

Flexible Mechanisms

The Kyoto Protocol provides for 3 market-based instruments („Flex Mex“):

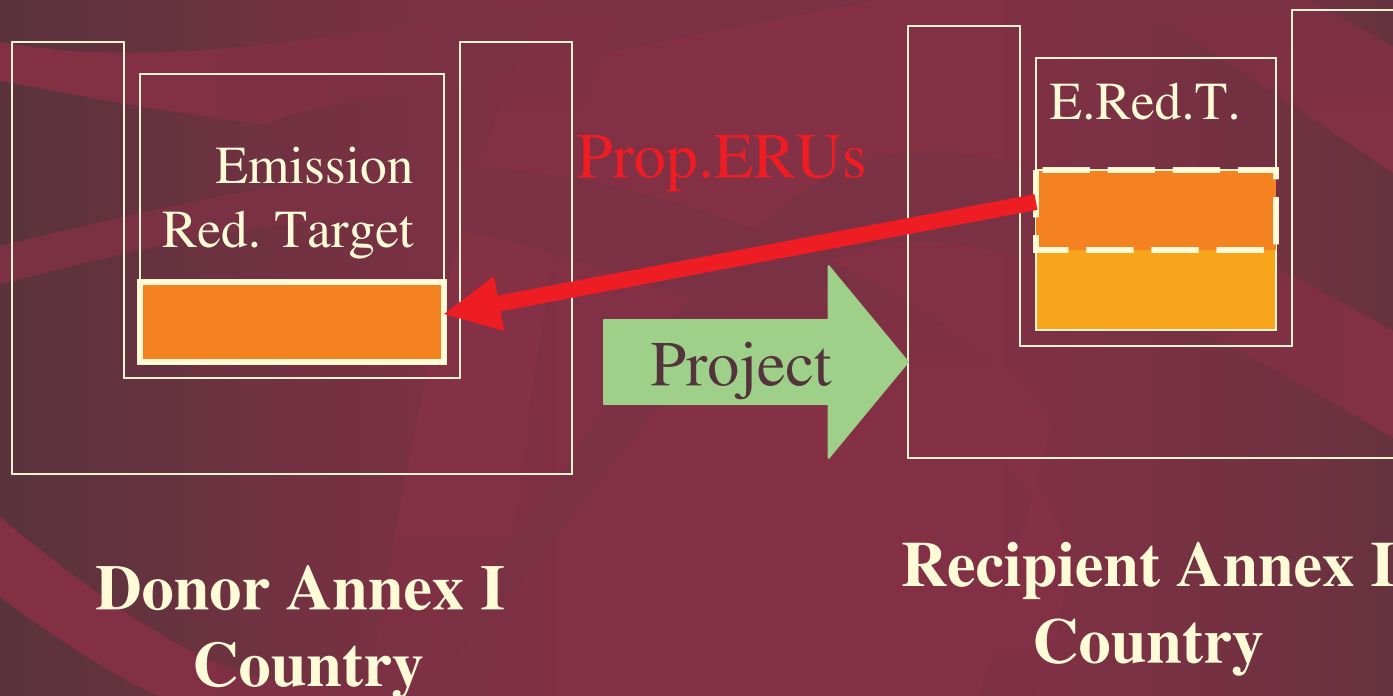
1. *Joint Implementation (Article 6)*
 2. *Clean Development Mechanism (Article 12)*
 3. *Emissions Trading (Article 17)*
- Principle: The emission reductions to be achieved by Annex I countries are measured in Emission Reduction Units (ERUs). The Flex Mex provide an instrument for countries to exchange ERUs amongst each other.

Flexible Mechanisms

- *Joint Implementation:* A certain number of ERUs are achieved by means of a pertinent project in a recipient Annex I country, funded by a donor Annex I country. These ERUs are divided between the two countries in accordance with a prior agreement and are credited to each country's emission reduction target.

Flexible Mechanisms

Joint Implementation

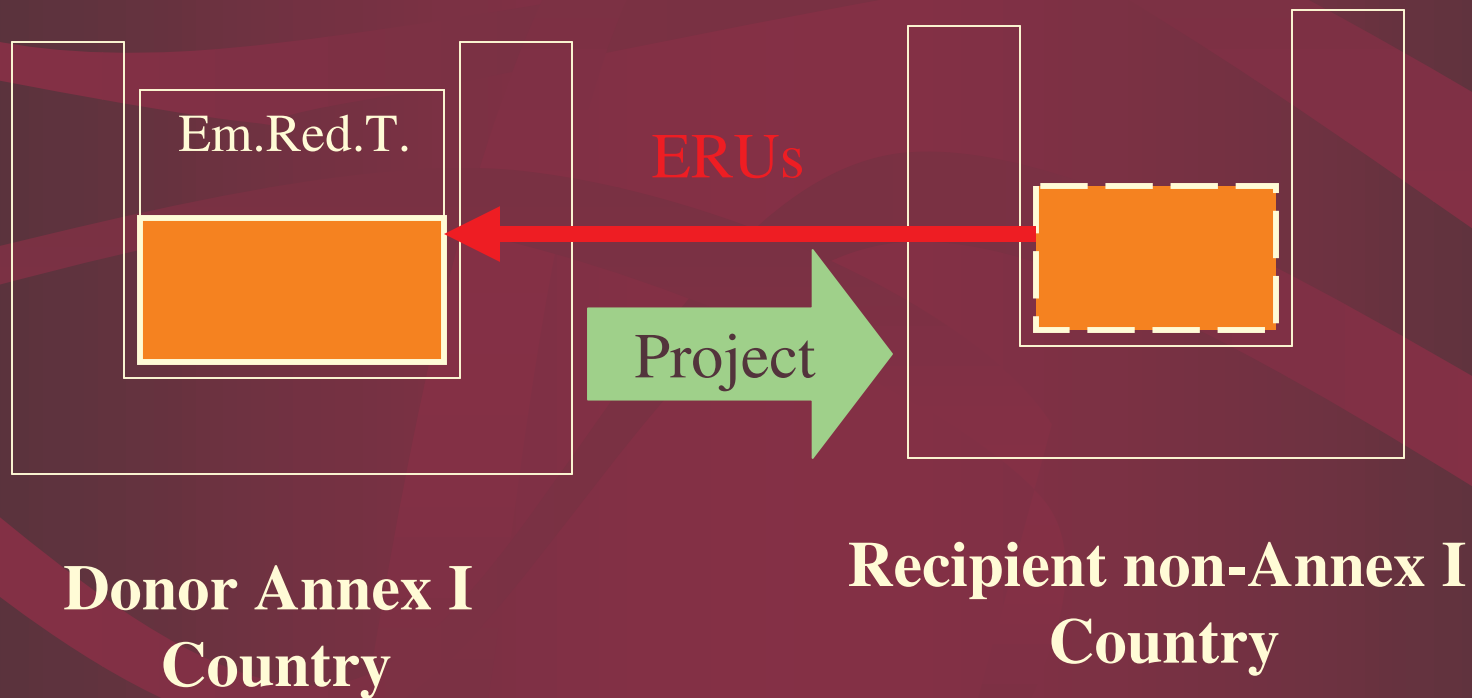


Flexible Mechanisms

- *Clean Development Mechanism (Art. 12):*
Under the CDM, a donor Annex I country achieves a certain number of ERUs by financing a pertinent project in a non-Annex I country. These are credited to the emission reduction target of the donor country. A percentage of the proceeds are used for measures in developing countries.

Flexible Mechanisms

Clean Development Mechanism



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- *Emissions Trading (Art. 17)*: Annex I Country A, achieving more ERUs than corresponds to its reduction target, may sell a proportion of these ERUs to Annex I Country B. Country B may credit the ERUs to its own emission reduction target.

Flexible Mechanisms

Emissions Trading

