

Submission by Bhutan on behalf of Least Developed Countries Group on possible Clean Development Mechanism Transition, into the Paris Agreement, 30 September 2021

The LDCs welcome the opportunity to share our views in response to the invitation extended by the Chair of the SBSTA, relating to CDM transition based on the guiding questions provided:

Guiding questions:

1) What conditions are needed for transition?

We do not accept any transition in terms of CDM units.

We can only agree with the transition of CDM project activities into the Paris Agreement and as long as they are consistent with the methodologies approved under article 6.4 rules and meet all the necessary participation, accounting and reporting requirements.

2) What decisions are needed from the CMP?

We understand it is up for the 6.4 mechanism to decide on which methodologies it will accept or not, including CDM methodologies. Parties may request the Art6.4 Supervisory Body to consider whether the existing CDM activities meet the requirement of Art 6.4 activities.

The only decision that the CMP needs to make is the transfer of funds from the CDM to the Article 6.4 Mechanism.

3) How should 6.4SB work be prioritized?

We understand Parties to the Paris Agreement could request the Article 6.4 Supervisory Body to develop criteria for the eligibility of activities under Art 6.4.

This would need to consider such aspects as improved baseline setting, additionality, meeting environmental integrity standards, meeting social safeguards requirements, addressing non-permanence and reversals.

These criteria would then need to be submitted from the Supervisory Body to the CMA for approval.

Once these general guidelines for Article 6.4 eligibility criteria are approved, the Supervisory Body, with the support of the Secretariat, could be mandated to investigate whether any existing CDM project activities meet these criteria.

The Supervisory Body could then approve these activities subject to

(1) participation requirements being met by the host Party;

(2) withdrawal of the project activity in the CDM registry; and

(3) to the host Party having established procedures for cancellation of units to meet requirements under Overall Mitigation in Global Emissions and Share of Proceeds.

4) How should CDM activity transition be funded?

We do not see any need for funding specifically for the purpose of CDM transition.

We understand the A6.4 mechanism will require funding for its ordinary activities, which include approval of project activities, including any project activity that comes from the CDM registry and that meets the requirements under the 6.4 mechanism, as long as it is properly withdrawn from the CDM registry.

Funds left over to from the operation of the CDM could be directed towards assisting the operation of the A6.4 mechanism.

Furthermore, Regional Collaborative Centres established under the Kyoto Protocol could play a role in capacity building for the A6.4 Mechanism

5) How do these issues relate to the rest of the package (Article 6/the wider Glasgow outcome) and how could resolving these issues contribute to reaching consensus

We believe embracing CDM units transition into article 6.4 and for use for the purpose of NDC would undermine all the other outcomes that are expected of this COP, and would undermine the purpose of article 6. Therefore, this cannot be considered under the package.

We understand that any discussion about the continued operation of the CDM and the issuance of CERs must be discussed under the CMP and for the purposes of the KP only, including in the context of pre-2020 targets.