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Preparations for the second review of the Kyoto Protocol pursuant to its Article 9

Views on how the issues specified in decision 4/CMP.3, paragraph 6, should be addressed in the second review of the Kyoto Protocol pursuant to its Article 9, and information from Parties included in Annex I to the Convention demonstrating progress made in implementing their commitments under the Kyoto Protocol

Submissions from Parties

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), at its second session, completed the first review of the Kyoto Protocol pursuant to its Article 9. At the same session, it decided that the second review shall take place at its fourth session, in 2008 (decision 7/CMP.2). In order to prepare this review, the CMP, at its third session, by its decision 4/CMP.3, invited Parties to submit to the secretariat, by 7 March 2008, for compilation and synthesis, their views on issues to be addressed in the second review. By the same decision, the CMP also invited Parties included in Annex I to the Convention to include in their submissions information that demonstrates progress made in implementing their commitments under the Kyoto Protocol.
2. The secretariat has received eight such submissions. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced* in the language in which they were received and without formal editing.
3. The secretariat has also received submissions from intergovernmental organizations and accredited non-governmental organizations. In line with established practice, the secretariat has posted these submissions on the UNFCCC website at http://unfccc.int/parties_and_observers/igo/items/3714.php and http://unfccc.int/parties_and_observers/ngo/items/3689.php.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

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PAPER NO. 1: ARGENTINA

**SCOPE AND CONTENT OF THE SECOND REVIEW OF THE KYOTO PROTOCOL
PURSUANT TO ITS ARTICLE 9**
(see document FCCC/KP/CMP/2007/L.8)

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, through Decision -/CMP.3 on the *Scope and content of the second review of the Kyoto Protocol pursuant to its Article 9*, invites Parties and relevant organizations to submit to the Secretariat by 7 March 2008 views on how issues identified by COP/MOP at its 3rd session, in particular those in paragraph 6 of the Decision, should be addressed in the second review.

Paragraph six (6) of Decision -/CMP.3, *Scope and content of the second review of the Kyoto Protocol pursuant to its Article 9*, limits opportunities for input on the Article 9 review process to the following areas:

- (a) Extending the Share of Proceeds (SoP) to assist in meeting the costs of adaptation to Joint Implementation (JI) and emissions trading;
- (b) Relevant procedural elements for inscribing commitments for Annex I Parties in Annex B of the Kyoto Protocol;
- (c) Privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol;
- (d) The scope, effectiveness and functioning of the flexibility mechanisms, including ways and means to enhance an equitable regional distribution of Clean Development Mechanism (CDM) projects;
- (e) The minimization of adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts;

This submission provides the view of the Government of Argentina on items (a) and (d).

- (a) Extending the Share of Proceeds (SoP) to assist in meeting the costs of adaptation to Joint Implementation (JI) and emissions trading;

Regarding paragraph 6(a), the Government of Argentina supports extending the share of proceeds to assist in meeting the costs of adaptation to joint implementation and emissions trading mechanisms. Furthermore, we believe that the funds available in the Adaptation Fund and in other tools to financing adaptation activities should aim to cover all financial needs for developing countries to adapt to the adverse impacts of climate change. In this sense, the second review of the Kyoto Protocol should include the discussion of new and innovative mechanisms to drive developed countries to greatly increase their contribution to the Adaptation Fund according to their historic and current national circumstances.

- (d) The scope, effectiveness and functioning of the flexible mechanisms, including ways to enhance an equitable regional distribution.

The second review of the Kyoto Protocol offers an opportunity to explore new mechanisms within the CDM to broaden opportunities to enable developed countries to quickly and fully finance incremental costs of technology application and deployment, including covering the cost of enabling activities, such as capacity building of the institutions involved project activities.

Enhancing the CDM on a Programmatic Basis

The Government of the Republic of Argentina celebrates the recent establishment of procedures within the Clean Development Mechanism (CDM) allowing the registration of programmes of activities as single CDM project activities, and the associated opportunities to earn certified emission reductions (*hereinafter* P-CDM). The P-CDM constitutes an important evolution in the role of the CDM and has facilitated new CDM projects, contributing to the international carbon market, effective climate mitigation as well as technology

transfer, investment and sustainable development. We see significant opportunities to build on the current strengths of the P-CDM by extending it to support more systematic sectoral programmes, policies and measures designed to reduce emissions in developing countries, and integrate considerations of technology transfer, finance and investment, and sustainable development. We therefore call for the elaboration of revised P-CDM modalities for larger-scale sectoral programmes of activities and associated policies and measures as further described in Annex 1 of this Submission.

Argentina believes that a sectoral approach for the CDM, establishing specific means and mechanisms tailored to sectoral needs, priorities, and GHG contribution provides the appropriate platform to scale up private sector funding and investment, in concert with public sector financing from Annex 1 countries in a measurable, reportable and verifiable manner.

Enhancing Operation and Administration of the CDM

Regarding the governance of the CDM, and considering that the CMP 3's Decision on *Further guidance relating to the clean development mechanism*, in paragraph 5, "Encourages constituencies to nominate members and alternate members who have the required qualifications and sufficient time to perform functions, ..." and requests "...that the Executive Board has expertise in, inter alia, financial, environmental and clean development mechanism regulatory matters and executive decision-making", we strongly believe that effective functioning of the CDM depends on: a stronger institutional framework; formalized internal processes and rules, including guidelines to increase consistency, transparency and predictability of EB decision-making; and a professionalized Executive Board.

In this sense, the second review of the Kyoto Protocol offers a unique opportunity to strengthen Designated Operational Entities' capacities by establishing clearer and more transparent rules and procedures for their accreditation and performance evaluation.

Considering the need "...to improve the substantiation of its decisions to increase the understanding of the underlying rationale by users, facilitate broader public understanding and correct misconceptions as they arise...", (CMP 3's Decision on *Further guidance relating to the clean development mechanism*; paragraph 15(e)) and to ensure a legitimate, fair, and equitable regulatory system based on the rule of law and principles of good governance, the Government of Argentina calls for an appeal procedure.

Undertaking a Comprehensive Assessment and Review

Argentina recommends a comprehensive assessment of the CDM that further evaluates linkages to issues such as financing and technology transfer schemes established for registered CDM projects. To ensure a more equitable regional distribution, barriers and opportunities should be assessed on a regional basis.

We further recommend that this assessment review the current CDM system based on baseline and monitoring methodologies by type of project in favour of a system based on methodology guidelines by sector that establishes minimum conditions to maintaining the environmental integrity of project activities, leaving specific aspects such as emission reductions calculations and monitoring procedures to the project proponents under the approval of DOEs.

Annex 1

Strengthening programmatic CDM to reduce emissions, enhance technology transfer and support sustainable development in key economic sectors in developing countries

In accordance with the principle of common but differentiated responsibilities, developing countries must prioritize their continued sustainable development. Efforts to reduce greenhouse gas emissions should not compromise these efforts, which are essential to reducing poverty and achieving basic human rights in the developing world. The emphasis, rather, should rest on reducing the rate of growth and intensity of emissions in key economic sectors.

The role and importance of programmatic CDM

The Government of the Republic of Argentina celebrates the recent establishment of procedures within the Clean Development Mechanism (CDM) allowing the registration of programmes of activities as single CDM project activities, and the associated opportunities to earn certified emission reductions (*hereinafter* P-CDM). The P-CDM constitutes an important evolution in the role of the CDM. It has already facilitated new CDM projects, contributing to the international carbon market, effective climate mitigation as well as technology transfer, investment and sustainable development.

Opportunities to strengthen and extend programmatic CDM

We see significant opportunities to build on the current strengths of the P-CDM by extending it to support more systematic sectoral programmes, policies and measures designed to reduce emissions in developing countries, and integrate considerations of technology transfer, finance and investment, and sustainable development. Supporting larger-scale sectoral initiatives offers significant promise in terms of reducing energy intensity and slowing the rate of growth of emissions in developing countries, while promoting economic development.

Further elaboration of the P-CDM modalities would help the CDM to more systematically support programmes of activities and associated policies and measures in developing countries, in key economic sectors such as such as energy, industry, transportation, building, agriculture and waste management. It could also address concerns that have arisen about the application of current modalities.

Elements of a strengthened “sector-based” P-CDM

The Government of the Republic of Argentina proposes elaboration of revised P-CDM modalities for larger-scale sectoral programmes of activities and associated policies and measures. The objective of such an effort would be to promote technology transfer, enhance financial support and investment to developing countries and secure sustainable development and mitigation of GHG emissions in an integrated manner in key economic sectors for development.

Current requirements for P-CDM have grown out of existing CDM methodology and approach. While suitable for individual project-based activities, projects based on a programme of activities require an approach tailored to their specific nature and objectives, particularly if the CDM is to be extended to support more systematic efforts to advance development and mitigate climate change in developing countries. The following are two of the main issues that might be addressed.

- **Eligibility requirements.** Current eligibility rules may pose several obstacles for developing policies and measures in the context of P-CDM activities. Additionality requirements, for example, may prove difficult to satisfy for P-CDM activities given the challenges of counterfactual analyses in complex policy environments and limitations on data in some developing countries. Revised sectoral P-CDM modalities and procedures could also include simplified procedures for adding new programme of activities or adjusting existing ones.
- **Quantification of Outcomes.** The current P-CDM modality reflects many characteristics of the CDM based on individual projects. A revised approach tailored for larger-scale programmes could quantify emissions reductions using a comparison of sectoral emissions inventories or changes in the intensity of

emissions as the basis for calculating and verifying reductions. Such an approach would cover a larger number of activities, delivering larger volumes of reductions.

Revising the P-CDM modalities and procedures would benefit not only new potential projects, but also improve its application to projects that fall within its ambit as currently defined.

Securing essential and meaningful technology transfer

Mitigation efforts are integrally related to technology transfer. We therefore propose that an enhanced P-CDM mechanism would establish a link between P-CDM projects/programmes and an associated mechanism to finance technology transfer under which developed countries would finance the additional cost of implementing new and clean technologies. These countries would later be repaid in all or in part by the carbon credits delivered through the relevant sectoral program. This approach would enhance developing countries access to technology, while providing new investment opportunities in emerging technology markets. As technology transfer is not limited to the purchase of equipment, capacity building, training and transfer of know-how would be part of the package.

Advantages of a strengthened programmatic CDM

In light of these considerations, we see considerable potential to further strengthen the P-CDM as an instrument for supporting practical programmes, policies and measures in developing countries, and integrating efforts to develop key economic sectors, secure technologies and investment, and enhance climate change mitigation.

An enhanced P-CDM can bolster quantifiable and verifiable emissions reductions in developing countries, by facilitating policies and voluntary measures to generate a high volume emission reductions tied to sustainable and equitable growth in developing countries. It is consistent with the current CDM mandate and other provisions of the UNFCCC and Kyoto Protocol, and offers a distinct opportunity to the implementation of policies and measures under Article 4(b) of the UNFCCC.

It would also provide experience upon which Parties can identify ways to expand the carbon market and ensure continuity in a post-2012 regime. Drawing on a sectoral approach, the P-CDM can create an enabling environment for further mitigation gains at the national level, and provide a laboratory for sector-based mitigation goals, providing national and regional experience in non-Annex 1 countries.

Finally, the proposed sectoral approach tied to technology transfer is consistent with the views of the Dialogue for Long-term Cooperation, as well as with those of the G77 and China as articulated during the opening session of the COP 13. It provides a vehicle through which Annex 1 countries can implement their obligations to finance and transfer technology, as mandated by Article 4 of the UNFCCC and a concrete opportunity. Within the context of an existing and viable Kyoto mechanism, it can help to increase the efficiency and effectiveness of mitigation efforts and to meaningfully implement technology transfer through a greater emphasis on sectoral policies and measures.

Conclusion

Tackling climate change requires finding new ways to support domestic programmes, policies and measures in developing countries, particularly in sectors fundamental to economic development and climate mitigation. Particularly important, therefore, are efforts to identify new opportunities for mitigation associated with the transformation of key economic sectors. Developed countries, in turn, should continue to strengthen their binding emission reduction targets, in line with the principle of common but differentiated responsibilities.

In conclusion, the Government of Argentina supports a sectoral approach to climate change mitigation. We encourage discussions to strengthen the P-CDM as a tool for sector-based programmes and technology transfer, in order to catalyze broad-scale mitigation and immediate action that could also extend beyond the current framework. To open the path for this opportunity, the COP/MOP could consider instructing the CDM Executive Board to review the current P-CDM modalities in order to allow the development of a sector-based scheme as described above.

PAPER NO. 2: CHINA

VIEWS ON THE SECOND REVIEW OF THE KYOTO PROTOCOL UNDER ITS ARTICLE 9

The Conference of Parties serving as the Meeting of the Parties to the Kyoto Protocol at its third session invited Parties to submit to the secretariat, by 7 March 2008 their views on how the second review under Article 9 of the Kyoto Protocol should address the items listed in Paragraph 6 of the decision on the scope and content of the second review of the Kyoto Protocol pursuant to its Article 9 of CMP.3. China welcomes this opportunity to provide its views with regard to the second review under Article 9 and would like to make the following preliminary observations:

1. The negotiations of the Ad hoc Working Group for further commitments for Annex I Parties under Article 3.9 of the Kyoto Protocol, which is critical for the future of the Kyoto Protocol, needs to achieve substantive progress as soon as possible. China is of the view that the second review of the Kyoto Protocol under its Article 9 shall take into account such progress so as to make it meaningful.
2. The second review of the Kyoto Protocol shall aim to further enhance the implementation of the Kyoto Protocol. The issues listed in Paragraph 6 of the above-mentioned decision of CMP. 3 shall be addressed in such a way that can help enhance the implementation of the Kyoto Protocol and shall not prejudice the existing structure and provisions of the Kyoto Protocol.
3. Due to the significance of adaptation to developing countries and to the insufficiency of funding, China strongly supports expanding the source of the Adaptation Fund to include proceeds of Joint Implementation and Emissions Trading and new, additional and adequate funding is needed to enable developing countries to adapt to climate change.
4. China welcomes Annex I Parties to the Convention that are not listed in Annex B to the Kyoto Protocol to make quantified emissions reduction or limitation commitments on a voluntary basis, and believes that the existing provision of Article 21.7 of the Kyoto Protocol is adequate for the inscription commitments of Annex I Parties in the Annex B to the Kyoto Protocol.
5. Privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol are necessary for the exercise of their official duties. China is looking forward to exploring practical ways to address the issue of privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol.
6. The flexible mechanisms of the Kyoto Protocol play a positive role in helping Annex I Parties to the Convention fulfill their commitments, and should be continued in the subsequent commitment periods of the Kyoto Protocol. The second review should focus on improving the effective functioning of the flexible mechanisms of the Kyoto Protocol, in particular the Clean Development Mechanism.
7. China believes that practical measures need to be taken to minimize the adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts, which are of particular concern to all developing country Parties, in particular to those identified in Article 4, paragraphs 8 and 9, of the Convention.

PAPER NO. 3: COLOMBIA

PREPARATIONS FOR THE SECOND REVIEW OF THE KYOTO PROTOCOL PURSUANT TO ITS ARTICLE 9

Views on how the second review of the Kyoto Protocol pursuant to its Article 9 should address, in particular the issues identified by COP/MOP at its third session.

In response to the Conference invitation through CMP3 decision, Colombia presents its views specially regarding to the following issues addressed in such decision:

- a) Extending the share of proceeds to assist in meeting the cost of adaptation to joint implementation and emissions trading.

A fundamental aspect of the revision of the Kyoto Protocol must include strengthening the adaptation component and addressing the provision of new and additional financial resources for adaptation, including innovative means of funding. One example of this is extending the share of proceeds to the other flexibility mechanisms (emissions trading and joint implementation) to assist in meeting the costs of adaptation.

Pursuant Article 4 paragraph 8 of the Convention, Colombia a country with fragile ecosystems, including mountain ecosystems, considers essential to extend the 2% of the share of proceeds to the Joint Implementation and Emissions Trading flexibility mechanisms, this in order to fund adaptation costs in developing country Parties in such a way that those countries can afford enough resources to appropriately meet and address their needs in adaptation.

Also reiterating the principle of common but differentiated responsibilities, and considering the final objective of the Convention, it is necessary to enhance the adaptation component during the second review of the Protocol, keeping in mind that developing country Parties are currently facing the adverse effects of climate change, and as such they urgently require new and additional funding from other sources to meet their needs, not limited to the share of proceeds. Also recalling the decision inside the Bali Road Map about innovative means of funding to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change.

- b) The scope, effectiveness and functioning of the flexibility mechanisms, including ways and means to enhance an equitable regional distribution of clean development mechanism projects;

Considering a global and comprehensive agreement for the period beyond 2012, Colombia supports the idea to promote, increase and enhance the function of the flexibility mechanisms.

Especially regarding the clean development mechanism projects Colombia considers important to improve the criteria to define *additionality* requirement for new projects. As well as to extend the scope of methodologies for projects of similar nature.

PAPER NO. 4: NEW ZEALAND

**SCOPE AND CONTENT OF THE SECOND REVIEW OF THE KYOTO PROTOCOL
PURSUANT TO ITS ARTICLE 9**

New Zealand welcomes the opportunity to provide its initial views on how particular issues should be addressed by the second review of the Kyoto Protocol pursuant to its Article 9 (the "2nd Review").

Context

It is New Zealand's view that the 2nd Review should be focussed on making the Kyoto Protocol more effective in delivering on the objective of the United Nations Framework Convention on Climate Change (the Convention).

New Zealand further highlights the important relationship between the 2nd Review and the work of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (the AWG) and work about to begin on the Bali Action Plan under the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (the AWG-LCA). These three processes are mutually supportive, and, in order to make further progress towards the overall objective of the Convention, New Zealand considers there is a need to ensure consistency in the outcomes of these different processes.

We provide in this submission New Zealand's initial views on a number of issues, including those specified in paragraph 6 of decision -/CMP.3 (recognising that the issues listed in that paragraph are not exhaustive). In addition to those covered in this submission, we also reserve the right to bring other issues and perspectives to the table during the course of preparations and during the 2nd Review. This could include drawing on the discussion and outcomes of AWG 5.1, to be held in Bangkok in March/April 2008.

This submission also suggests a number of topics for consideration and discussion at the workshop to be held before the 28th session of the Subsidiary Body for Implementation. It also provides information that demonstrates the progress New Zealand has made in implementing its commitments under the Kyoto Protocol relating to reporting and review, the provision of financial resources and the transfer of technology.

1) Extending the share of proceeds to assist in meeting the costs of adaptation to joint implementation and emissions trading

New Zealand acknowledges the need for increasing the scale of funding for adaptation in developing countries, especially those most vulnerable to climate change. We also concur with the UNFCCC Secretariat's findings that the global cost of adaptation to climate change is difficult to estimate, largely because climate change adaptation measures will be widespread and heterogeneous¹. The Secretariat's report also finds that more analysis of the costs of adaptation at the sectoral and regional levels is required to support the development of an effective and appropriate international response to the adverse impacts of climate change.

Finance is a cross-cutting issue that is being discussed across numerous work streams, including in the AWG-LCA. As the negotiations proceed, it will be important to look across these different work streams and to make judgments about which options overall are the most effective and efficient to meet the costs of adaptation. With this in mind, work on finance issues across these parallel negotiating tracks should be organised so as to avoid duplication of effort, and to ensure consistency in the outcomes.

Within the AWG-LCA it is likely that multiple options for finance for mitigation, adaptation and technology transfer may be considered. The 2nd Review should make use of the discussions under the AWG-LCA to inform its consideration of the issue of extending the share of proceeds to Joint Implementation (JI) and

¹ UNFCCC, 2007: [Investment and Financial Flows to Address Climate Change](#).

International Emissions Trading (IET), and related financial issues. Similarly, any discussion of extending the share of proceeds to JI and IET will have implications for the AWG's work.

With the above in mind, New Zealand notes that there are various pros and cons associated with the idea of raising additional adaptation funding through extending the "share of proceeds" levy (which currently applies solely to Clean Development Mechanism (CDM) projects) to JI and IET. These include:

- Pegging adaptation funding to market instruments would respond to calls from developing countries that future finance move away from the development assistance framework. Extending the levy to JI and IET could also provide a broader base of funding for adaptation and ensure a continued source of revenue as the role of the flexible mechanisms evolves under a post-2012 global framework.
- However, such an approach may not prove to be a more predictable and sustainable source of funds because of market supply/demand and price uncertainty beyond 2012. Market volatility may also be exacerbated by administrative delays (as has been experienced with the CDM project pipeline). Extending the levy could also distort market price signals and dampen investment in mitigation projects.

New Zealand supports further consideration of this idea and its associated issues, including drawing on any empirical evidence from experience with the CDM. This consideration should be undertaken in step with, and mindful of, negotiations under the AWG-LCA on finance and adaptation and under the AWG.

2) Relevant procedural elements for inscribing commitments for Annex I Parties in Annex B of the Kyoto Protocol

As stated in its previous submission to the Secretariat (FCCC/KP/CMP/2007/MISC.2), New Zealand supports the goal of providing opportunities for Parties to contribute to achieving the ultimate objective of the Convention. For those countries that wish to contribute to greenhouse gas emission reductions or limitations, the process through which they can join Annex I should be made as simple and straightforward as possible.

New Zealand notes that the tacit acceptance process used in the Gothenburg Protocol (a Protocol to the 1979 Convention on long-range transboundary air pollution to abate acidification, eutrophication and ground-level ozone) has been suggested as a possible model. New Zealand considers that a similar process to enable Parties to take on quantitative greenhouse gas emission reductions or limitations under Annex B of the Protocol may be an avenue worth exploring in the 2nd Review.

A tacit acceptance process is already established under Article 21 of the Kyoto Protocol for amendments to any Annexes of the Protocol other than Annexes A and B. It would be important to consider the possible broader implications of extending the tacit acceptance process to Annex B, including any implications for Parties already listed in Annex B.

3) Privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol

Decision 9/CMP.2 authorizes the Executive Secretary to take action to minimize the risk of claims against individuals serving on constituted bodies, and to provide advice and assistance to them. It does not, however, address the underlying issue of privileges and immunities for individuals serving on such bodies.

New Zealand is of the view that an effective, legally sound, and long-term solution to this issue is necessary to ensure that individuals serving on constituted bodies are able to perform their official functions independently, effectively and with certainty. New Zealand therefore supports addressing this issue in the 2nd Review, and looks forward to working with other Parties to find a workable solution.

4) The scope, effectiveness and functioning of the flexibility mechanisms, including ways and means to enhance an equitable regional distribution of clean development mechanism projects

New Zealand has long been an advocate for international emissions trading mechanisms as a means to enable Parties to meet their emission reduction commitments at least cost.

While the flexible mechanisms form the building blocks of the international carbon market these mechanisms also underpin the design of domestic and regional trading schemes (both existing and proposed) in a number of Annex I Parties. The mechanisms also provide a critical linking mechanism between these emerging schemes.

In New Zealand, draft legislation is currently being considered with the objective to introduce a domestic New Zealand Emissions Trading Scheme (NZ ETS) in mid 2008. A NZ ETS would be a relatively small market and consequently the proposed NZ ETS relies heavily on being able to utilise the flexible mechanisms to ensure liquidity in the domestic market and to ensure least cost compliance opportunities. Consequently the importance of a stable supply of high quality verifiable 'emission reduction credits' is of increasing relevance both to the New Zealand Government and private sector participants in the New Zealand scheme.

In New Zealand's view, these, or similar, mechanisms must be a fundamental component of any future framework. However, as trading in these markets is fast evolving, now representing a multi-billion dollar industry, and as Annex I Party experience of these markets increases, careful consideration needs to be paid to if and how the rules, procedures and capabilities associated with these trading mechanisms can be improved.

International Emissions Trading (Article 17 of the Kyoto Protocol)

Article 17 and the rules for trading of Assigned Amount Units (AAUs) has significance for Annex I Parties both from an international and domestic policy perspective. As Parties develop domestic and regional emissions trading regimes, rules for the trading of emission allowances between Parties become of increasing importance for linking these schemes and achieving greater economic efficiencies.

In New Zealand's view improvements are needed to ensure that the international trading system is more fungible (i.e. that there is greater convertibility between different units of trade) and transparent.

Specific issues, relating to international emissions trading, which need to be addressed in the 2nd Review include:

- **Trading AAUs:** At present the market for trade in AAUs lacks transparency with few reported trades and very little information on prices of these transactions (this may well improve as we move further into the first commitment period). Parties should consider whether there is a need to improve transparency.
- **Banking AAUs:** New Zealand supports the banking of units between commitment periods. However, the allocation of AAUs to Parties in any future commitment period should not be determined by the number of units which Parties chose to bank from the previous period. This will ensure Parties do not flood the market at the end of each commitment period with cheap units.
- **Commitment Period Reserve:** The Commitment Period Reserve (CPR) is a mechanism designed to prevent over-selling by Parties. It requires a net buying Party such as New Zealand to hold 90% of its assigned amount in its registry at any point in time throughout the first commitment period. Parties such as New Zealand who have implemented, or are in the process of designing, Kyoto compatible domestic emission trading schemes, need to build this constraint into their domestic rules. In New Zealand's view, it is appropriate to re-address whether the level at which the CPR is currently set has any adverse effects on the efficiency of the international carbon market and domestic trading schemes.

Clean Development Mechanism (Article 12 of the Kyoto Protocol)

New Zealand considers that the CDM or a similar international offsets mechanism must continue to be a fundamental component of any future international framework to continue financing investment in low cost

abatement opportunities in developing countries and in helping countries with commitments to fulfil these at least cost. The CDM also increasingly has a critical role as the primary 'currency' to establish linkages between trading schemes in respective Parties.

The CDM is widely acknowledged as one of the successes of the Kyoto Protocol, and it is now a multi-billion dollar global market mechanism driving significant levels of investment in activities that are reducing emissions and contributing to sustainable development objectives in developing countries. Nevertheless criticisms of the CDM remain. There are substantial concerns as to the extent to which these financial flows from Annex B countries to developing countries are generating real, additional, and verifiable emission reductions. At the same time, there are concerns about the perceived administrative complexity of the CDM process and time lags and uncertainties in the project approval process. The CDM Executive Board is charged with the task of meeting these often conflicting concerns about environmental integrity on the one hand and at the same time ensuring a predictable, transparent process for approving projects on the other.

Specific issues that New Zealand would like to see discussed in the 2nd Review are:

- Does the CDM Executive Board and in particular the Operational Entities have the capability to perform their respective roles in view of the increasing demands being placed upon them?
- What are the opportunities (and existing barriers) to encouraging a greater distribution of CDM projects across source and sink activities? Greater coverage of CDM project activities is consistent with identifying opportunities for least cost abatement and promoting the sustainable development objectives of the CDM mechanism and technology transfer commitments to developing countries.
- To what extent are the sustainable development objectives being met? Noting that the determination of the extent to which sustainable development objectives are met is in the hands of host countries.
- Are review procedures achieving the right balance between the need to ensure environmental integrity on the one hand and the need to efficiently process project approvals on the other?
- What are the opportunities to further encourage a transition from project based activities to programmatic and sectoral based approaches?
- How can we avoid creating disincentives for developing countries to take autonomous action, including through the Bali Action Plan?

Joint Implementation (Article 4, Article 6 of the Kyoto Protocol)

Joint Implementation can be a useful mechanism to incentivise emission reductions in Annex 1 countries where comprehensive domestic policy is yet to be developed. Investment in domestic projects will provide many positive social and economic spill-overs, especially in less-developed Annex 1 countries. We would therefore want to see continuation of JI or another similar mechanism in a future framework and support its discussion in the context of the 2nd Review.

As with the CDM, New Zealand would support an expansion in the scope of JI, to ensure that the least cost abatement opportunities are realised. Further guidance from the Joint Implementation Supervisory Committee (JISC) on baseline setting and small-scale project methodologies would also assist in expanding the opportunities that JI could provide. With respect to the functioning of the JISC, New Zealand is encouraged by the transparent nature in which the committee conducts its work, and understands the need for adequate financing - in particular for the development of methodologies and accreditation.

5) *The minimization of adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially*

developing country Parties and in particular those identified in Article 4, paragraphs 8 and 9, of the Convention, taking into account Article 3 of the Convention

This submission focuses on the minimization of adverse effects on international trade, and social, environmental and economic impacts on other Parties.

In this context, New Zealand proposes a set of six principles that it considers should help guide the consideration of paragraph 6 (e) of decision -/CMP.3 and more broadly the 2nd Review:

1. Aim for **mutual supportiveness of international climate change, trade, development-related action**. This should include coherence and compatibility between international measures to address climate change and established principles and commitments under the World Trade Organisation (WTO).
2. The need for an **effective multilateral response**. New Zealand considers that one key way of minimising any adverse effects of climate change, and of policies designed to combat climate change, is to work actively to ensure that any trade measures developed and implemented as part of an international policy response to climate change reflect a wider international consensus.
3. The future design of international measures to address climate change should be **based on rigorous and sound scientific evidence**. For example, we would note that there is not, as yet, any internationally-recognised standardised approach to measuring the greenhouse gas profile of goods and services, although this is an area of considerable research focus, including in New Zealand.
4. In considering the future effectiveness of the Kyoto Protocol, New Zealand considers it will be important to address the issues of **competitiveness** and **carbon leakage** that may be suffered by those Parties which choose to 'internalise' the cost of carbon in their own economies, including through carbon pricing, when other economies do not face such a cost.
5. Adoption of **first-best policy approaches**, in order to minimise the potential for perverse economic outcomes or unnecessary trade distortion.
6. Acknowledgement of the role that **other processes** outside of the Convention and its Kyoto Protocol have to play, noting in particular the WTO Doha negotiation on environmental goods and services.

Climate change and subsidies

Subsidies are one trade-related aspect in considering how to address climate change in the future. Subsidy reform, however, carries the risk of both economic and social impacts. New Zealand considers that there needs to be structured consideration of the inter-relationship between international trade, environmental, social and economic impacts in a way that may help shed light on the way in which subsidy reform may lift mitigation efforts, given the current situation, in which:

- Total fossil fuel subsidies by OECD economies: > US\$60 billion
- Total fossil fuel subsidies in non-OECD countries: > US\$90 billion
- Total subsidies for renewable energy sources in OECD countries, are <US\$30 billion, while in developing countries the figure is negligible.

More than 60 per cent of all subsidies flow to oil, coal and gas. A recent report by the United Nations Environment Programme estimated that removing fossil fuel subsidies could cut emissions of carbon dioxide by 5-6 per cent a year.

New Zealand considers that policies to reform subsidies should be considered and presented in a manner that could assist policy makers working in this area. One option may be to seek to develop a set of 'best practice' guidelines for subsidy reform. New Zealand is ready to contribute in this area based on its own experience of subsidy reform.

6) Exploring the nature of future commitments under the Kyoto Protocol

One of the principal drivers of UN-based work on climate change is to develop more effective international action to reduce greenhouse gas emissions. This is an overriding aim for the 2nd Review, and for the AWG and AWG-LCA. Providing scope for countries to make contributions to international mitigation efforts in ways that make sense for them is an important component of this. As is ensuring comparability of effort between countries. With this in mind, New Zealand considers the 2nd Review should explore options for ways in which Parties can make commitments other than simply quantified emission limitation or reduction commitments per country. The 2nd Review should give consideration, for example, to sectoral or intensity-based commitments, and what role they could play in forming part of a new and broader package of commitments for the future. This has links to the Bali Action Plan where cooperative sectoral approaches and sector-specific actions to enhance implementation of the Convention are to be addressed.

Suggested topics for consideration and discussion at the proposed workshop to be held before the 28th Subsidiary Body for Implementation

New Zealand suggests a number of topics be considered and discussed at the workshop:

- Relevant procedural elements for inscribing commitments for Annex I Parties in Annex B of the Kyoto Protocol. This could include a presentation on tacit acceptance, and subsequent discussion of the possible implications of extending the tacit acceptance process to Annex B.
- Exploring the nature of future commitments under the Kyoto Protocol. This could consider options for Parties to make commitments other than simply quantified emission limitation or reduction commitments, and what role such commitments could play in assisting the formation of a new and broader package of commitments for the future.
- Subsidies and climate change, with the aim to develop a set of 'best practice' guidelines for subsidy reform.

There may be other relevant topics identified for the workshop following AWG 5.1 in Bangkok.

Information that demonstrates progress made in implementing their commitments under the Kyoto Protocol relating to reporting and review, the provision of financial resources and the transfer of technology

Decision -/CMP.3 invites Annex I Parties to provide information that demonstrates progress made in implementing their commitments under the Kyoto Protocol relating to reporting and review, the provision of financial resources and the transfer of technology. The following provides information in addition to that found in New Zealand's report on demonstrable progress and its 4th national communication.

As part of its 4th national communication, New Zealand submitted in 2006 its report on demonstrable progress under Article 3.2 of the Kyoto Protocol². The report on demonstrable progress was reviewed in conjunction with the 4th national communication³ (section III of FCCC/IDR.4/NZL refers). New Zealand would like to take this opportunity to inform Parties of progress in **reporting** since submission of the above report. New Zealand submitted its Initial Report under the Kyoto Protocol in September 2006. The national system for the greenhouse gas inventory, the national registry, and the 1990 (base year)

² <http://www.mfe.govt.nz/publications/climate/national-communication-2006/index.html>

³ Section III of FCCC/IDR.4/NZL refers (see: <http://unfccc.int/resource/docs/2007/idr/nzl04.pdf>)

greenhouse gas inventory was reviewed by an expert review team in February 2007. The expert review report⁴ concludes that:

- “New Zealand’s GHG inventory is consistent with the Revised 1996 IPCC Guidelines and the IPCC good practice guidance, and adheres to the reporting guidelines under Article 7 of the Kyoto Protocol”.
- “New Zealand’s national system is prepared in accordance with the guidelines for national systems under Article 5, paragraph 1, of the Kyoto Protocol and reported in accordance with the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol”, and
- “New Zealand’s national registry is fully compliant with the registry requirements as defined by decisions 13/CMP.1 and 5/CMP.1”.

These significant developments allowed New Zealand to be one of the first four Parties to be eligible to participate in the Kyoto Protocol mechanisms. New Zealand’s registry was operational on January 1, 2008.

New Zealand has consistently submitted a national greenhouse gas inventory to the UNFCCC Secretariat within six weeks of April 15th, as required under decision 15/CMP.1. New Zealand also contributes significantly to the international inventory review process, by funding several reviewers annually.

In addition to the reporting required under the Convention and Kyoto Protocol, New Zealand has produced annual updates of New Zealand’s projected balance of units for the first commitment period of the Kyoto Protocol⁵. The projected net deficit of units is recognised in New Zealand’s Crown Accounts as a financial liability. Recognition of the liability further demonstrates New Zealand’s commitment to meeting our emission limitation and reduction commitment inscribed in Annex B of the Kyoto Protocol.

New Zealand would also like to update Parties on **policies and measures** that are additional to those documented in the Report on Demonstrable Progress. New Zealand is developing a New Zealand Emissions Trading Scheme⁶ (NZ ETS) which will progressively include all sectors of the economy and all gases, thereby introducing a price for carbon across the whole economy.

The NZ ETS is one part of the government’s broader climate change, sustainable development and economic transformation agendas. Climate change considerations have also been integrated into key sectoral strategies (including energy, transport and sustainable land management). The New Zealand government announced in September 2007 a number of goals for moving toward a carbon neutral New Zealand:

- By 2025, 90 per cent of our electricity generation will be from renewable sources.
- By 2040, our per capita transport greenhouse gas emissions will be half of those in 2007
- We will be one of the first countries in the world to widely deploy electric vehicles.
- We will remain a world leader in agricultural emissions reduction research, and in the early adoption and application of new technologies and processes that reduce agricultural greenhouse gas emissions.
- By 2020, we will achieve a net increase in forest area of 250,000 hectares of that in 2007.

These goals are based on the proposed NZ ETS as well as other policies and the development of new technologies. Already many steps have been taken to support these goals:

- New Zealand has developed a New Zealand Energy Efficiency and Conservation Strategy (NZECS)⁷ and a New Zealand Energy Strategy to 2050 (NZES)⁸.

⁴ FCCC/IRR/2007/NZL (see: <http://unfccc.int/resource/docs/2007/irr/nzl.pdf>)

⁵ <http://www.mfe.govt.nz/publications/climate/projected-balance-emissions-sep07/html/page1.html>

⁶ See www.climatechange.govt.nz for details

⁷ <http://www.eeca.govt.nz/about/national-strategy/nzeecs-index.html>

⁸ http://www.med.govt.nz/templates/MultipageDocumentTOC____31948.aspx

- A biofuel sales obligation requires 3.4 per cent of the total fuel sold by oil companies to be biofuel by 2012.
- New Zealand has also implemented an integrative sustainability programme (www.sustainability.govt.nz), an Energy Wise Homes (www.energywise.org.nz) and a Smarter Homes programme, a Fuel Saver (Fuel\$aver) and a Reduce Rubbish (www.reducerubbish.govt.nz) program.
- The public service aspires to be carbon neutral and has new sustainable procurement guidelines.
- The Communities for Climate Protection programme now covers 80% of the New Zealand population.

In November 2007 New Zealand launched the **Livestock Emissions Abatement Research Network** or LEARN (www.livestockemissions.net). LEARN is an international research network that enables researchers from all Parties to exchange their research and work together to enhance global efforts to improve the understanding, measurement and monitoring of non-CO₂ greenhouse gas emissions from livestock agriculture with the objective of facilitating the development of cost effective mitigation technologies and practices. Currently there are participants from 25 countries involved in LEARN. This idea was first raised at side events on animal agriculture and land use at the United Nations Climate Change meeting held in Bonn in May 2007. The LEARN partnership is consistent with Articles 10 (a), (c) and (e) of the Kyoto Protocol.

To underpin the LEARN network New Zealand has established the LEARN Fellowship Programme to enable developing country researchers to work within New Zealand research institutes on short term research fellowships. This Programme is designed to strengthen capacity building in developing countries and to train experts in the field of livestock greenhouse gas emissions. This is consistent Article 10 (e) of the Kyoto Protocol.

New Zealand has made available new and additional funding to establish LEARN and support its activities, including the LEARN Fellowship programme, regular expert workshops and to support developing country participation in these activities. This is consistent with our commitments under Article 11.2 (a) and (b) of the Kyoto Protocol. There is also scope for other Parties to contribute funding to LEARN and its activities.

PAPER NO. 5: NORWAY

ARTICLE 9 REVIEW

Norway welcomes the opportunity to submit to the secretariat our views on scope and content of the second review of the Kyoto Protocol pursuant to its article 9 and welcomes the conclusions from CMP3 that the preparations for the second review should be streamlined with relevant activities under the Kyoto Protocol and the Convention with a view to avoiding duplication of work. It is our hope that the review at the CMP4 in Poznan will give valuable input in the processes for achieving positive outcomes at CMP5 in Copenhagen in 2009.

In our submission on further commitments for Annex I parties Norway referred to our international climate change policy that includes working towards achieving a Kyoto agreement that covers greenhouse gas emissions from international aviation and maritime transport as well as all emissions from land use, land-use change and forestry (LULUCF) activities, making it possible for Annex I Parties to reach their emission reduction targets by supporting mitigation efforts in these sectors. It is our belief that inclusion of these sectors is essential to ensure that the increase in global mean temperature stays below 2 degrees Celsius. Measures undertaken in the LULUCF sector and international transport should come in addition to stronger mitigation efforts in other sectors. Norway further supports expanding the carbon market to include larger parts of the economy. Norway is committed to achieve results on these matters in the work undertaken by the Ad Hoc Working Group on further commitments for Annex I Parties, and would like to refer to our submission in that regard. It is stated in the CMP3 decision on the scope and content of the second review of the Protocol that the secretariat shall provide information by October 2008 regarding the AWG's work on these issues. Norway would like the article 9 review pre-session workshop before the CMP 4 to cover, inter alia, the topics in this information note. Consistency with work undertaken by the AWGLCA should also be ensured.

Norway recognises the needs for predictable means to finance adaptation, and we therefore further welcome discussions on how to meet costs of adaptation. We prefer analysing different possible means on financing adaptation before deciding the outcome. As indicated in our submission under the Bali Action Plan, one source of revenue that it is important to further elaborate on, is auctioning of permits. Even a small percentage of auctioning would generate a large source of finance. Financing adaptation should be based on studies of actual adaptation needs, a core issue that will be addressed by the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWGLCA). Consistency between these discussions and similar discussions undertaken in the review of the Protocol should be ensured.

At the first article 9 review workshop, organized before SBI 28, Norway would like to see discussions on how to simplify relevant procedural elements for inscribing commitments in Annex B of the Kyoto Protocol. In addition, Norway suggests that the workshop includes discussions on how to improve the functioning and the effectiveness of the Kyoto mechanisms.

On information that demonstrates progress made in implementing commitments under the Kyoto Protocol we refer to our national communications.

PAPER NO. 6: RWANDA

SECOND REVIEW OF THE KYOTO PROTOCOL

For effectiveness and functioning of the flexibility mechanisms, there is a need of reviewing the long procedures for CDM Projects preparation in order to enhance an equitable regional and geographical distribution of CDM projects taking into account developing countries most vulnerable to climate change effects, particularly African Countries:

According to the World Meteorological Organisation (WMO), the last six years (2001 to 2006) were among the seven warmest recorded worldwide since 1861 and the 4th report of the IPCC suggests that we should expect an increase in the frequency and severity of heat waves, droughts, bush fires, tropical cyclones, floods and storms surges in many parts of the world. Scientists also predict more extensive damage and economic, social and environmental consequences as a result of weather-related disasters. Therefore,

- the rapid post-disaster or even pre-disaster support and the establishing of the climate risk insurance for an increasing number of people affected by natural disasters in Africa and other developing countries are to be taken into consideration during the second review of the Kyoto Protocol. The funds for the climate risk insurance can be raised from the self-financing climate regime, where the polluter should pay according to the principle of “Polluter pays”.

PAPER NO. 7: SAUDI ARABIA

SECOND REVIEW OF KYOTO PROTOCOL PURSUANT TO ITS ARTICLE 9

INTRODUCTION

The Conference of Parties serving as Meeting of Parties at its Third Session invited Parties and relevant organizations to submit to the secretariat, for compilation and synthesis, their views on how the issues, agreed for the review, should be addressed in the second review (FCCC/KP/CMP/2007/L8). Saudi Arabia welcomes the opportunity to submit views on the second review of Kyoto Protocol pursuant to Article 9.

VIEWS

It was agreed that the second review of Kyoto Protocol pursuant to Article 9 will be focused on five areas. The views will be expressed with regards to the five specified areas. It should be noted that no extraneous issues or ideas should be brought from any party as part of this review.

- a) Extending the share of proceeds to assist in meeting the costs of adaptation to joint implementation and emissions trading;

The current financing for adaptation through share of proceeds from CDM is mainly coming from projects in developing countries. This is contrary to the principle of common but differentiated responsibilities. Annex I parties must have a major role in such financing. Thus the financing through share of proceeds from joint implementation and emission trading is essential for the future elaboration of the Kyoto Protocol.

This is with regards to the adaptation fund. Any additional resources that could be brought into the fund will enhance the effectiveness of the fund in addressing the needs of developing countries to adapt to climate change and the impact of response measures. Getting a share of the proceeds from Joint Implementation projects to help elevate of input to the adaptation fund is a good idea that should be addressed and pursued. With regards to the share of proceeds from emission trading, in principle, the idea is also good as it aims to increase the level of input to the adaptation fund. The application has to be carefully addressed in terms of scope, that the share of proceeds that are available come from Annex I emission trading. Implementation of a share of proceeds from emission trading should not imply a change in the scope of this mechanism within industrial countries.

- b) Relevant procedural elements for inscribing commitments for Annex I Parties in Annex B of the Kyoto Protocol;

If there are any procedural difficulties for inscribing commitments for Annex I Parties in Annex B of the Kyoto Protocol, such difficulties should be addressed and streamlined. It is our understanding that there are no difficulties in this issue. Inscription procedures for Annex I are clearly outlines in the convention. Annex I Parties of the Convention need to submit an official request to join Annex B of the Kyoto Protocol. We are not aware of follow up difficulties. Any enhancement to the procedures must be limited to Annex I parties, and not undermine the agreed framework.

- c) Privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol;

The review should address any concerns raised by serving on bodies established under the Kyoto Protocol with regards to privileges and immunities. The review should also address any concerns or issues raised by private or public legal entities involved in the mechanisms established pursuant to Articles 6, 12 and 17 of the Kyoto Protocol, to minimize the risks of disputes, complaints and claims against individuals serving on constituted bodies established under the Kyoto Protocol. It should be noted that Parties have always had the sovereign authority to establish arrangements relating to privileges and immunities according to their respective national legislation. This should not change under any review.

- d) The scope, effectiveness and functioning of the flexibility mechanisms, including ways and means to enhance an equitable regional distribution of clean development mechanism projects;

The flexibility mechanisms are designed to assist Annex B Parties in meeting their commitments. The clean development mechanism is also designed to have the added benefits of supporting sustainable development in developing countries. In general, the scope of CDM should be inclusive to incorporate any projects that have a positive mitigation result. The inclusion of carbon capture and storage under CDM is an essential component that helps towards meeting the goals of the flexibility mechanisms. Equal geographical distribution is another important issue under CDM. While approving projects, equal and fair shares of projects should be approved from different geographical regions. It should not be subject to merely the volume of projects submitted by a particular region.

- e) The minimization of adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties and in particular those identified in Article 4, paragraphs 8 and 9, of the Convention, taking into account Article 3 of the Convention;

Minimizing the impact of the implementation of the commitments under Article 3 Paragraph 1 of the Kyoto protocol is a development concern. Such impacts affect all developing countries with varying levels of implications. Annex 1 parties shall take fully into account the consequences of their actions on developing countries, and are to strive to prevent and minimize the adverse social, environmental and economical impacts of these actions on developing countries, and how policies and measures in developed countries will have an impact on international trade.

The review should focus on moving forward on the implementation of the Article 2.3. The review must examine policies and measure and their implication on developing countries in accordance with the commitments provided for in Article 2.3. Furthermore, the review should develop necessary tools to implement Article 2.3 including through methodologies, reporting requirements, review requirements, and compliance procedures. All these issues must be addressed through this second review of Kyoto Protocol pursuant to Article 9.

PAPER NO. 8: UKRAINE

Ukraine presents its view about possibility to use shares of joint implementation projects proceeds and ERUs trading as sources for Adaptation Fund (decision 3 – Para 6 (a) Meeting of the Parties of the Kyoto Protocol on second review of the Kyoto Protocol pursuant to its Article 9).

Analysis of the progress on JI projects implementation shows that activities based on the JI projects are not widely spread yet, compared to CDM projects activities.

To the 1 March, 2008, JI Supervisory Committee has registered only one JI project. At the same time CDM Committee has registered 948 projects, 58 projects are requesting registration, and the total portfolio contains 3000 names of projects. 126 626 880 CERs were issued and 134 310 153 total CERs were requested.

JI mechanism has not become a significant investment source for economy modernization in Ukraine. Any ERUs have not been registered and issued.

We should mention that any additional taxes or fees on potential proceeds of ERUs will make worse financial characteristics of JI projects and decrease the number of projects. In this case, it will be difficult to meet additionality requirements.

JI projects will be attractive only if ERUs get the same status as CERs produced by CDM projects.

ERUs liquidity is influenced by uncertain status of JI mechanism on the next commitment period and unclear opportunities on issuing of ERUs by JI projects started on the first commitment period after 2012.

Projects under Green Investment Scheme (GIS) are very similar to JI projects by their structure and realization approach. The main differences are additionality requirement for JI project and AAUs greening by GIS projects.

Issued AAUs should be confirmed by ERUs generated by GIS project.

Unfortunately, GIS is not implemented in any country of the world and it is evident that “green” projects have not become an investment source for Ukrainian economy.

Obviously, the discussion on extending the share of joint implementation and emissions trading proceeds to Adaptation Fund is ahead of time.

Taking into account all mentioned before, Ukraine could not support proposition to consider JI and GIS projects as a funding source for Adaptation Fund.

Ukraine recognize the problem on extending funding base of Adaptation Fund and is ready to facilitate seeking of other available sources, taking into account development problems of countries in transition.
