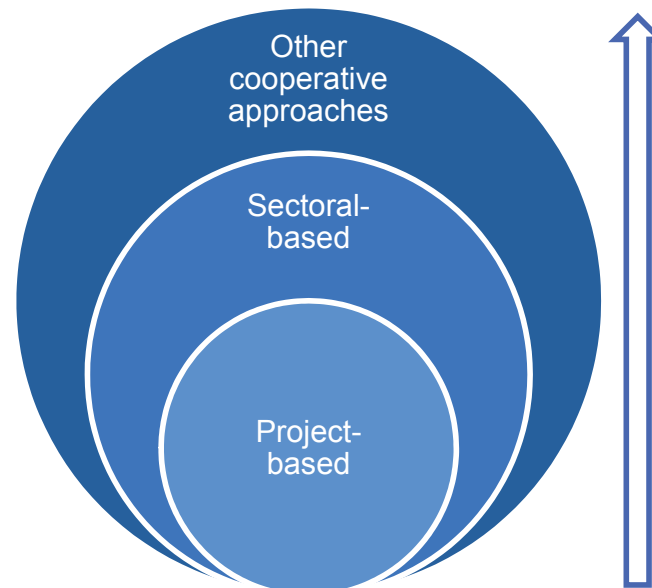
##### Support to developing countries

- Support for adaptation should be channelled through the Adaptation Fund (Indonesia)
- Allocate substantial financial resources to ensure conservation of tropical forest ecosystems, fight against poverty and improvement of local communities and aboriginal people's living standards (Congo on behalf of COMIFAC)

## 3-2. Scope of activities of the mechanism

### Range of project activities

- The scope of activities of the mechanism of PA Art.6.4 should be broad and move beyond project-based crediting activities to include, inter alia, sectoral-based activities and other cooperative approaches (South Africa, Australia, Mali on behalf of the African Group of Negotiators, Norway, New Zealand)
- The mechanism should aim to facilitate a movement from project based to broader approaches over time (Norway).
- The mechanism should facilitate access for the potential participation of small and medium projects and initiatives (Ecuador on the behalf of LMDC)



### Inclusion of REDD+ activities

- MAYBE** → The scope of activities of the mechanism might include REDD+ activities (Norway)
- NO** → REDD+ activities are not to be eligible (Brazil)

### Methodologies

- The scope of activities of the mechanism refers to the need of robust methodologies (Brazil, Costa Rica on behalf of AILAC)
- Methodologies should be the same as those that are eligible to the CDM: large scale, small scale, afforestation and reforestation, and carbon capture and storage activities (Brazil).
- The mechanism should inherit all methodologies developed under the CDM mutatis mutandis where necessary (Brazil).

## 3-3. Rules, modalities and procedures

### Rules for the design of the mechanism

#### Characteristics

- The rules of the mechanism should be founded on the principles and criteria contained in Article 6.4 (environmental integrity, avoiding double counting and robust accounting rules). (South Africa)
- The rules should include: provisions on governance and institutional arrangements; technical guidelines regarding baselines, periods and targets; identification of financing instruments for capacity building in order to launch pilot activities (Tunisia)

#### Lessons from the Kyoto Mechanisms

- The rules could be drafted based on lessons from Kyoto Mechanism flexibility instruments (Costa Rica on behalf of AILAC)
- The modalities and procedures for the CDM and other related decisions, including those adopted by the CDM-EB, should be incorporated into the rules, modalities and procedures of the mechanism (Brazil)

### Priority items to be addressed in the rules

Pragmatic and cost-effective rules

(Singapore)

Priority to the adaptation fund, notably for vulnerable developing countries

(South Africa, Mali on behalf of the African Group of Negotiators, Congo on behalf of COMIFAC)

Incentivize best available technologies

(Slovakia and on behalf of the EU and its Member States)

### Rules for Measurement, Reporting and Verification

- Establish a regular review process of the outcomes of the mechanism, avoiding a duplication with the Global Stocktake (Ecuador on the behalf of LMDC)
- Include a common set of rules on MRV and accounting (Tunisia)
- Institute rules for periodic annual M&E of the annual work of the regulatory body, processes and outcomes by external independent and CMP/CME hired M&E body (Ethiopia)
- Crediting mechanisms should adopt project cycle procedures (EIG)

## 3-4. Governance of the mechanism

### Centralization and other characteristics of the governing body

- Centralized governance at the international level is crucial (South Africa)
- The governance body needs sound technical expertise (South Africa)
- The governing body to be designated by the CMA under Article 6.4 should be more technical and less political (Indonesia)
- Clear role of the Governing body, its mandates, its level of superiority over supporting bodies, how to avoid possible control of the governing body by the support structure that administers funds etc. (Ethiopia)

### Resemblance with the CDM



#### Similar to the CDM

- The governing body should be similar to the CDM Executive Board (CDM-EB), including regarding rules of procedure, code of conduct and guidelines for panels/working groups (Brazil)
- Similarly to the CDM, activities under the mechanism will have to be subject to national approval by designated national authorities, validation by designated operational entities, registration by the EB of the mechanism, monitoring by the developer, and verification by designated operational entities, prior to final credit issuance by the EB of the mechanism (Brazil)



#### Different than the CDM

- The mechanism is not a “copy-and-paste” of either the CDM or JI, so substantial differences between them are expected (New Zealand)
- DOE stated in the Paris Agreement is different from the DOE under the CDM (Ethiopia)
- New rules on DOE accreditation standards and date on recruitment of Paris specific DOEs (Ethiopia)
- The approaches taken under the mechanism for its methodologies for monitoring, reporting and verification of mitigation outcomes should be different from those approved under the CDM (Japan)

### 3-5. Overall mitigation and environmental integrity

#### Overall mitigation in global emissions

Should be used to increase mitigation ambition and must be supplemental to Parties' own domestic efforts

(Mali on behalf of the African Group of Negotiators, Ecuador on the behalf of LMDC, Brazil)

Ensure that the use of the mechanism results in greater ambition than Kyoto Protocol commitments

(Ecuador on the behalf of LMDC)

Use of conservative baselines and reference levels that guarantee that reductions go beyond business as usual

(New Zealand)

The international transfer of units from the mechanism cannot result in corresponding adjustments in the host Party's inventory

(Brazil)

#### Environmental integrity

Set criteria for environmental integrity is needed at the global level

(Indonesia, Brazil)

Need of third party verifications of projects, national cadastres and annual verification of reporting by experts

(Russia)

Registry of certified emission reductions to be kept by the Executive Board of the mechanism

(Brazil)

Only internationally accepted methodologies should be eligible for use

(Environmental integrity group)

### 3-6. Avoidance of double counting

#### Priority issues

Comprehensive accounting and recording of activities resulting in mitigation outcomes or emission reductions

(Environmental integrity group)

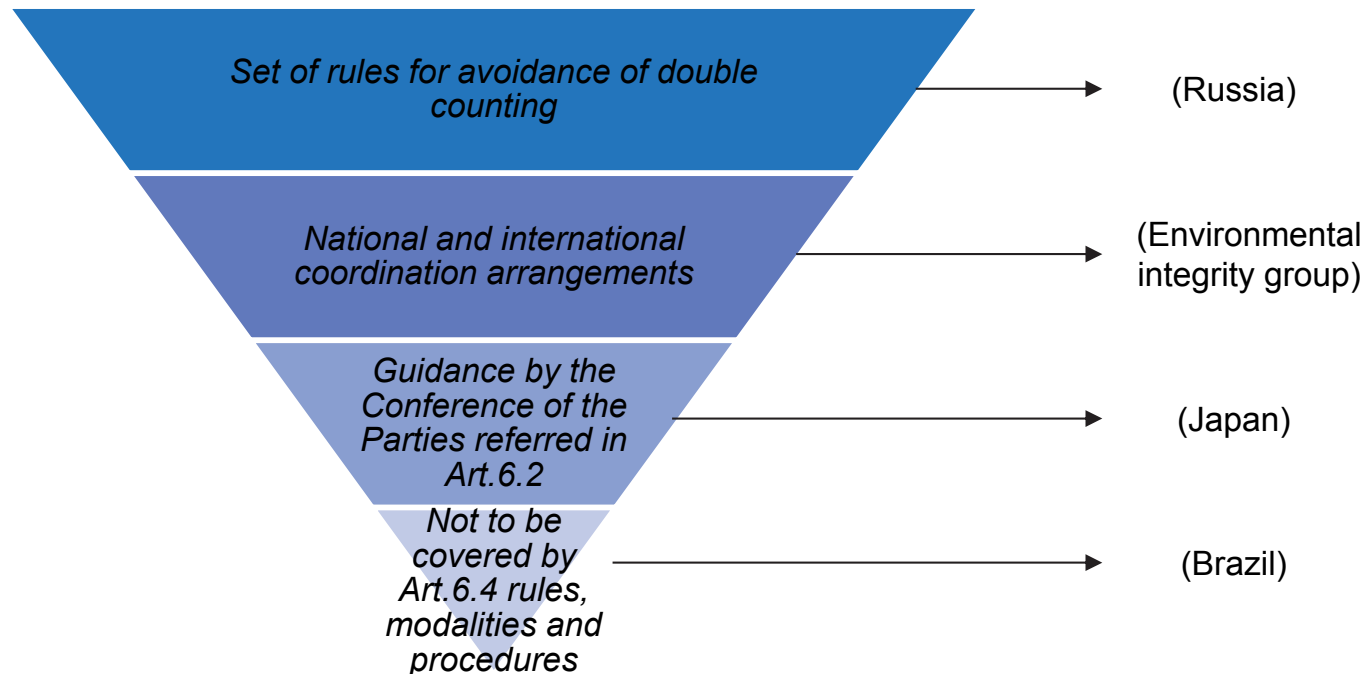
Strengthen global efforts to enhance capacity for establishing GHG inventories and MRV frameworks for developing countries in need

(Environmental integrity group)

The rules for recording transfers of units should provide for the transfer from the Host Party to the Investing Party

(Russia)

#### How should the modalities regarding double counting be determined?



## 3-7. Use of emission reductions by Parties

### Options for use of credits/units

Credits issued under the mechanism can also be used by another Party to fulfil that Party's NDC

(Mali on behalf of the African Group of Negotiators, Ecuador on the behalf of LMDC, Brazil, New Zealand)

Can be used for compliance, as a disbursement tool for climate finance, for corporate socioenvironmental responsibility and positive pricing, etc.

(EIG, Brazil)

The decision on how to use the units issued for each project activity lies with the project activity participant.

(Brazil)

### Options for management of credits

Establishment of national registries and costs for operating international transaction logs should not only be borne by Annex I countries

(Japan)

In the case credits are transferred to a second Party, the host country will retain mitigation benefits, but should not be able to account for them towards its own NDC.

(Brazil)



## 3-8. Promotion of sustainable development

### Determination of sustainable development

Sustainable development considerations are a national prerogative, and should thus not be subject to multilateral analysis under the UNFCCC

(South Africa, Brazil, EIG)

### Definition of sustainable development

Socioeconomic gains could mean new and additional investments, finance, technology transfer and diffusion, job creation and improvement of standards of living.

(Brazil)

### Confirmation by the Host Party

The host party has to confirm conformity with sustainable development of the activities arising from activities under the mechanism

(Brazil, EIG)

### 3-9. Enhancing project participation

#### Incentives from Parties

Parties should communicate information to advise the public, other Parties and potential investors of their participation and authorisation

(New Zealand)

Participation by private entities in the mitigation of GHG emissions should be authorized by Parties, within the framework of their NDCs

(Ecuador on the behalf of LMDC)

#### Incentives from project framework

Ongoing CDM initiatives for the private sector, civil society and governments and other incentives for non-state stakeholders could be extended in the context of the mechanism

(Brazil)

Eligibility criteria should be as open as possible

(Brazil)





Office of Market Mechanisms  
Climate Change Policy Division  
Global Environment Bureau  
Ministry of the Environment, Japan  
URL: <http://www.env.go.jp/>



Climate and Energy Area  
Institute for Global Environmental Strategies  
Email: [mm-info@iges.or.jp](mailto:mm-info@iges.or.jp)  
URL: <http://www.iges.or.jp/en/climate-energy>

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