

Furthermore the EU and other Parties reaffirm the need for an early agreement of the CoP on the determination of the part of the emission limitation and reduction commitment under Article 3 that can be met through certified emission reductions accruing from CDM projects in accordance with Article 12.3 (b) of the Kyoto Protocol.

The EU and other Parties believe that any Party in transferring or acquiring emission reductions through Joint Implementation, Clean Development mechanism, or Emissions Trading must meet certain eligibility requirements. Each such Party must:

- have ratified the Kyoto Protocol,
- be bound by a compliance system adopted by CoP/MoP, and
- be in compliance with its reporting commitment under Article 12 of the Convention.

An Annex I Party shall also be in compliance with its commitments under Articles 5 and 7 of the Kyoto Protocol as set out in our various submissions.

The EU and other Parties believe that legal entities may take part in the operation of the Kyoto mechanisms subject to guidance by and approval of the Parties involved.

The EU and other Parties envisage that the operation of Joint Implementation and the Clean Development Mechanism could involve a similar two step approach through, first, validation of projects and, second, certification of emission reductions. Validation will require project participants to provide specific information on the project activity, and must take place before the resulting emission reductions may be certified. Certification of emission reductions will take place after the emission reductions have occurred and will ensure that the reductions are additional, real, measurable and long-term. The independence of operational entities will be crucial in ensuring this. Validating and certifying operational entities shall be institutionally and economically independent from, and not entitled to participate in, the identification, development or financing of any project.

In the view of the EU and other Parties adaptation projects funded under the provision of Article 12.8 of the Protocol, must be consistent with relevant international agreements and internationally agreed programmes of action for sustainable development. They shall be country driven and in conformity with the individual Party's sustainable development strategies and priorities and shall be implemented in a cost-effective manner.

The EU and other Parties are of the view that an Annex B Party which authorises legal entities to participate in Emissions Trading under its responsibility must maintain a national system for accurate monitoring and verification and a publicly accessible national registry recording all relevant details.