

The following text highlights the key decisions pertaining to the Kyoto Mechanisms and identifies issues where further work is underway by the UNFCCC subsidiary bodies and the Executive Board of the Clean Development Mechanism.

B. THE KYOTO MECHANISMS

1. The Clean Development Mechanism (Article 12 of the Kyoto Protocol)

The Clean Development Mechanism (CDM) is a project based mechanism that allows public or private entities to invest in greenhouse gas (GHG) mitigating activities in developing countries and earn abatement credits, which can then be applied against their own GHG emissions or sold on the open market. In addition to reducing emissions, CDM projects have the dual objective of contributing to the sustainable development of the host country.

1.1 CDM Governance

Under the Kyoto Protocol, the Conference of the Parties serving as the Meeting of the Parties (CoP/MoP), the Executive Board (EB), and the designated Operational Entities (OE) are key to the governance of the CDM. Separated by their tasks and responsibilities, each of these institutions is essential for the smooth and equitable functioning of the CDM.

The CoP/MoP

The CoP/MoP, composed of delegates from Parties to the Kyoto Protocol, has the overall authority over matters pertaining to the CDM, in that it will provide guidance to the Executive Board, make decisions on its rules of procedure, and see to an equitable distribution of the CDM projects amongst non-Annex I countries.

The CDM Executive Board

The Executive Board (EB) is a 20 member (10 members and 10 alternate members) supervisory body of the CDM established at COP 7 in Marrakech. The composition of its members and alternates is based on a formula that includes members from each geographic region, including one from the Association of Small Island States and two additional members from each of the Annex I and non-Annex I countries respectively. The Executive Board shall meet no less than three times per year.

The mandate of the CDM Executive Board includes:

1. Approving new methodologies for baselines and monitoring.
2. Accreditation of the Operational Entities.
3. Project registration.
4. Issuance of CERs.
5. Reporting on the regional distribution of CDM activities.
6. The development and maintenance of a repository of approved rules and a