

**DRAFT****Annex 31****CONCEPT NOTE ON RECORDING HOST PARTIES IN CERTIFIED EMISSION REDUCTIONS ISSUED FOR PROGRAMMES OF ACTIVITIES****(Version 01.0)****I. Background**

1. According to decision 3/CMP.1, Appendix D, each certified emission reduction (CER) has a unique serial number composed of several identifiers, including the *Party-of-origin identifier* and the *project identifier*.
2. The Party-of-origin identifier carries information about the host Party. Assigning a Party-of-origin identifier for regular project activities is straightforward because these have one host Party (with rare exceptions). In other words, there is a one-to-one relationship between the host Party and the CER Party-of-origin. In contrast, programmes of activities (PoAs) may have multiple host Parties according to the number of Parties hosting component project activities (CPAs).
3. The project identifier carries information about the project activity or PoA reference number.

**II. Assigning Party-of-origin and project identifiers for CERs issued for PoAs**

4. In the case of PoAs, the project identifier in the CER serial number would identify CERs issued for a specific PoA, but would not distinguish the specific CPA from which the emission reduction or removal originated. This is consistent with the market generally not needing to distinguish between CERs for emission reductions or removals achieved.
5. However, there is a need to distinguish between CERs originating from different host Parties. This information can be carried in the Party-of-origin identifier in CER serial numbers, if this identifier is used to identify the host Party of the specific CPA from which the CER originates. While a PoA can be expected in practice to have multiple host Parties, a CPA will generally be hosted by only one Party.
6. It is therefore recommended that the serial numbers of CERs issued for PoAs should identify the host Party of the CPA, through the use of the Party-of-origin identifier for this purpose. This solution is considered the most feasible option, as further extensions to serial numbers would require major changes in the functionality of the international transaction log (ITL) and national registries of Annex I Parties. This solution is also considered to be relevant to market needs, particularly with regard to facilitating the distinction between CERs on the basis of the host Party.

**III. Other related issues**

7. As mentioned in paragraph 2 above, in rare exceptions, individual project activities, CPAs or bundled small-scale (SSC) project activities may have more than one host Party. Although this situation is not excluded by the rules of the clean development mechanism, only several instances have arisen so far. The technical issue of how emission reductions or removals should be allocated and recorded across such multiple host Parties is more difficult than the situation of PoAs with multiple host Parties, and is as yet unresolved (and would remain unaffected by the solution identified in paragraph 6 above). A separate analysis and proposal in this regard could be made to the Board at a later meeting.

**DRAFT****IV. Expected outcome from the Board's consideration**

8. The Board may wish to:
- (a) Confirm that serial numbers of CERs issued for PoAs should identify the host Party of the CPA through the use of the Party-of-origin identifier;
  - (b) Request the secretariat to continue work on its information systems and the CDM registry on this basis, in collaboration with the administrator of the ITL, in order to be able to support the issuance of CERs for PoAs;
  - (c) Request the secretariat to prepare an analysis and proposal on how to record the host Party originating emission reductions or removals in cases in which individual project activities, CPAs or bundled SSC project activities have multiple host Parties.

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**History of the document**

Version	Date	Nature of revision
01.0	EB 66, Annex # # March 2012	Initial Adoption
<b>Decision Class:</b> Operational, Regulatory <b>Document Type:</b> Information Note <b>Business Function:</b> Registration, Issuance		