

Non-paper by the chair of the contact group on paragraph 49 (c) of the report on the resumed sixth session of the AWG-KP “other issues”

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This non-paper seeks to reflect the outcome of discussions during the eighth session of the AWG-KP in the contact group on paragraph 49 (c) of the report on the resumed sixth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (“other issues”). It contains revised versions of the options set out in annexes I–V to document FCCC/KP/AWG/2009/8, including consolidation of previously separate options where possible.

## **Compilation of proposals for elements of draft CMP decisions on emissions trading and the project-based mechanisms**

*In relation to land use, land-use change and forestry activities under the clean development mechanism*

Option 1:

1. *Decides* that the eligibility of land use, land-use change and forestry activities as project activities under the clean development mechanism in the first commitment period, as well as the modalities and procedures for such project activities, shall be maintained in the second [and subsequent] commitment period[s];

Option 2:

*Decides* that the eligibility of land use, land-use change and forestry activities under the clean development mechanism shall be limited to:

- (a) [Afforestation and reforestation, as defined in decision 16/CMP.1;]
- (b) [Reducing emissions from deforestation and forest degradation;]
- (c) [Restoration of wetlands;]
- (d) [Sustainable forest management and other sustainable land management activities;]
- (e) [Soil carbon management in agriculture;]
- (f) [Revegetation, forest management, cropland management and grazing land management, as defined in decision 16/CMP.1;]

2. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for land use, land-use change and forestry activities under the clean development mechanism, with a view to adopting a decision on this matter at its [sixth] [seventh] session, including modalities and procedures for addressing potential reversals of greenhouse gas removals by sinks by means of:

- (a) Option 1: [Temporary certified emission reductions and long-term certified emission reductions;]  
Option 2: [Certified emission reductions with the host Party taking responsibility for reversals;]  
Option 3: [Certified emission reductions through:]
  - (a) [Insurance for project activities to cover the cancellation of units;]
  - (b) [The cancellation of units from buffers established to set aside units for such purposes;]
  - (c) [The cancellation of units from credit reserves established to set aside quantities of units not retired at the end of a commitment period for such purposes;]
  - (d) [Exemptions from modalities and procedures for addressing potential non-permanence in the case of low-risk project activities;]

- (b) [Accounting for emissions from harvesting of forests established under the clean development mechanism [where] [when] they occur;]

3. *Decides* that a Party included in Annex I to the Convention with a commitment inscribed in Annex B to the Kyoto Protocol may use [temporary certified emission reductions and long-term certified emission reductions] [certified emission reductions] issued for land use, land-use change and forestry project activities under the clean development mechanism for compliance with its emission commitment under Article 3, paragraph 1, of the Kyoto Protocol [without restriction] [up to a maximum of one per cent of base year emissions of that Party, times [five]] [up to a maximum of [x] per cent of its assigned amount pursuant to Article 3, paragraphs 7 and 8, of the Kyoto Protocol];

*In relation to the inclusion of carbon dioxide capture and storage in geological formations under the clean development mechanism*

Option 1:

4. *Decides* that activities relating to carbon dioxide capture and storage in geological formations shall not be eligible as project activities under the clean development mechanism in the second [and subsequent] commitment period[s];

Option 2:

5. *Decides* that activities relating to carbon dioxide capture and storage in geological formations[, including saline aquifers and excluding ocean sequestration,] shall be eligible as project activities under the clean development mechanism in the second [and subsequent] commitment period[s][, provided that, for the second commitment period, no more than two projects per region shall be registered];

6. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for clean development mechanism project activities relating to carbon dioxide capture and storage in geological formations, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] session, including modalities and procedures in relation to:

- (a) Non-permanence;
- (b) Monitoring, reporting and verification;
- (c) Environmental impacts;
- (d) The definition of project boundaries;
- (e) Issues of international law;
- (f) The potential for perverse outcomes;

*In relation to the inclusion of nuclear activities under the clean development mechanism*

Option 1:

7. *Decides* that activities relating to nuclear facilities shall not be eligible as project activities under the clean development mechanism in the second [and subsequent] commitment period[s];

Option 2:

8. *Decides* that activities relating to [new] nuclear facilities [constructed since [...]] shall be eligible as clean development mechanism project activities in the second [and subsequent] commitment period[s];

9. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for clean development mechanism project activities relating to nuclear facilities, with a

view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] session, including in relation to issues of:

- (a) Specific requirements for eligible nuclear activities;
- (b) [...];

*In relation to crediting on the basis of nationally appropriate mitigation actions*

Option 1:

No decision to be made with respect to this issue

Option 2:

*Recalling* the commitments of all Parties in Article 4, paragraph 1, of the Convention and the commitments in Article 4, paragraphs 3 and 5, of developed country Parties and other developed Parties included in Annex II of the Convention,

*Recognizing* the importance of incentivizing nationally appropriate mitigation actions of developing country Parties for the full and effective implementation of paragraph 1 (b) (ii) of the Bali Action Plan,

*Taking into account* paragraph 1 (b) (v) of the Bali Action Plan and noting the necessity of engaging the private sector and carbon markets to ensure sustainable sources of financial flows and technology transfers to enable and support the nationally appropriate mitigation actions of developing country Parties in view of the limited capacity of public funds,

*Acknowledging* the need to build on experiences in the operation of Article 12 of the Protocol on the clean development mechanism and to further strengthen the mechanism,

10. *Decides* to set up a nationally appropriate mitigation action crediting mechanism under the Kyoto Protocol, in which credits for the verifiable nationally appropriate mitigation actions of the developing country Parties not included in Annex I of the Convention can be issued in order to assist such Parties in achieving sustainable development and contributing to global efforts to combat climate change;

11. *Further decides* that this crediting mechanism shall be subject to the authority and guidance of the Conference of the Parties to the Convention and be supervised by [a dedicated body constituted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol] [the executive board of the clean development mechanism]; and

12. *Agrees* that the criteria and standards by which credits issued for nationally appropriate mitigation actions need to be established, building on the current methodology for the clean development mechanism under the Kyoto Protocol, and that it shall adopt a decision at its sixth meeting on the operation of this crediting mechanism, including in relation to:

- (a) The scope of the nationally appropriate mitigation actions that are eligible to generate credits;
- (b) Methodologies to measure and verify the generation of nationally appropriate mitigation actions;

*In relation to encouraging the development of standardized, multi-project baselines under the clean development mechanism*

Option 1:

No decision to be made with respect to this issue

Option 2:

13. *Decides* that [the Executive Board of the clean development mechanism] [a dedicated body constituted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and operating under its authority] [one or more dedicated bodies established by the Executive Board of the clean development mechanism and operating under its authority] [institutions or bodies, at the national or regional level, accredited by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to define baselines and operating under its authority] shall provide guidance on standardized baselines and, where appropriate, define standardized baselines for specific project activity types and specific sectors or subsectors under the clean development mechanism by establishing parameters, including benchmarks, and procedures and making them available for [mandatory] [optional] use by project participants and designated operational entities in the determination of additionality and the application or development of baseline methodologies;

14. *Decides* that standardized baselines [shall] [may] be established for types of project activities meeting the following criteria:

(a) [...];

15. *Decides* that the parameters and procedures used to facilitate standardized baselines shall:

(a) Be established on the basis of:

(i) Option 1: similar project activities undertaken in the previous five years, in similar social, economic, environmental and technological circumstances, whose performance is among the top [10] [20] per cent of their category;

(ii) Option 2: top-performing installations or processes in the relevant sector, based on, inter alia, the performance of key technologies that are beyond common practice and technology penetration rates;

(iii) Option 3: the top [x] per cent of the current distribution of carbon intensity for specific types of project activities or within specific sectors;

(iv) Option 4: the current distribution of carbon intensity for specific types of project activities or within specific sectors;

(v) Option 5: carbon intensity related benchmarks defined as a fixed percentile of the cumulative frequency distribution of the [carbon dioxide] emissions intensity of the industry in a region and set at different levels for new and existing production facilities;

(b) [Reflect national circumstances] [Be regional, national or subnational in nature] and be [periodically] [annually] adjusted;

16. *Further decides* that there shall be no double counting of emission reductions or removals on the basis of the use of standardized, multi-project baselines;

17. *Encourages* participants in clean development mechanism projects to apply the guidance of [the Executive Board of the clean development mechanism] [a dedicated body constituted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and operating under its authority][one or more dedicated bodies established by the Executive Board of the clean development mechanism and operating under its authority] [institutions or bodies, at the national or regional level, accredited by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to define baselines and operating under its authority] on standardized baselines, where appropriate, in developing new baseline methodologies, including the application of standardized baselines developed by the Executive Board;

18. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the development of standardized, multi-project baselines under the clean development

mechanism, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] session, including modalities and procedures in relation to:

- (a) The determination of a standardized baseline[, including the definition of a sector boundary as applicable];
- (b) The determination of the applicability of a standardized baseline;

*In relation to positive or negative lists of project activity types under the clean development mechanism*

Option 1:

No decision to be made with respect to this issue

Option 2:

19. *Decides* that reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks achieved by the following categories of project activities are deemed [not] to be additional to any that would occur in the absence of the project activities:

- (a) [Categories based on the primary technology employed in the project activity;]
- (b) [Categories relating to the host Party of the project activity;]
- (c) [Categories based on the scale of the project activity (small-scale or large-scale);]

20. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for periodically adjusting the categories of project activities referred to in paragraph 19 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] session;

*In relation to improving access to project activities under the clean development mechanism by specified host Parties*

Option 1:

No decision to be made with respect to this issue

Option 2:

21. *Decides* that the following conditions shall apply for [specified host Parties] [least developed countries and small island developing States] [other categories of countries]:

- (a) A higher threshold for small-scale project activities;
- (b) [Exemption from] [Further simplification of] requirements for the demonstration of additionality in relation to small-scale project activities;
- (c) The financing of the validation, verification and certification of project activities through the [clean development mechanism management plan] [financial mechanism of the Convention];
- (d) [...];

22. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the conditions referred to in paragraph 21 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] session;

In relation to promoting co-benefits for clean development mechanism project activities by facilitative means

Option 1:

No decision to be made with respect to this issue

Option 2:

23. Option 2.1: *Decides* that each project activity under the clean development mechanism that demonstrates specified co-benefits shall be promoted through the following measures:

- (a) Exemption from payment of registration fees;
- (b) Exemption from the share of proceeds to cover the administrative expenses of the clean development mechanism and/or assist with the costs of adaptation;
- (c) Expedited timelines for the registration of project activities;
- (d) Exemption from additionality criteria;
- (e) [...];

Option 2.2: *Decides* that each project activity under the clean development mechanism shall demonstrate specified co-benefits;

24. *Decides* that the co-benefits referred to in paragraph 23 above shall be:

- (a) Energy efficiency;
- (b) Technology transfer;
- (c) Environmental services such as air pollution reduction, improvement of water quality, proper treatment and reduction of waste, conservation of biodiversity and management of hydrological resources;
- (d) Poverty alleviation;
- (e) Economic growth;
- (f) Social benefits;
- (g) Strengthening human and institutional capacity;

25. *Decides* that each designated operational entity shall, as part of its validation of a project activity, confirm [that the designated national authority of the host Party has confirmed] that one or more of the co-benefits referred to in paragraph 24 above are demonstrated by the project activity;

26. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the measures referred to in paragraph 25 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] session;

In relation to multiplication and discount factors under the clean development mechanism

Option 1:

No decision to be made with respect to this issue

Option 2:

27. *Decides* that each clean development mechanism project activity shall generate certified emission reductions equal to the emission reductions that are certified by the designated operational entities multiplied by a [multiplication] [discount] factor;

28. *Decides* that the total quantity of certified emission reductions issued for a commitment period shall not exceed the aggregate quantity of emission reductions or removals achieved by project activities under the clean development mechanism during the commitment period;

29. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend the [multiplication] [discount] factors referred to in paragraph 27 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] session on the basis of the following:

- (a) [Criteria based on environmental integrity;]
- (b) [Criteria based on the primary sectoral scope of the project activity;]
- (c) [Criteria based on the primary technology employed in the project activity;]
- (d) [Criteria based on the global warming potential of the gases whose emissions are reduced through the project activity;]
- (e) [Criteria relating to the host Party of the project activity;]
- (f) [Criteria based on the scale of the project activity (small-scale or large-scale);]

*In relation to modalities for treatment of clean development mechanism project activities upon graduation of host Parties*

Option 1:

No decision to be made with respect to this issue

Option 2:

30. Option 2.1: *Decides* that, where a Party not included in Annex I to the Convention hosting one or more registered clean development mechanism projects assumes a quantified target or commitment for one or more sectors in which those projects are undertaken:

- (a) Each project shall continue to be subject to the rules and modalities governing the clean development mechanism until the end of that project's current crediting period, at which point that project's activities will no longer be eligible as a clean development mechanism project;
- (b) In the case of a clean development mechanism project involving the issuance of certified emission reductions for reductions in emissions by sources, the project's host Party shall transfer to its cancellation account a quantity of [units] equal to the certified emission reductions issued for the period starting with the date of establishment of the host Party's quantified target or commitment and ending with the end of that project's current crediting period;
- (c) In the case of a clean development mechanism project involving the issuance of certified emission reductions (but not temporary certified emission reductions or long-term certified emission reductions) for enhancements of removals by sinks, the host Party shall transfer to its cancellation account a quantity of [units] equal to the certified emission reductions issued from the time of the host Party's quantified target or commitment until the end of that project's current crediting period;



Option 2.2: *Decides* that, where a Party becomes eligible to host joint implementation projects, any registered clean development mechanism projects hosted by that Party shall be converted to joint implementation projects and shall be subject to provisions for joint implementation;

*In relation to the inclusion of nuclear activities under joint implementation*

Option 1:

31. *Decides* that activities relating to nuclear facilities shall not be eligible as project activities under joint implementation in the second [and subsequent] commitment period[s];

Option 2:

32. *Decides* that activities relating to [new] nuclear facilities [constructed since [...]] shall be eligible as joint implementation project activities in the second [and subsequent] commitment period[s];

33. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for project activities under joint implementation relating to nuclear facilities with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] session, including in relation to:

- (a) Specific requirements for eligible nuclear activities;
- (b) [...];

*In relation to promoting co-benefits for joint implementation project activities under the Joint Implementation Supervisory Committee by facilitative means*

Option 1:

No decision to be made with respect to this issue

Option 2:

34. *Decides* that each joint implementation project activity under the Joint Implementation Supervisory Committee that demonstrates specific co-benefits shall be promoted through the following measures:

- (a) [...];

35. *Decides* that the specific co-benefits referred to in paragraph 34 above shall be:

- (a) Technology transfer;
- (b) Environmental services such as air pollution reduction, improvement of water quality, proper treatment and reduction of waste, conservation of biodiversity and management of hydrological resources;
- (c) [...];

36. *Decides* that each accredited independent entity shall, as part of its determination regarding a project activity, determine [that the designated focal point of the host Party has confirmed] that one or more of the co-benefits referred to in paragraph 35 above are demonstrated by the project activity;

37. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the measures referred to in paragraph 36 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] session;

*In relation to carry-over (banking) restrictions on Kyoto units*

Option 1:

38. *Decides* that the restrictions on the carry-over of Kyoto units from the first commitment period to the second commitment period shall be extended to subsequent commitment periods;

Option 2:

39. Option 2.1: *Decides* that there shall be no restrictions on the carry-over of Kyoto units beyond the second commitment period;

Option 2.2: *Decides* that the carry-over of Kyoto units beyond the second commitment period shall be limited to:

(a) [...];

*In relation to borrowing of assigned amount from future commitment periods*

Option 1:

No decision to be made with respect to this issue

Option 2:

40. *Decides* that a Party included in Annex I to the Convention with a commitment inscribed in Annex B to the Kyoto Protocol may borrow assigned amount from the subsequent commitment period [up to a maximum of [x] per cent] [, excluding any portion of its own assigned amount,] and use it for the purpose of compliance with its emission commitment under Article 3, paragraph 1, of the Kyoto Protocol in the current commitment period;

41. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the borrowing of assigned amount from the subsequent commitment period, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] session;

*In relation to extending the share of proceeds*

Option 1:

No decision to be made with respect to this issue

Option 2:

42. *Decides* that, to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation, in accordance with Article 6, paragraph 3 bis, and Article 17, paragraph 1 bis, [x] [0.5] per cent of assigned amount units and removal units for each Party included in Annex I to the Convention with a commitment inscribed in Annex B to the Kyoto Protocol shall be issued and transferred to the specified account of the Adaptation Fund before the remaining assigned amount units and removal units may be issued;

43. *Decides* that, to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation, [x] per cent of certified emission reductions [issued for project activities that involve the reduction of greenhouse gases with global warming potential greater than [y]] shall be issued and transferred to the specified account of the Adaptation Fund before the remaining certified emission reductions may be issued[, with the exception of clean development mechanism project activities hosted in least developed countries];

*In relation to ensuring consistency between approaches for land use, land-use change and forestry projects under joint implementation and the treatment of clean development mechanism afforestation and reforestation project activities*

Option 1:

No decision to be made with respect to this issue

Option 2:

44. *Decides* that the procedures for the development of project design documents set out in decision 5/CMP.1, annex, appendix B, shall apply mutatis mutandis to land use, land-use change and forestry project activities under joint implementation;

*In relation to the commitment period reserve*

Option 1:

No decision to be made with respect to this issue

Option 2:

45. *Decides* that, in the second and subsequent commitment periods, each Party included in Annex I to the Convention shall maintain, in its national registry, a commitment period reserve which should not drop below the lower of either:

- (a) [X] per cent of the Party's assigned amount calculated pursuant to Article 3, paragraphs 7 and 8, of the Kyoto Protocol [where X is a value less than 90 to be agreed by the Parties in the context of quantified emission reduction or limitation commitments, operation of emissions trading and the project-based mechanisms, and compliance procedures and mechanisms after the first commitment period]; or
- (b) The sum of the reviewed inventories reported thus far in that commitment period, plus the most recently reviewed inventory multiplied by the number of years remaining in that commitment period.

*In relation to emissions trading*

Option 1:

No decision to be made with respect to this issue

Option 2:

46. *Decides* to adopt decisions on the modalities and guidelines for the trading of [names of units generated from sectoral crediting, sectoral trading and REDD mechanisms] as soon as possible.

## Options and proposals on how to address definitions, modalities, rules and guidelines for the treatment of land use, land use change and forestry

Note: The proposals use the text of decision 16/CMP.1

### Option 1

#### A. Definitions

1. For land use, land use change and forestry activities under Article 3, paragraphs 3 and 4, the following definitions shall apply:

- (a) “Forest” is a minimum area of land of [0.05–1.0 hectares] [1.0 hectare] with tree crown cover (or equivalent stocking level) of more than [10–30] [30-50] per cent with trees with the potential to reach a minimum height of 2–5 metres at maturity *in situ*. A forest may consist either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open forest. Young natural stands [and all plantations] which have yet to reach a crown density of [10–30] [30-50] per cent or tree height of 2–5 metres are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention such as harvesting or natural causes, but which are expected to revert to forest;
- (b) “Afforestation” is the direct human-induced conversion of land that has not been forested for a period of at least 50 years to forested land through planting, seeding and/or the human-induced promotion of natural seed sources;
- (c) “Reforestation” is the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-forested land. [Tree crown cover after reforestation should not be smaller than it was originally on this territory.] For the first [and subsequent] commitment period[s], reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989;
- (d) “Deforestation” is the direct human-induced conversion of forested land to non-forested land;
- (d bis) “Forest biomass decline” is a human-induced activity leading to a decrease in carbon stocks and/or greenhouse gas emissions from forested land remaining forested land. It includes losses of carbon stocks or emissions from both living and non-living biomass and includes both above-ground and below-ground biomass;]
- (e) “Revegetation” is a direct human-induced activity to increase carbon stocks on sites through the establishment of vegetation that covers a minimum area of 0.05 hectares and does not meet the definitions of afforestation and reforestation contained here. [If elected, the activity includes accounting for direct human-induced activities that decrease carbon stock on [sites] [land] which have been categorized as revegetation areas and do not meet the definition of deforestation;]
- (e bis) [Option 1: (insert) “Devegetation” is a human-induced loss of carbon stocks of vegetation that does not meet the definition of forests. It includes the loss of vegetation on land, whether covered by water or not, and shall include areas of land or land covered by vegetation that is a minimum area of 0.05 hectares. Dev egetation includes both living and non-living biomass and includes aboveground and below ground biomass, including, *inter alia*, peat, swamp vegetation, shrubs, grasslands, sea grasses, mangroves, and sea weeds;]

[Option 2: (replace (e) above by) “Revegetation” is a direct human-induced activity to increase carbon stocks on sites through the establishment [and/or the management] of

- vegetation that covers a minimum area of [0.05] [0.25] hectares and does not meet the definitions of afforestation and reforestation above [or the definition of forest management below]. If elected, the activity includes accounting for direct human-induced activities that decrease carbon stocks on land which has been categorized as a revegetation area and does not meet the definition of deforestation;]
- (f) “Forest management” is a system of practices for stewardship and use of forest land aimed at fulfilling relevant ecological (including biological diversity), economic and social functions of the forest [in a sustainable manner]. [Human-induced decreases [and increases] in carbon stocks and/or increases in greenhouse gas emissions on forested land remaining forested land shall be included.] [If elected, human-induced decrease in carbon stocks and/or increases in greenhouse gas emissions on forest land remaining forest land shall be accounted for as well];
- (g) “Cropland management” is the system of practices on land on which agricultural crops are grown and on land that is set aside or temporarily not being used for crop production [included, if applicable, commercial plantations such as palm oil or rubber];
- (h) “Grazing land management” is the system of practices on land used for livestock production aimed at manipulating the amount and type of vegetation and livestock produced;
- (i) [“Wetland] [“Peatland] management” is a system of practices for stewardship and use of [wetlands] [peatlands] that have an effect on [greenhouse gas emissions and removals] [carbon stock changes], including drainage of [wetlands] [peatlands] and restoration of drained [wetlands] [peatlands];]
- (j) “Planted production forest” [is a forest consisting of [introduced] species, which as at 1990 meet all the following criteria: [dominated by] one or two species at plantation, even age class, and regular spacing. The “planted production forest”] shall have been established by direct human-induced conversion of non-forest land to forest land [or non-productive forest land to planted production forests] by the planting and/or seeding provisions of an afforestation or reforestation activity;]
- (k) “Equivalent forest” means an area of forest that will achieve at least the same carbon stock over the same period as would have occurred had the area of harvested “planted production forest” been re-established;]
- (l) “Force majeure” means, for the purposes of this decision, an extraordinary event or circumstance that is beyond the control of Parties [and may include, wildfire, severe pest outbreak, flooding, landslide, volcano, earthquake, severe wind storm] [or other forms of climatic variability and extreme weather events]. [Force majeure is not intended to excuse negligence or other malfeasance on the part of a Party];]
- (m) “Time out” is a period of time where accounting for land has been suspended as a result of a force majeure];
- (n) “Certified Sustainable Forest Management” is socially just, [economically viable] and ecologically responsible management of forests that has been certified, and that such certification has been considered by SBSTA and subsequently approved by the Conference of Parties serving as the meeting of Parties and is based on the criteria provided for in this Annex;]
- (o) “Harvested wood products” [are carbon-based products derived from forests and include timber, wood, ply and chipboard, but do not include sawdust, cardboard, wood chips, paper or other short-lived wood-based products. They do not include combustible products used as fuel, such as fuel wood or other fuel types such oils, hydrocarbons or alcohols derived from forest products;]

[(p) “Harvested wood product management” is [the system of practices that result in the short term or long term storage of carbon stocks in harvested wood products within the country of origin of forests where the wood products were grown] [a system of practices that results in the storage of carbon stocks in harvested wood products];]

[(q) “Importing harvested wood products” is the system of practices associated with importing harvested wood products from Non Annex I Parties;]

[(r) “Non Annex I wood products” includes wood products originally grown in Parties not included in Annex I and shall include [carbon removed in wood and other biomass from forests] [all carbon-based products derived from forests and shall include timber, wood, ply, chipboard, sawdust, cardboard, wood chips, paper]. [It shall include combustible products used as fuel, such as fuel wood or other fuel types such oils, hydrocarbons or alcohols derived from forest products] .]

#### **[A bis. Consideration of LULUCF**

1 bis. National accounts should include emissions and removals from anthropogenic sources only, consistent with the way the UNFCCC pursues its objective and with the treatment of other sectors.

1 ter. For the purposes of describing mitigation commitments for the [second] commitment period, LULUCF [should] be included in mitigation commitments and baselines [should] include all mandatory and elected sources of anthropogenic emissions and removals in the sector, including deforestation.

1 qua. Robust estimation methods [will] be used to ensure confidence in the emissions and removals from LULUCF. Parties should be transitioning towards higher level (Tier 2 and Tier 3) accounting methodologies.

1 quin. For the third commitment period, LULUCF accounting [should] use an approach based on the Convention's land use categories to provide a comprehensive framework and enhanced capacity for comparing the land use accounts of all Parties that undertake mitigation commitments.]

#### **B. Article 3, paragraph 3**

2. For the purposes of Article 3, paragraph 3, eligible activities are those direct human-induced afforestation, reforestation and/or deforestation activities that meet the requirements set forth in this annex and that started on or after 1 January 1990 and before 31 December of the last year of the commitment period.

[2 bis. Parties [shall] include emissions and removals from deforestation, afforestation and reforestation in their baseline towards the determination of their assigned amount for the [second] commitment period.]

3. For the purposes of determining the area of deforestation to come into the accounting system under Article 3, paragraph 3, each Party shall determine the forest area using the same spatial assessment unit as is used for the determination of afforestation and reforestation, but not larger than [1 hectare] [0.00005 per cent of total forest area in the country.\* Parties shall provide transparent and verifiable information on how the time-series consistency of the reported Article 3, paragraph 3 activities is maintained in case of changing the spatial assessment unit for determining forest area for second commitment period].

[3 bis. In the case of “planted production forests” [established before 1 January 1990 only,] conversion of forest land to non-forest land shall be considered harvesting, and shall not be considered deforestation, where an “equivalent forest” is established elsewhere on non-forest land that would have qualified for afforestation or reforestation. “Equivalent forest” shall not be included in a Party’s assessment of emissions and removals from afforestation and reforestation activities and must be included in a Party’s accounting of Forest Management under Article 3.4, if elected.]

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\* Based on total area of forest in 2006.

4. [Option 1: For the second commitment period, debits<sup>1</sup> resulting from harvesting during the second commitment period following afforestation and reforestation since 1990 shall not be greater than credits<sup>2</sup> accounted for on that unit of land.]

[Option 2: For the second commitment period, debits arising from a unit of land, that was subject to afforestation and reforestation since 1990 and has not since been harvested, shall not be greater than credits accounted for in total on that unit of land.]

[Option 3: *delete the paragraph.*]

5. Each Party included in Annex I shall report, in accordance with Article 7, on how harvesting or forest disturbance that is followed by the re-establishment of a forest is distinguished from deforestation. This information will be subject to review in accordance with Article 8.

### C. Article 3, paragraph 4

[Option 1:

6. [Prior to the start of the second commitment period [and, where relevant, any subsequent commitment period],] a Party included in Annex I [may choose to] [shall] account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from [any or all of] the following human-induced activities, other than afforestation, reforestation, deforestation, [and any activity under Article 3, paragraph 4 elected in the first commitment period (Note: if rules change substantially this may need to be reconsidered)]: [revegetation [devegetation]], [forest management,] cropland management, grazing land management, [[wetland] [peatland] management] [harvested wood product management].

6 bis. [All Parties included in Annex I shall account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from the activity under Article 3, paragraph 4, forest management in the second commitment period [unless transparent and verifiable information is provided that this activity is not a source.]] (*Would imply deletion of forest management from paragraph 6 above.*)

[Option 2:

6. All Parties included in Annex I shall account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from all of the following human-induced activities as defined in this Annex, other than afforestation, reforestation, deforestation: forest management, cropland management, grazing land management.

6 bis. A Party included in Annex I may choose to account for anthropogenic greenhouse gas emissions by sources and removals by sinks from any or all of the human-induced activities as defined in this Annex other than the activities contained in paragraph 6 above.

6 ter. A Party included in Annex I shall choose to account for anthropogenic greenhouse gas emissions by sources and removals by sinks for any or all of the human-induced activities, as defined in this Annex, that the Party has elected to account for in the previous commitment period as described in paragraph 6 bis above.]

[6 bis. A Party included in Annex I shall account for anthropogenic greenhouse gas emissions by sources resulting from forest biomass decline, devegetation, and harvested wood products imported from a Party not included in Annex I in a manner prescribed in paragraphs 21 oct-duo below.]

7. [A Party included in Annex I wishing to account for activities under Article 3, paragraph 4, [in the second commitment period] shall identify, in its report to enable the establishment of its assigned amount pursuant to Article 3, paragraphs 7 and 8, the activities under Article 3, paragraph 4, which it elects to include in its accounting for the second commitment period. Upon election, a decision by a Party

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<sup>1</sup> 'Debits': where emissions are larger than removals on a unit of land.

<sup>2</sup> 'Credits': where removals are larger than emissions on a unit of land.

will be fixed for the second [and subsequent] commitment period[s]. (*Delete or revise if all or some activities are mandatory.*)

[7 bis. A Party that elected any or all activities under Article, 3 paragraph, 4 in the first commitment period shall continue to account for such activities in the second and subsequent commitment periods. Such ongoing accounting shall be incorporated into the calculation of its assigned amount pursuant to Article 3, paragraphs 7 and 8.]

8. During the second commitment period, a Party included in Annex I that selects any [or all] of the activities mentioned in paragraph 6 above, [in addition to those already selected for the first commitment period,] shall demonstrate that such activities have occurred since 1990 and are human-induced. A Party included in Annex I shall not account for emissions by sources and removals by sinks resulting from activities under Article 3, paragraph 4, if these are already accounted for under Article 3, paragraph 3.

9. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from [forest management], revegetation, [devegetation], cropland management, grazing land management, [[wetland] [peatland] management] under Article 3, paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less [five][X] times the anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from these eligible activities [in the [base year] [base period] of that Party] [during 2012], while avoiding double accounting. (*Forest management would be deleted from this paragraph if one of the other options identified below were adopted*). [The year 2012 shall be used as the reference year, whether or not the Party included in Annex I elected to account for any or all of those elected activities in the first commitment period.]

[9 bis. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources resulting from forest biomass decline shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks associated with forest biomass decline in the commitment period, less five times the anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest biomass decline during 2012, while avoiding double accounting. The year 2012 shall be used as the reference year, whether or not the Party included in Annex I elected to account for any or all of those elected activities in the first commitment period.]

[9 ter. If a Party elected a voluntary LULUCF activity and it was a net sink in the base year, the Party may incur zero accountable anthropogenic greenhouse gas emissions by sources and removals by sinks for that activity if the Party provides information to demonstrate that for the land subject to the activity, changes in land management practices since the base year have not reversed removals by sinks or increased emissions. The Party would provide the information in their national inventory and it will be subject to review.]

[9 qua. Parties [should] include emissions and removals from elected activities in their baseline towards the determination of their assigned amount for the [second] commitment period; and [should] include in their accounts emissions and removals from elected activities in the [second] commitment period.]

10. [Option 1: For the second commitment period, a Party included in Annex I that incurs a net source of emissions under the provisions of Article 3, paragraph 3, may account for anthropogenic greenhouse gas emissions by sources and removals by sinks in areas under forest management under Article 3, paragraph 4, up to a level that is equal to the net source of emissions under the provisions of Article 3, paragraph 3, but not greater than 9.0 megatons of carbon times five, if the total anthropogenic greenhouse gas emissions by sources and removals by sinks [in the managed forest] [resulting from forest management under Article 3, paragraph 4,] since 1990 is equal to, or larger than, the net source of emissions incurred under Article 3, paragraph 3.]

[Option 2: *delete the paragraph*]

### ***Accounting for forest management***

[Option 1 (*caps*):



11. For the second commitment period [only], additions to and subtractions from the assigned amount of a Party<sup>5</sup> resulting from forest management under Article 3, paragraph 4, [after the application of paragraph 10 above] and resulting from forest management project activities undertaken under Article 6, shall not exceed the value inscribed in the appendix<sup>[4]</sup> below, times [five][x].]

[Option 2: (discount factor/s)]

[Option 2.1:

11. For the second commitment period [only], additions to and subtractions from the assigned amount of a Party<sup>3</sup> resulting from forest management under Article 3, paragraph 4, [after the application of paragraph 10 above] and resulting from forest management project activities undertaken under Article 6, shall be subject to the application of a [X per cent] discount factor [as inscribed in the appendix below].]

[Option 2.2:

11. For the second commitment period [only], a discount rate of [X] per cent shall be applied during the accounting phase to all carbon credits and carbon debits, which result from activities under article 3, paragraphs 3 and 4, and from forest management under article 6 beginning with the onset of the second and subsequent commitment periods.]

[Option 3 (bar)<sup>6</sup>:

11. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from [forest management under Article 3 paragraph 4] [forest land],<sup>7</sup> shall be:

*Option 3.1: (BAR including band from 0 to BAR. Only removals by sinks above BAR or net-emissions are accounted for, values between 0 and BAR are neither credited nor debited, values below 0 are debited)*

- (a) Where a Party is reporting net removals in the commitment period larger than [five] [x] times the reference level inscribed in Annex [F] for that Party, equal to the net removals in the commitment period, less [five] [x] times the reference level inscribed in Annex [F] for that Party;
- (b) Where a Party is reporting in the commitment period net removals smaller than [five] [x] times the reference level inscribed in Annex [F] for that party, equal to zero; and
- (c) Where a Party is reporting a net emission in the commitment period, equal to the net emission in the commitment period.

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<sup>3</sup> In accordance with decision -/CMP.1 (*Modalities for the accounting of assigned amounts*).

<sup>4</sup> [In arriving at the values in the appendix below, the Conference of the Parties was guided by the application of an 85 per cent discount factor to account for the removals identified in paragraph 1(h) of decision -/CMP.1 (*Land use, land use change and forestry*) and a 3 per cent cap on forest management, using a combination of data provided by Parties and by the Food and Agriculture Organization (FAO). Consideration was also given to national circumstances (including the degree of effort needed to meet Kyoto commitments and the forest management measures implemented). The accounting framework established in this paragraph shall not be construed as establishing any precedent for the second and subsequent commitment periods.]

<sup>5</sup> In accordance with decision -/CMP.1 (*Modalities for the accounting of assigned amounts*).

<sup>6</sup> The agreed levels of the BAR [F] [could] [should] be[, as a default,] set by using the average removals or emissions from forest management for historical base years or period. [They could also be set] [Otherwise countries could propose an alternative] with due consideration to national circumstances, such as:

- (a) Legacy effects of age structure[, in particular those which would lead to declining [or increasing] removals or [net emissions] even] in the presence of sustainable forest management;
- (b) Degree of forest management measures implemented;
- (c) Continuity of national forest policies and measures in line with the accounting rules and methodologies to identify forests under forest management, especially for Parties which elected forest management in the first commitment period.

Option 3.2: (BAR including band from BAR-X per cent to BAR+X per cent. Values above BAR+X per cent are credited, values below BAR-X per cent are debited, and values between BAR-X per cent and BAR+X per cent are neither credited nor debited)

- (a) Where a Party is reporting net removals or net emissions in the commitment period larger than [five] [x] times the reference level inscribed in Annex [F] for that Party plus X [per cent<sup>8</sup>] [ton], equal to the net removals or net emissions in the commitment period, less [five] [x] times the reference level inscribed in Annex [F] for that Party plus X [per cent] [ton], and
- (b) Where a Party is reporting net removals or net emissions in the commitment period smaller than [five] [x] times the reference level inscribed in Annex [F] for that Party minus X [per cent] [ton], equal to net removals or net emissions in the commitment period less [five] [x] times the reference level inscribed in Annex [F] for that Party minus X [per cent] [ton], and
- (c) Where a party is reporting net removals or net emissions in the commitment period smaller than [five] [x] times the reference level inscribed in Annex [F] for that Party plus X [per cent] [ton] and larger than the reference level inscribed in Annex [F] for that Party minus X [per cent] [ton], equal to zero.

Option 3.3: (BAR only; no band – pure net-net compared to BAR level)

Net emissions or net removals in the commitment period less [five] [x] times the reference level inscribed in Annex [F] for that Party.]

[Option 4 (forward looking baseline):

11. For the second commitment period, additions to and subtractions from the assigned amount of a Party resulting from forest management under Article 3, paragraph 4, shall be determined as forest management greenhouse gas emissions by sources and removals by sinks in the commitment period, after the application of paragraph 11 qua, less forest management reference level greenhouse gas emissions by sources and removals by sinks in the commitment period, defined as per paragraphs 11 bis and 11 ter.

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<sup>7</sup> This refers to that the BAR could be used in the context of 3.4 forest management, 3.3+3.4 forest or land based approach.

<sup>8</sup> X per cent refers to a percentage of the reference level. Assumes same value would apply for all countries.

11 bis. A Party that has elected to account for forest management under Article 3, paragraph 4, shall determine the forest management reference level greenhouse gas emissions by sources and removals by sinks in the commitment period in accordance with (*reference to IPCC guidelines and guidance*) and considering

- (a) Current forest inventory information
- (b) Actions already taken to reduce emissions and increase removals
- (c) Historical data and forest management activities
- (d) Business-as-usual forest management plans
- (e) The relationship between (c) and (d).

11 ter. A Party that has elected to account for forest management under Article 3, paragraph 4, shall report

- (a) The forest management reference level greenhouse gas emissions by sources and removals by sinks in the commitment period determined in accordance with paragraph 11 bis.
- (b) A description and justification of the reference level and the information used to establish it, including how the Party has considered the elements mentioned in paragraph 11 bis.

The information reported under this paragraph will be subject to expert review.

11 qua. A Party that has elected to account for forest management under Article 3, paragraph 4, may choose to exclude non-anthropogenic emissions by sources and removals by sinks resulting from natural disturbances from the estimates of forest management emissions by sources and removals by sinks in the commitment period if transparent and verifiable information is provided per 11 quin that the natural disturbances and associated greenhouse emissions by sources and removals by sinks are non-anthropogenic and not direct human-induced.

11 quin. When a Party chooses to exclude from its accounting for forest management under Article 3, paragraph 4, the non-anthropogenic emissions by sources and removals by sinks resulting from natural disturbances, as described in paragraph 11 qua, the national inventory system shall ensure that areas of land subject to these natural disturbances are identifiable, and that information about these areas and natural disturbances is provided as described in paragraph 19 bis [*option 4*]. This information will be subject to expert review.]

12. [A Party may request the Conference of the Parties to reconsider its numerical values as contained in paragraph 10 and in the appendix to paragraph 11, with a view to the Conference of the Parties recommending a decision for adoption to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, no later than 2 years prior to the beginning of the first commitment period. Such a reconsideration shall be based upon country-specific data and the elements of guidance and consideration in footnote 5 to paragraph 11. These shall be submitted and reviewed in accordance with relevant decisions related to Articles 5, 7 and 8 of the Kyoto Protocol, and in accordance with the *Revised 1996 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories*, any future elaboration of these guidelines, or parts of them, and any good practice guidance on land use, land use change and forestry in accordance with the relevant decisions of the Conference of the Parties. (*Consider deletion, due to specific need for the first commitment period.*)]

#### **D. Article 12<sup>9</sup>**

*Note: Further discussion on how to address non-permanence is needed. Proposals under consideration are reflected in FCCC/KP/AWG/2009/INF.2.*

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<sup>9</sup> NOTE: This non-paper does not include Parties' proposals from FCCC/KP/AWG/2009/Misc.11 and add.1 on Article 12.

13. The eligibility of land use, land use change and forestry project activities under Article 12 is

[Option 1: limited to afforestation and reforestation.]

[Option 2: *Expand the list of activities (to be decided after)*]

[13 bis. For afforestation and reforestation project activities to be eligible under Article 12 the land must be non forested in 1990 and remain non forested until the start of the second commitment period. Land that did not contain forest on 31 December 1989 and which has subsequently been allowed to revegetate or reforest prior to the start of the second commitment period and subsequently devegetated or deforested prior to the second commitment period shall not be eligible under Article 12.]

[13 ter. Land that was natural grassland or shrubland in 1990 shall not be eligible under Article 12.]

14. [For the second commitment period, the total of additions to a Party's assigned amount resulting from eligible land use, land use change and forestry project activities under Article 12 shall not exceed [one] [x] per cent of base year emissions of that Party, times [five][X].]

15. [The treatment of land use, land use change and forestry project activities under Article 12 in future commitment periods shall be decided as part of the negotiations on the third commitment period.] (*This paragraph may need further amendment; proposal for 15 bis is related.*)

[15 bis. Accounting for afforestation and reforestation project activities under Article 12 as described in decision 19/CP.9 shall apply, *mutatis mutandis*, for the second and subsequent commitment periods.]

#### **E. General**

[Option 1:

16. Each Party included in Annex I shall, for the purposes of applying the definition of "forest" as contained in paragraph 1(a) above, select a single minimum tree crown cover value between 10 and 30 per cent, a single minimum land area value between 0.05 and 1 hectare and a single minimum tree height value between 2 and 5 metres. The selection of a Party shall be fixed for the duration of the second [and subsequent] commitment [period] [periods]. The selection shall be included as an integral part of its report to enable the calculation of its assigned amount pursuant to Article 3, paragraphs 7 and 8 in accordance with decision 19/CP.7, and shall include the values for tree crown cover, tree height and the minimum land area. Each Party shall justify in its reporting that such values are consistent with the [definition used in the first commitment period] [information that has historically been reported to the Food and Agriculture Organization of the United Nations or other international bodies,] and if they differ, explain why and how such values were chosen [and what implications it may have on the consistency of the accounting].]

[Option 2:

16. Each Party included in Annex I shall, for the purposes of applying the definition of "forest" as contained in paragraph 1(a) above, apply the definition of forest selected in the first commitment period.

16 bis. Those Parties included in Annex I that did not select a definition of forest for the first commitment period shall, for the purposes of applying the definition of "forest" as contained in paragraph 1(a) above, select a single minimum tree crown cover value of between 10 and 30 per cent, a single minimum land area value of between 0.05 and 1 hectare and a single minimum tree height value of between 2 and 5 metres.

16 ter. The selection by a Party of a definition of "forest" shall be fixed for the duration of the second commitment [period]. The selection shall be included as an integral part of the Party's report to enable the calculation of its assigned amount pursuant to Article 3, paragraphs 7 and 8, in accordance with decision 19/CP.7, and shall include the values for tree crown cover, tree height and minimum land area. Each Party shall justify in its reporting that either explaining why the values are consistent with the

information that has historically been reported to the Food and Agriculture Organization of the United Nations or other international bodies, if they differ, explaining why and how such values were chosen.]

17. For the second commitment period, and subject to other provisions in this annex, the additions to and subtractions from the assigned amount of a Party pursuant to Article 3, paragraphs 7 and 8 shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks measured as verifiable changes in carbon stocks, and non-carbon dioxide greenhouse gas emissions during the period [1 January 2013 to] [31 December [YY]] resulting from afforestation, reforestation and deforestation under Article 3, paragraph 3, and forest management under Article 3, paragraph 4, that have taken place since 1 January 1990. Where the result of this calculation is a net sink of greenhouse gases, this value shall be added to the assigned amount of that Party. Where the result of this calculation is a net source of greenhouse gas emissions, this value shall be subtracted from the assigned amount of that Party. *(This paragraph may need to be revised to be consistent with e.g. paragraphs 9 and 11.)*

18. Accounting of anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from land use, land use change and forestry activities under Article 3, paragraphs 3 and 4, shall begin with the onset of the activity or the beginning of the commitment period, whichever comes later.

19. [Once land is accounted for under Article 3, paragraphs 3 and 4, all anthropogenic greenhouse gas emissions by sources from and removals by sinks on this land must be accounted for throughout subsequent and contiguous commitment periods.] *(This paragraph will need to be revised if activities in Article 3.4 continue to be electable.)*

#### ***Natural disturbances***

##### [Option 1:

19 bis. A Party included in Annex I may choose to carry-over to the next commitment period(s) the non-anthropogenic emissions resulting from natural disturbances.]

##### [Option 2:

19 bis. A Party included in Annex I that has elected to account for any or all elected activities under Article 3, paragraph 4 and which has suffered a “force majeure” during the second commitment period or subsequent commitment periods, may seek approval from the Conference of the Parties serving as the meeting of the Parties to seek a time out and hence eliminate such land from the accounting system for a period of time until the carbon stocks on the explicitly geo-referenced land are returned to the state prior to the “force majeure.”

19 ter. In making a decision whether to approve a time out for a Party, the Conference of the Parties serving as the meeting of the Parties shall take into consideration the following aspects: whether the force majeure fits the definition as prescribed in this decision; how the “force majeure” was not human induced; whether the Party can provide verifiable geo-referenced information on the land subject to the force majeure; whether the Party can provide a verifiable estimate of the carbon stocks on the affected land immediately prior to the force majeure; whether the Party has provided an estimate of the time for the time out; and whether the Party is able to maintain an ongoing inventory and assessment of the recovery of carbon stocks until the end of the time out period.

19 qua. Once land has been timed out it shall continue to be reported and accounted for during and beyond the second commitment period until such time as the land has recovered the carbon stocks to the state prior to the “force majeure.”]

##### [Option 3:

19 bis. A Party included in Annex I where a “force majeure” has occurred during the second or subsequent commitment periods, affecting carbon stocks in forests under Article 3, paragraph 3, and [if elected] [forest management] [other activities] under Article 3, paragraph 4, may:

Option 3.1: request [a review process<sup>10</sup>], at the end of the commitment period, for the emissions and subsequent removals, up to the levels prior to the extraordinary event, resulting from the event classified as “force majeure”, to be removed from accounting. The carbon stocks resulting from any land use changes that occur in those areas shall not be removed from accounting and the corresponding emissions shall be fully accounted for.

Option 3.2: choose to carry-over to the next commitment period(s) the non-anthropogenic emissions resulting from the event classified as “force majeure.”

19 ter. In the application of “force majeure” a Party shall provide information to the Expert Review Team:

- on all areas subject to the application of “force majeure”, including the date(s) and nature of the event(s);
- proving that the level of emissions resulting from “force majeure” is [X%] higher than the total national emissions in the commitment period;
- showing that the occurrence or severity of the “force majeure” was not materially influenced by the Party;
- on actions undertaken to reduce the consequences of “force majeure.”]

[Option 4:

19 bis. When a Party chooses to exclude from its accounting the non-anthropogenic emissions by sources and removals by sinks resulting from natural disturbances, it must report information on the natural disturbances in its national inventory report including a demonstration that the natural disturbance events and the associated emissions and removals are non-anthropogenic and not direct human-induced. This shall include, *inter alia*:

- (a) Information that identifies the location, cause and scale of impact of the natural disturbance events
- (b) Information that demonstrates that no land use change has followed the natural disturbance events
- (c) Information on the emissions and removals that would be excluded
- (d) Information that demonstrates that the excluded emissions and removals are non-anthropogenic and not direct human-induced
- (e) Information that demonstrates efforts to rehabilitate forest affected by natural disturbances
- (f) Information that demonstrates efforts to manage or control natural disturbances

This information will be subject to expert review.]

[Option 5.

19 bis. The land sector is also influenced by non-anthropogenic emissions and removals and legacy effects of pre-1990 activities that need to be identified and quantified to allow exclusion from accounting. These are due to:

- (a) Natural disturbance;
- (b) Inter-annual variability;
- (c) The age structure of forests.

19 ter. *(copy of previous paragraph 21 bis in Annex II of FCCC/KP/AWG/2009/8, non-textual language): Removing natural disturbance impacts is optional, the information that needs to be provided about natural disturbance events, and the need for information demonstrating that the emissions and removals*

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<sup>10</sup> Using guidance to be agreed.

are non-anthropogenic and not direct human-induced. The following issues [could][should] be considered in developing further the modalities:

- (a) A Party would have the option of excluding the impact of natural disturbances from its accounting. Text would be needed on how emissions and subsequent removals resulting from natural disturbances would be removed from the accounting.
- (b) Principles will be needed to guide Parties in reporting on emissions and subsequent removals resulting from natural disturbance events on Article 3.3 or Article 3.4 lands. This may include provision of information on the natural disturbances in its national inventory report including a demonstration that the natural disturbance events and the associated emissions and removals are non-anthropogenic and not direct human-induced. This may include, inter alia:
  - i. Information that identifies the location, cause and scale of impact of the natural disturbance events.
  - ii. Information that demonstrates that no land use change has followed the natural disturbance events.
  - iii. Information on the emissions and removals that would be excluded.
  - iv. Information that demonstrates that the excluded emissions and removals are non-anthropogenic.
  - v. Information on the carbon stocks prior to the natural disturbance events.
  - vi. Information on the monitoring and the recovery of the carbon stocks following the natural disturbance event.
- (c) The information provided would be subject to review. Guidance would need to be provided to support the review process.
- (d) Parties may consider formulating a request to the IPCC to assist in defining methodological approaches related to how natural disturbance emissions and removals are excluded, and related to demonstrating that the natural disturbance events and the associated emissions and removals are non-anthropogenic and not direct human-induced. This would include methodological approaches already tabled.

19 qua. Annual reporting should report emissions estimates in a manner that more clearly reflects anthropogenic trends in LULUCF activities. Parties that use annual data to produce emissions estimates can report using a rolling average of annual greenhouse gas emissions estimates for the LULUCF sector.]

19 quin. The 2006 IPCC Guidelines will be reviewed in consideration of the post 2012 accounting framework agreed by the Parties for the land sector.]

20. National inventory systems under Article 5.1 shall ensure that [information on the] areas of land subject to land use, land use change and forestry activities under Article 3, paragraphs 3 and 4 [are identifiable, and information about these areas] should be provided by each Party included in Annex I in their national inventories in accordance with Article 7. Such information will be reviewed in accordance with Article 8.

21. Each Party included in Annex I shall account for all changes in the following carbon pools: above-ground biomass, below-ground biomass, litter, dead wood, [and] soil organic carbon [and harvested wood products]. A Party may choose not to account for a given pool in a commitment period, if transparent and verifiable information is provided that the pool is not a source.

### ***Harvested wood Products***

[Option 1]:

21 bis. Carbon in wood removed from forests accounted for under the Kyoto Protocol under Article[s] 3 [6 and 12] shall be accounted for on the basis of default instantaneous oxidation or on the basis of estimates of when emissions occur, provided that verifiable and transparent data are available.

21 ter. When accounting is on the basis of estimates of when emissions occur, it shall be based on changes in the harvested wood products pool consumed and produced domestically. [Parties may also choose to account for carbon in exported harvested wood products originating from domestic harvest based on changes in the exported harvested wood products pool.]

21 qua. Estimates of net emissions from harvested wood products shall specify product categories and underlying assumptions for both domestic and export markets [but shall not include paper, pulp, fuelwood or other short-lived wood products]. [Harvested wood products in solid waste disposal sites shall not be accounted for.]

21 quin. Where exported wood is accounted for, such estimates shall be reported separately for each country to which the harvested wood products are exported.

21 sex. Accounting shall be confined to harvested wood products<sup>11</sup> originating from harvested forest for which emissions and removals have been included in the accounting of the Party, and in the same way as for other pools.

21 sept. [Where a ratio is applied for accounting of emissions and removals from forest management it shall also apply to the harvested wood products pool.]

21 oct. [Emissions that occur during the commitment period<sup>12</sup> from the harvested wood pool arising from wood harvested prior to 31 December 2007 shall also be accounted, using the same procedure as above.]]

[Option 2:

21 bis. As of the second commitment period a Party may choose to account for long-lived "harvested wood products" provided verifiable data on amounts, carbon content, and decay rates and/or emissions from "harvested wood products" are available.

21 ter. A country that has elected accounting for "harvested wood products" shall account for the amount of carbon in the "harvested wood products" produced in that country and either add the carbon contained in the net import of "harvested wood products" or subtract the carbon contained in the net export of "harvested wood products."

21 qua. Notwithstanding the provisions in the paragraph above, a country that has elected accounting for "harvested wood products" shall account as emissions from sources within its jurisdiction any "harvested wood products" that are imported from Non-Annex I Parties unless the wood was harvested from forests that are currently involved in activities under Article 12.

21 quin. Notwithstanding the provisions in the paragraph x above, a country that has elected accounting for "harvested wood products" may account for "harvested wood products" it has exported to another Annex I country that does not account for "harvested wood products" by transferring it to a separate pool of "harvested wood products" that are stored outside of the exporting country provided the wood was produced by the exporting country and verifiable decay rates for those pools are available.]

[Option 3:

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<sup>11</sup> Definitions and classification of wood products provided by FAO shall apply.

<sup>12</sup> Noting that emissions from harvested wood products originating from harvests in Article 3.3 and for some parts of Article 3.4 (for those countries which elected forest management) over the period 2008 to 2012 have already been accounted for.



21 bis. A Party included in Annex I may chose to account for the use harvested wood products for harvested wood products derived from forests subject to reforestation activities since 1 January 1990 in the country of that Party and which have subsequently been subject to forest biomass decline activities during the commitment period.

21 ter. A Party included in Annex I may also chose to account for the use of harvested wood products for such products derived from elected forest management activities if so elected in the first commitment period or elected forest management activities in the second commitment period.

21 qua. Notwithstanding the provisions included in paragraph x below, imported harvested wood products from another country shall not enter the accounting system.

21 quin. The calculation of carbon stock changes for the purposes of accounting for harvested wood products, if so elected, on land that is to be accounted for under either, reforested land or elected forest management land shall be based on the total increment of carbon stock growth in the eligible forest minus any changes in soil carbon, minus carbon stocks left over from timber harvest activities, minus carbon stocks from any wood residues from wood mills minus carbon stocks from wood products used for the purposes of paper, wood chips or other short-lived wood products, minus a carbon release estimate of harvested wood products produced and then destroyed during the commitment period times a conversion factor from carbon to carbon dioxide equivalent.

21 sex. Harvested wood products derived from deforestation shall be accounted for on the basis that all carbon biomass deforested is considered to have oxidized in the year when the deforestation took place and shall be accounted for as an emission. All other biomass emissions, such as loss of soil carbon, human induced fires, etc., associated with the deforestation activity, shall be accounted for as an emission.

21 sept. Once a harvested wood product leaves the country of a Party included in Annex I where the forest product was originally grown, the carbon stocks included in such a product shall be accounted for as an emission.]

***[Non-Annex I Party harvested wood products***

21 oct. A Party included in Annex I shall account for importing of harvested wood products that have originated from a non-Annex I Party in the manner prescribed in paragraphs 21 nov-doc below.

21 nov. Carbon stocks included in wood products that have been imported into a Party included in Annex I and originated in a non-Annex I Party as a result of deforestation or forest degradation activities in a non-Annex I Party shall be accounted for as an emission in the importing Annex I Party.

21 dec. Notwithstanding paragraph 21 nov above, a Party included in Annex I shall not have to account for emissions from wood products that have been imported into its country and originated in a non-Annex I Party, if it can be verified that such wood products have been derived from certified sustainable forest management practices.

21 und. All certified sustainable forest management practices shall be approved by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, based on recommendations from the Subsidiary Body for Scientific and Technological Advice, and shall be kept in a registry maintained by the secretariat.

21 duo. When making recommendations for the approval of certified sustainable forest management practices the Subsidiary Body for Scientific and Technological Advice shall fully take into consideration the following criteria:

- (a) the practices do not adversely affect indigenous peoples or local communities;
- (b) the practices do not adversely affect biological diversity;
- (c) the practices are legal, as determined by the laws of the country of origin;
- (d) adequate law enforcement capabilities are in place;

- (e) the practices lead to a long-term, sustainable supply of wood products;
- (f) the practices are independently monitored;
- (g) the practices do not lead to a displacement of emissions to another location, whether within the country of origin or elsewhere.]

[21 ter. *Insert a provision for limiting the use of the LULUCF sector for compliance with Annex I commitments.*]

## **Option 2**<sup>13</sup>

### **A. Definitions**

*(Definitions of Afforestation and Reforestation moved to Decision 5/CMP.1)*

1. The following definitions shall apply:

(a) “Forest” is a minimum area of land of 0.05–1.0 hectares with tree crown cover (or equivalent stocking level) of more than 10–30 per cent with trees with the potential to reach a minimum height of 2-5 metres at maturity in situ. A forest may consist either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open forest. Young natural stands and all plantations which have yet to reach a crown density of 10-30 per cent or tree height of 2-5 metres are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention such as harvesting or natural causes but which are expected to revert to forest.

(b) “Forest land” includes all land with woody vegetation, which falls under the definition of Forest.

(c) “Cropland” includes all arable and tillage land as well as agro-forestry systems, which do not fall under the category of Forest land.

(d) “Grassland” includes [all] rangeland and pasture land as well as agro-forestry systems, which do not fall under the categories of Forest land and Cropland.

(e) “Wetlands” includes land that is covered or saturated by water for all or part of the year, such as peatland, and which does not fall into the Forest land, Cropland, Grassland or Settlements categories.

(f) “Settlements” includes all developed land, including transportation infrastructure and human settlements of any size, which does not fall under the Forest land, Cropland, Grassland or Wetlands categories.

(g) “Other land” includes bare soil, rock, ice and all land areas which do not fall under the Forest land, Cropland, Grassland, Wetlands or Settlements categories.

[(h)

Option I: “Force majeure” means, for the purposes of this decision, an extraordinary event or circumstances beyond the control of Parties.

Option II: “Expected net emissions” is the algebraic sum of anthropogenic emissions by sources and removals by sinks of the greenhouse gases listed in Annex A to the Kyoto Protocol from the sector which are expected to be accounted for during the relevant commitment period; and it is expressed in Giga-grams of carbon dioxide equivalent]

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<sup>13</sup> Kyoto Protocol amendments related to this option are specified in Annex V of FCCC/KP/AWG/2009/8.

## **B. Accounting rules for greenhouse gas emissions and removals**

2. Option I: For the purposes of accounting greenhouse gas emissions and removals from land use, land use change and forestry, a Party shall account for anthropogenic greenhouse gas emissions by sources and removals by sinks on forest land, cropland, grassland, wetlands and settlements as well as greenhouse gas emissions by sources and removals by sinks resulting from land use changes from the land use categories forest land, cropland, grassland, wetlands, or settlements to any other land use category.

Option II: For the purposes of accounting greenhouse gas emissions and removals from land use, land use change and forestry, a Party shall account for those anthropogenic greenhouse gas emissions by sources and removals by sinks [on forest land and] from land use changes occurring from the forest land categories to other land use categories and vice versa, and [for the second commitment period [only]] may account for those anthropogenic greenhouse gas emissions by sources and removals by sinks on [forest land,] cropland, grassland, wetlands and settlements as well as greenhouse gas emissions by sources and removals by sinks resulting from land use changes occurring from cropland, grassland, wetlands, or settlements to any other land use category.

[Option II addendum: Where anthropogenic greenhouse gas emissions by sources and removals by sinks on forest land are not accounted for, the accounted anthropogenic greenhouse gas emissions by sources and removals by sinks from the land use, land use change and forestry sector shall be adjusted for the displaced emissions. Displaced emissions are the anthropogenic greenhouse gas emissions by sources that occur in forest lands and are the consequence of reductions in emissions reported under an accounted category, as the biomass fuel combustion in the energy sector.

A similar provision shall be included under Option 1 in this document to cope with no or partial accounting of forest land: Where anthropogenic greenhouse gas emissions by sources and removals by sinks on forest land are not completely accounted for because either no election of forest management has taken place or the forest management activity does not cover the whole national area of forest land. In such a case, anthropogenic emissions by sources and removals by sinks from land use, land use change and forestry activities shall be adjusted for displacement of emissions. Displaced emissions are the anthropogenic greenhouse gas emissions by sources which occur in forest land and are the consequence of a reduction in emissions reported under an accounted category, as in the case of biomass fuel combustion in the energy sector.]

3. Anthropogenic greenhouse gas emissions and removals from land use, land use change and forestry shall be estimated using the guidance provided in the 2006 IPCC Guidelines for Greenhouse Gas Inventories or any further guidelines for greenhouse gas inventories adopted by [the COP/MOP] [Parties] for this purpose.

4. For the purpose of accounting, greenhouse gas emissions by sources and removals by sinks resulting from land use change occurring on forest land, cropland, grassland, wetland or settlement during the commitment period shall be reported under the land category to which the land has been converted.

### Option I:

5. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from land use, land use change and forestry shall be equal to the anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less [[five] [X] times] the anthropogenic greenhouse gas emissions by sources and removals by sinks [that take place on [forest land], cropland, grassland, wetlands and settlements in the [base year] [base period]] [reported as the reference level] of that Party, while avoiding double accounting.

6. For the second commitment period [only], additions to and subtractions from the assigned amount of a Party<sup>14</sup> resulting from anthropogenic greenhouse gas emissions by sources and removals by sinks occurring on forest land shall:

Option A: be subject to the application of a [x per cent] discount factor.

Option B: not exceed the value inscribed in the appendix below, times [five] [X].

Option C: (Bar approach/Reference level – text included under Option 1 is applied here.)

7. For the second commitment period, and subject to other provisions in this annex, the additions to and subtractions from the assigned amount of a Party pursuant to Article 3, paragraphs 7 and 8, shall be equal to the anthropogenic greenhouse gas emissions by sources and removals by sinks measured as verifiable changes in carbon stocks, and non-carbon dioxide greenhouse gas emissions during the period [1 January 2013 to] [31 December [YY]] occurring on forest land. Where the result of this calculation is a net sink of greenhouse gases, this value shall be added to the assigned amount of that Party. Where the result of this calculation is a net source of greenhouse gas emissions, this value shall be subtracted from the assigned amount of that Party. *(This paragraph may need to be revised to make it consistent with paragraphs 5 and 6 above.)*

#### Option II:

5. Any Party included in Annex I should apply as the reference level for the land use, land use change and forestry sector the aggregate carbon dioxide equivalent anthropogenic greenhouse gas emissions by sources and removals by sinks estimated for the period 20XX – 20XX. Taking into account national circumstances, any Party included in Annex I may apply a different reference level for the land use, land use change and forestry sector from that selected in Article 3, paragraph 3, (as amended)<sup>15</sup> of the Kyoto Protocol. To do so, the Party shall submit, no later than two years before the start of the relevant commitment period, the proposed values and relevant elements in support of such a deviance. The submission should be made together with the Party's annual greenhouse gases inventory submission. Submitted data should be subject to the review procedure, and the agreed reference level should be part of the Party's annual review report on its greenhouse gas inventory.

### **C. Article 12**

*(Text included under Option 1 to this document is applied here.)*

### **D. General**

8. *(Same as paragraph 16, Option 1)*

9. *(Same as paragraph 19, Option 1)*

10. *(Same as paragraph 20, Option 1)*

11. Option 1: *(Same as paragraph 21, Option 1)*

Option 2: Each Party included in Annex I shall account for all changes in the following carbon pools: above-ground biomass, below-ground biomass, litter, dead wood, soil organic carbon and harvested wood products. A Party may choose not to account for a given pool in a commitment period if transparent and verifiable information is provided to show that the exclusion of that pool does not result in discounting a debit.<sup>16</sup> (The same text shall also be included under Option 1 of this document.)

<sup>14</sup> In accordance with decision -/CMP.1 "Modalities for the accounting of assigned amounts."

<sup>15</sup> See page 38 of annex V to document FCCC/KP/AWG/2009/8.

<sup>16</sup> A debit means that either the average annual net increase in carbon stocks reported in the commitment period is smaller than that reported in the reference period or an average annual net decrease in carbon stocks has been reported in the reference period.

Option I:

12. A Party included in Annex I in which a “force majeure” has occurred during the second or subsequent commitment periods, affecting carbon stocks on forest land [and [, if elected,] other land categories], may

Option A: request [a review process<sup>17</sup>], at the end of the commitment period, for the emissions and subsequent removals up to the levels prior to the event classified as “force majeure” to be removed from accounting. The carbon stocks resulting from any land use changes that occur in those areas shall not be removed from accounting and the corresponding emissions shall be fully accounted for.

Option B: choose to carry over to the next commitment period(s) the non-anthropogenic emissions resulting from the event classified as “force majeure”.

13. *(Same as paragraphs 19, Option I)*

Option II:

12. The Parties included in Annex I shall submit a proposed value for the expected net emissions of the land use, land use change and forestry sector for the following commitment period, together with data which support the selected values. The values and data shall be submitted to the Conference of the Parties serving as the meeting to the Parties of the Kyoto Protocol before an agreement is reached on the quantified emission limitation and reduction commitments for the commitment period to which the data refer.

13. Together with the list of quantified emission limitation or reduction commitments for Parties inscribed in Annex B to the Kyoto Protocol, an appendix to this Annex containing a list of expected net emissions from the Agriculture, Forestry and Other Land Uses sector for each Party inscribed in Annex B shall be adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol. The value for the expected net emissions shall be the algebraic sum of anthropogenic emissions by sources and removals by sinks from the land use, land use change and forestry sector of the greenhouse gases listed in Annex A that are expected to be accounted for during the commitment period to which it is applied; and it is expressed in giga-grams of carbon dioxide equivalent.

14. At the end of the commitment period, any Party included in Annex I shall calculate the difference between anthropogenic greenhouse gas emissions by sources and removals by sinks measured as verifiable changes in carbon stocks, and non-carbon dioxide greenhouse gas emissions during the period 1 January 2013 to 31 December 20XX resulting from land use, land use change and forestry sector the expected net emissions of that Party inscribed in the Appendix to this Annex. Where the result of this calculation is a positive value, this value shall be subtracted from the accounted anthropogenic greenhouse gas emissions by sources and removals by sinks from the land use, land use change and forestry sector of that Party; moreover, an equivalent amount shall be added to the accounted anthropogenic greenhouse gas emissions by sources and removals by sinks from the land use, land use change and forestry sector in the following commitment period.

15. *(Text included under Option I for harvested wood products (paragraphs 21) is applied here.)*

[16. *Insert a provision for limiting the use of the LULUCF sector for compliance with Annex I commitments.*]

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<sup>17</sup> Using guidance to be agreed.

Annex III

**Compilation of proposals for elements of draft CMP decisions on greenhouse gases, sectors and source categories; common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks; and other methodological issues**

*In relation to greenhouse gases, sectors and source categories*

Option 1:

1. *Reaffirms* that the actual emissions of hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride, including new species identified by the Intergovernmental panel on Climate Change in its Fourth Assessment Report, should be estimated, where data are available, and used for the reporting of emissions.

Option 2:

Provisions of the Kyoto Protocol relating to coverage of greenhouse gases and sectors remain unchanged

*In relation to common metrics to calculate the carbon dioxide equivalence of emissions by sources and removals by sinks*

Option 1:

2. *Decides* that for the purposes of this agreement, the global warming potentials used to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks of greenhouse gases listed in Annex A to the Kyoto Protocol shall be those provided by the Intergovernmental Panel on Climate Change in its Fourth Assessment Report based on the effects of the greenhouse gases over a 100-year time horizon. Any revision to a global warming potential by the Intergovernmental Panel on Climate Change subsequent to the Fourth Assessment Report or revisions of the approach to calculate carbon dioxide equivalence shall apply only to commitments under Article 3 of the Kyoto Protocol in respect of any commitment period adopted subsequent to that revision. [Those global warming potentials so agreed would be used to determine fulfilment of mitigation commitments for the second commitment period]

Option 2:

Provisions of the Kyoto Protocol relating to global warming potentials remain unchanged until the Subsidiary Body for Scientific and Technological Advice concludes its consideration of this matter and, if appropriate, recommends a draft decision adopting global temperature potentials as a common metric.

*In relation to application of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories*

Option 1:

3. *Decides* that starting with the second commitment period, the methodologies for estimating anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol shall be consistent with the Intergovernmental Panel on Climate Change *2006 IPCC Guidelines for National Greenhouse Gas Inventories*. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall review the use of the 2006 IPCC Guidelines before the start of each subsequent commitment period. Time series of emissions by sources and removals by sinks including base year emissions shall be recalculated using the 2006 IPCC Guidelines prior to the start of the second commitment period. The Conference of the Parties serving as the meeting of the Parties shall

revise the technical guidance for adjustments at its [...] session taking into account the 2006 IPCC Guidelines.

*Notes:*

Additional methodological guidance for the estimation of emissions by sources and removals by sinks might be required for Article 3, paragraph 3 and 4, of the Kyoto Protocol, depending on the results of the discussions on land use, land-use change and forestry. Methodologies for the estimation of these activities are not available in the 2006 IPCC guidelines.

A decision text should further specify the process and timing for the necessary recalculations due to the application of the new guidelines prior to the start of the second commitment period.

Option 2:

4. *Decides* that starting with the second commitment period, the methodologies for estimating anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol shall be consistent with those in the Guidelines for the preparation of National Communications by Parties included in Annex I to the Convention, Part I: UNFCCC Reporting Guidelines on Annual Inventories, contained in document FCCC/SBSTA/2006/9 to be agreed by the Conference of the Parties at its X session, following and limited by the provisions of paragraphs 1 and 2 above. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall develop further guidance to confine the inventory information submitted under the Convention to the provisions of paragraphs 1 and 2 above. Time series of emissions by sources and removals by sinks including base year emissions shall be recalculated at the start of the second commitment period. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall revise the technical guidance for adjustments at its [...] session.

*In relation to cross-cutting issues*

5. *Notes* the need to revise Guidelines for the preparation of National Communications by Parties included in Annex I to the Convention, Part I: UNFCCC Reporting Guidelines on Annual Inventories, contained in document FCCC/SBSTA/2006/9, to implement the provisions pursuant to paragraphs 1–3 above.

6. *Invites* the Conference of the Parties to revise the guidelines referred to in paragraph 5 above.

7. *Requests* the Subsidiary Body for Scientific and Technological Advise to prepare, for adoption by the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol at its eight session (2012), draft decisions incorporating the provisions pursuant to paragraphs 1–3 above into the following decisions:

- (a) Decision 13/CMP.1 on the modalities for the accounting of assigned amounts under Article 7, paragraph 4 of the Kyoto Protocol
- (b) Decision 14/CMP.1 on a standard electronic format for reporting Kyoto Protocol units
- (c) Decision 15/CMP.1 on the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol
- (d) Decision 19/CMP.1 on the guidelines for national systems under Article 5, paragraph 1 of the Kyoto Protocol
- (e) Decision 21/CMP.1 on issues relating to adjustments under Article 5, paragraph 2 of the Kyoto Protocol
- (f) Decision 22/CMP.1 on the guidelines for review under Article 8 of the Kyoto Protocol

- (g) Decision 6/CMP.3 on good practice guidance for land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol.



## **Compilation of proposals for elements of draft CMP decisions on other issues**

### *In relation to a mid-commitment-period assessment and review process*

Option 1:

No decision to be made with respect to this issue

Option 2:

1. *Decides* that the Parties to the Kyoto Protocol shall undertake and conclude, no later than 31 December 2015, an assessment and review of efforts made to meet quantified emission limitation and reduction commitments agreed for the second commitment period in order to assess progress and determine whether additional measures are needed, based on best available scientific information, to meet the ultimate objective of the Convention, with a view to enabling the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to specify any additional measures to be taken by Parties included in Annex I to the Convention with a commitment inscribed in Annex B to the Kyoto Protocol, which may include more stringent quantitative emission limitation and reduction commitments.<sup>1</sup>

2. *Decides* that, at its sixteenth session, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall initiate consideration of appropriate and effective procedures and mechanisms to determine and address cases of non-compliance with the provisions of the Kyoto Protocol, in accordance with the relevant provisions in Article X,<sup>2</sup> including financial penalties to be determined on the basis of cause, type, degree and frequency of non-compliance. Resources raised from financial penalties should be used to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation.

### *In relation to decision 14/CP.7*

Option 1:

No decision to be made with respect to this issue

Option 2:

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* decisions 1/CP.3, paragraph 5 (d), and 14/CP.7 on impact of single projects on emissions in the commitment period,

*Recalling also* its decisions 7/CMP.3 and 8/CMP.3,

*Recognizing* the importance of renewable energy in meeting the objective of the Convention,

1. *Decides* that, the provisions of decision 14/CP.7, adopted by the Conference of the Parties at its seventh session, shall continue to apply for the second commitment period with the conditions detailed therein.

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<sup>1</sup> The Party proposing this provision stated that it would be relevant in the case of commitment periods longer than five years.

<sup>2</sup> “X” refers to a new Article to be inserted into the Kyoto Protocol relating to a mid-term review of commitments by Parties included in Annex I to the Convention.

## **Compilation of proposals by Parties for amendments to the Kyoto Protocol**

### Proposals for Article 1

- Add the definitions of the Annex to decision 16/CMP1 (amend where necessary e.g. for forest management, extreme disturbances and new activities).

### Proposals for Article 2, paragraph 2

Option 1:

No amendments to Article 2, paragraph 2

Option 2:

- [Replace Article 2, paragraph 2, with:
  1. The Parties shall pursue limitation or reduction of emissions of greenhouse gases not controlled by the Montreal Protocol from aviation and marine bunker fuels, working through the International Civil Aviation Organization and the International Maritime Organization, respectively.]

Option 3:

- [Replace Article 2, paragraph 2, with:
  2. Parties shall take the necessary action to achieve a reduction of emissions of greenhouse gases not controlled by the Montreal Protocol from international aviation and maritime transport.
- Insert the following paragraphs after Article 2, paragraph 2:
  - 2 bis. Global reduction targets for the emissions from international aviation shall be set equal to [X per cent] below 2005 levels in the commitment period [20XX to 20XX].
  - 2 ter. Supplemental to action on international aviation Parties may allow units from the mechanisms defined in Articles 6 and 12 [placeholder for new mechanisms] for the purposes of achieving the aforementioned targets.
  - 2 qua. Global reduction targets for the emissions from international maritime transport shall be set equal to [Y per cent] below XXXX levels in the commitment period [20XX to 20XX].
  - 2 quin. Supplemental to action on maritime transport Parties may allow units from the mechanisms defined in Articles 6, 12, and 17 [placeholder for new mechanisms] for the purposes of achieving the aforementioned targets.
  - 2 sex. Parties shall work through the International Civil Aviation Organization and the International Maritime Organization, to enable an effective international agreement to achieve international targets that do not lead to competitive distortions or carbon leakage to be approved by 2011 [or after 2 years from the entry into force of this Protocol]. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall assess progress of the implementation of this paragraph, and shall take action to advance the implementation, as appropriate]

### Proposals for Article 3, paragraph 1

- Replace Article 3, paragraph 1, with:

3. The Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide emissions by sources and removals by sinks of the greenhouse gases listed in Annex A do not exceed their assigned amounts, calculated pursuant to their quantified emission limitation and reduction commitments inscribed in Annex B and in accordance with the provisions of this Article, with a view to reducing their overall anthropogenic carbon dioxide emissions by sources and removals by sinks of such gases by at least XX per cent below 1990 levels in the commitment period 2013 to 2017.<sup>1</sup>

- Insert Article 3, paragraph 1[bis]

4. The Parties included in Annex 1 shall, individually or jointly, ensure that there aggregate anthropogenic carbon dioxide equivalent emissions by sources and removals by sinks of greenhouse gases listed in Annex A do not exceed their assigned amounts, calculated pursuant to their quantified emission limitation and reduction commitments inscribed in Annex B [...].

#### Proposals for Article 3, paragraph 2

- Insert Article 3, paragraph 2[bis]:

5. With a view to meeting its commitments for the second commitment period under Article [...] each Party [included in Annex I] [with a commitment inscribed in Annex B] shall account for anthropogenic greenhouse gas emissions by sources and removals by sinks on land use, land-use change and forestry as reported under the UNFCCC by including these emissions and removals in the emissions from the base year, [1990], [and all subsequent years].<sup>2</sup>

#### Proposals for Article 3, paragraph 3

- Replace Article 3, paragraph 3, with:

6. Any Party included in Annex I should apply as reference level for the Agriculture, Forestry and Other Uses sector the average value of the annual anthropogenic carbon dioxide emissions by sources and removals by sinks<sup>3</sup> of the greenhouse gases listed in Annex A in the period 2000 - 2005, for the purposes of the calculation referred to in paragraph 7 below. Taking into account national circumstances, any Party included in Annex I may apply different values providing relevant elements in support of such a deviance.

- Insert Article 3, paragraph 3 [bis]:

Option 1:

7. For the second commitment period the net changes in greenhouse gas emissions by sources and removals by sinks resulting from direct human-induced land-use change and forestry activities, limited to afforestation, reforestation and deforestation since 1990, measured as verifiable changes in carbon stocks in each commitment period, shall be used to meet the commitments under this Article of each Party included in Annex I.

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<sup>1</sup> This proposal should be read in conjunction with the proposals contained in paragraphs 6, 13 and 18, and the proposal to delete Article 3, paragraph 4 of the Kyoto protocol.

<sup>2</sup> This entails the deletion of Articles 3, paragraphs 3 and 4 of the Kyoto Protocol, and amendment of Annex A by inserting LULUCF categories. This paragraph is an alternative to the proposal contained in paragraph to paragraph 4.

<sup>3</sup> Net emissions is the amount resulting from the algebraic sum of anthropogenic GHGs emissions by sources and removals by sinks and it is expressed in CO<sub>2</sub> equivalent.

Option 2:

8. For the second commitment period a new option where afforestation, reforestation and deforestation in 3.3 and forest management activities in 3.4 are merged

Option 3:

9. The net changes in greenhouse gas emissions by sources and removals by sinks resulting from direct human-induced land-use change and forestry activities, limited to afforestation, reforestation and deforestation since 1990, measurable as verifiable changes in carbon stocks in each commitment period, shall be used to meet the commitments under this article of each Party included in Annex I, but shall not exceed 2 per cent of the accountable reductions for compliance purposes of each Party. The greenhouse gas emissions by sources and removals by sinks associated with those activities shall be reported in a transparent and verifiable manner and reviewed in accordance with Articles 7 and 8.

- Insert Article 3, paragraph 3[ter]:

10. The following principles shall govern the treatment of land use, land-use change and forestry activities: add the principles 1(a) to 1(h) of Decision 16/C PM.1.

- Delete Article 3, paragraph 3

#### Proposals for Article 3, paragraph 4

- Replace Article 3, paragraph 4

11. The greenhouse gas emissions by sources and removals by sinks resulting from additional human induced land use, land-use change and forestry activities may be used to meet the commitments under subparagraph (a) above of each Party included in Annex I, provided that these activities have taken place since 1990.

- Insert Article 3, paragraph 4[bis]:

Option 1:

12. With a view to meet its commitments for the second commitment period under Article [...] each Party [included in Annex I] [with a commitment inscribed in Annex B] [may choose to]/[shall] account for any of the following human-induced activities: forest management, cropland management, grazing land management, [and] revegetation [and devegetation, and wetland management]. A party included in Annex 1 shall demonstrate that such activities [have occurred since 1990 and] are human-induced. The accountable anthropogenic greenhouse gas emissions by sources and removals by sinks, resulting from cropland management, grazing land management, revegetation [and devegetation, and wetlands management] under this paragraph, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less [five times] [Y] the anthropogenic greenhouse gas emissions by sources and removal by sinks, resulting from these activities [in 1990] [a base period]. The accountable anthropogenic greenhouse gas emissions by sources and removal by sinks, resulting from forest management [and afforestation, reforestation, deforestation] shall be equal to:

- GN with a [cap] [discount factor]
- NN [base year] [base period]
- Bar approach [including a band]

Option 2:

13. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session, decide upon modalities, rules and guidelines related to the issues referred to in

subparagraphs (i) and (ii) above, taking into account uncertainties, transparency in reporting, verifiability, the methodological work of the Intergovernmental Panel on Climate Change, the advice provided by the Subsidiary Body for Scientific and Technological Advice in accordance with Article 4 and the decisions of the Conference of the Parties.

- Insert Article 3, paragraph 4[ter]

14. The COP/MOP shall, [at its ... session], adopt modalities and procedures to account emissions and subsequent removals in forest management resulting from extreme disturbances.

- Insert Article 3, paragraph 4[qer]

15. The COP/MOP shall, at its fifth session, adopt modalities and procedures to account for carbon stock changes associated with harvested wood products.

- Delete Article 3, paragraph 4

#### Proposals for Article 3, paragraph 7

- Replace Article 3, paragraph 7, with:

16. In the second quantified emission limitation and reduction commitment period, from 2013 to 2017, the assigned amount for each Party included in Annex I shall be equal to the percentage inscribed for it in Annex B of its aggregate equivalent anthropogenic carbon dioxide emissions by sources and removals by sinks of the greenhouse gases listed in Annex A in 1990, or the base year or period determined in accordance with paragraph 5 and 3 above, multiplied by five.

- Insert Article 3, paragraph 7[bis]

17. In the second quantified emission limitation and reduction commitment period, from [2013] to [...], the assigned amount for each Party included in Annex [B] [I] shall be equal to the percentage inscribed for it in the third column of the table contained in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990, or the base year or period determined in accordance with paragraph 5 above, multiplied by [Y] [Those Parties included in Annex [B] [I] for whom land-use change and forestry constituted a net source of greenhouse gas emissions in [1990] [a base period] shall include in their 1990 emissions base year or period the aggregate anthropogenic carbon dioxide equivalent emissions by sources minus removals by sinks in [1990] [a base period] from land-use change for the purposes of calculating their assigned amount.] [The text in italics would be deleted in case of land-based accounting and may be deleted in case of activity-based accounting.]

#### Proposals for Article 3, paragraph 8

- Add at the end of Article 3, paragraph 8:

18. Any Party included in Annex I may use 200x as its base year for nitrogen trifluoride, hydrofluoroethers and perfluoropolyethers for the purposes of the calculation referred to in paragraph x above.

#### Proposals for Article 3, paragraph 10

- Replace Article 3, paragraph 10, with:

19. Any emission reduction unit, or any part of an assigned amount calculated pursuant to Article 3 paragraph 7 of this Protocol and Article(s) [X] of the [agreement under the Convention], which a Party acquires from another Party in accordance with the provisions of Article 6 or 17 shall be added to the assigned amount for the acquiring Party.

#### Proposals for Article 3, paragraph 11

Replace Article 3, paragraph 11, with:

20. Any emission reduction unit, or any part of an assigned amount calculated pursuant to Article 3 paragraph 7 of this Protocol and Article(s) [X] of the [agreement under the Convention], which a Party transfers to another Party in accordance with the provisions of Article 6 or 17 shall be subtracted from the assigned amount for the transferring Party.

#### Proposals for Article 3, paragraph 12

- Insert Article 3, paragraph 12[bis]

21. Any [names of units generated from REDD, NAMA, and sectoral crediting and/or trading mechanisms] which a Party acquires from another Party in accordance with the provisions of [Article [A]<sup>4</sup>] [Article [B]<sup>5</sup>] and Article [C]<sup>6</sup> shall be added to the assigned amount of the acquiring Party.

#### Proposals for Article 3, paragraph 13

- Replace Article 3, paragraph 13, with:

22. If the aggregate anthropogenic carbon dioxide emissions by sources and removals by sinks of a Party included in Annex I in a commitment period are less than its assigned amount under this Article, this difference shall, on request of that Party, be added to the assigned amount for that Party for subsequent commitment periods.

#### Proposals for Article 4, paragraph 1

- Replace Article 4, paragraph 1:

23. Any Parties included in Annex I that have reached an agreement to fulfil their commitments under Article 3 jointly, shall be deemed to have met those commitments provided that their total combined aggregate anthropogenic carbon dioxide emissions by sources and removals by sinks of the greenhouse gases listed in Annex A do not exceed their assigned amounts calculated pursuant to their quantified emission limitation and reduction commitments inscribed in Annex B and in accordance with the provisions of Article 3. The respective emission level allocated to each of the Parties to the agreement shall be set out in that agreement.

#### Proposals for Article 5, paragraph 2

- Replace the last sentence of Article 5, paragraph 2:

24. Any revision to methodologies or adjustments shall not be used for the purposes of ascertaining compliance with commitments under Article 3 in respect of the first commitment period, but may be used by Parties on a voluntary basis, for the purpose of reporting in the first commitment period.

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<sup>4</sup> “A” refers to the article(s) of an agreement emerging from the AWG-LCA dealing with NAMA crediting and/or trading and sectoral crediting and/or trading if such mechanism(s) is(are) established under that agreement.

<sup>5</sup> “B” refers to the article(s) of the Kyoto Protocol dealing with NAMA crediting and/or trading and sectoral crediting and/or trading if such mechanism(s) is(are) established under that agreement.

<sup>6</sup> “C” refers to the article(s) of an agreement emerging from the AWG-LCA dealing with a REDD mechanism established under that agreement.

- Insert Article 5, paragraph 2[bis]:

25. For the second commitment period, methodologies for estimating anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol shall be those agreed upon by the Conference of the Parties serving as the meeting of the Parties to this Protocol at its [XX] session, based on the work of, inter alia, the Intergovernmental Panel on Climate Change and advice provided by the Subsidiary Body for Scientific and Technological Advice. Where such methodologies are not used, appropriate adjustments shall be applied according to methodologies agreed upon by the Conference of the Parties serving as the meeting of the Parties to this Protocol at its [XX] session. Based on the work of, inter alia, the Intergovernmental Panel on Climate Change and advice provided by the Subsidiary Body for Scientific and Technological Advice, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall regularly review and, as appropriate, revise such methodologies and adjustments, taking fully into account any relevant decisions by the Conference of the Parties. Any revision to methodologies or adjustments shall be used only for the purposes of ascertaining compliance with commitments under Article 3 in respect of any commitment period adopted subsequent to that revision.

#### Proposals for Article 6, paragraph 2

- Insert Article 6, paragraph 2 [bis]:

26. The Conference of the Parties serving as the meeting of the Parties to this Protocol may at its [X] session or as soon as practicable thereafter, revise guidelines for the implementation of this Article, including for improving its effectiveness and efficiency by extending its timing, guaranteeing its environmental integrity, and preparing for new participants.

#### Proposals for Article 6, paragraph 5

- Insert Article 6, paragraph 5

27. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that a share of the proceeds from approved project activities established under this Article is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

#### Proposals for Article 7, paragraph 4

- Replace Article 7, paragraph 4, with:

28. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall adopt at its first session, and review periodically thereafter, guidelines for the preparation of the information required under this Article, taking into account guidelines for the preparation of national communications by Parties included in Annex I adopted by the Conference of the Parties. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall also, prior to the first commitment period, decide upon modalities for the accounting of assigned amounts for that commitment period.

- Insert Article 7, paragraph 4 [bis]:

29. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, prior to the second commitment period, decide upon modalities for the accounting of assigned amounts for that commitment period.

#### Proposals for Article 12, paragraph 7

- Insert Article 12, paragraph 7 [bis]:

30. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its [Xth] session, revise the modalities and procedures in order to ensure a more equal geographical distribution of CDM projects, sustainable development and the environmental integrity of the clean development mechanism including by establishing:

- (a) benchmarks for baseline setting and determination of additionality for specific project types;
- (b) discount factors for application to issuance of certified emission reductions for specific clean development mechanism project types as an alternative in situations where it is not feasible to establish baselines on the basis of benchmarks;
- (c) criteria on the primary technology employed in the relevant sector;
- (d) a rules based approach to decision making.

- Insert Article 12, paragraph 7 [ter]:

31. A project may only be registered in economically more advanced developing countries if the relevant host country Party has submitted its most recent national emissions inventory when required.

#### Proposals for Article 12, paragraph 11

- Insert 12, paragraph 11

32. The clean development mechanism is expanded to include nationally appropriate mitigation actions as the basis of crediting.

#### Proposals for Article 17

- Replace Article 17 with:

33. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall define the relevant principles, modalities, rules and guidelines, in particular for verification, reporting and accountability for emissions trading.

34. The Parties included in Annex B may participate in emissions trading for the purposes of fulfilling their commitments under Article 3, subject to paragraph 7 and meeting the requirements set out in paragraph 2 of the Annex to Decision 11/CMP1.

35. The Parties not included in Annex B that have sectoral emission targets and meet the requirements, mutatis mutandis, set out in paragraph 2 of the Annex to Decision 11/CMP1 may, subject to paragraph 8, participate in emissions trading.

36. Parties not included in Annex B may propose sectoral emission targets, as part of their low-carbon development strategy.

37. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall [at its Xth session] elaborate modalities and procedures for the:

- (a) preparation, submission, review and approval of proposals for sectoral emission targets;
- (b) monitoring, verification and reporting of emissions and accounting of units.

38. The modalities and procedures shall as a minimum ensure that:

- (a) sectoral emission targets should deviate significantly from business as usual emissions and be established in a conservative manner taking into account, inter alia, the most efficient techniques, procedures, substitutes and alternative production processes,



- (b) independently verified data and projected emissions in the relevant sector are taken into account;
- (c) methodologies for estimating and accounting sectoral greenhouse gas emissions in a conservative manner are available;
- (d) sectoral emissions are effectively monitored, reported and reviewed;
- (e) there is a clear definition of sectoral boundaries;
- (f) the trading period for [assigned amount/fungible units] shall be [X] years;
- (g) sectoral emission targets are reviewed every [X] years;
- (h) leakage is minimised to the extent possible;
- (i) revenue derived from sectoral emission reductions are additional to any other finance support for NAMAs

39. Conference of the Parties serving as the meeting of the Parties shall also consider possible modalities and procedures for the recognition of units created under mandatory emissions trading systems in non Annex B countries, thereby ensuring environmental integrity.

40. Any trading pursuant to paragraph 2 shall be supplemental to domestic actions for the purpose of meeting quantified emission limitation and reduction commitments under Article 3.

41. Any trading pursuant to paragraph 3 shall be supplemental to domestic actions for the purpose of meeting sectoral emission targets under paragraph 3.

- Insert Article 17, paragraph 2

42. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that a share of the proceeds from the issuance of assigned amount units is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

- Insert Article 17 [bis]

43. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall define the relevant principles, modalities, rules and guidelines, in particular for verification, reporting and accountability, for emissions trading by Parties not included in Annex [I] [B] [C]. Such Parties shall meet the following eligibility requirements and any other requirements established by the Conference of the Parties serving as the meeting as the Parties to this Protocol:

- (a) Establishment of a national system for the estimation of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, in accordance with the requirements in the guidelines decided pursuant to this Article;
- (b) Establishment of a national registry, in accordance with the requirements in the guidelines decided pursuant to this Article; and
- (c) Annual submission of the most recent inventory of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, in accordance with the requirements in the guidelines decided pursuant to this Article and taking fully into account any relevant decisions by the Conference of the Parties.

44. Parties not included in Annex [I] [B] [C] may participate in emissions trading for the purpose of participating in or meeting their obligations, if any, under the mechanisms defined under this Protocol or any other legal instrument under the Convention, subject to the requirements specified in relation to those

mechanisms. Any such trading shall be supplemental to domestic actions by those Parties for the purpose of participating in or meeting their obligations, if any, under such mechanisms.

### Proposals for Article 21

Option 1 (Adjustment procedure):

Sub-option 1:

- Replace Article 21, paragraph 4 with:

4. The Parties shall make every effort to reach agreement on any proposed annex or amendment to an annex by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the annex or amendment to an annex other than Annex A, B [or ...] shall as a last resort be adopted by a three-fourths majority vote of the Parties present and voting at the meeting. Amendments to Annex A, B [and...] shall be adopted by consensus and in relation to Annex B [and ...] only with the written consent of the Party concerned. The adopted annex or amendment to an annex shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.

- Replace Article 21, paragraph 5 with:

5. An annex, or amendment to an annex other than Annex A, B [or...], that has been adopted in accordance with paragraphs 3 and 4 above shall enter into force for all Parties to this Protocol six months after the date of the communication by the Depositary to such Parties of the adoption of the annex or adoption of the amendment to the annex, except for those Parties that have notified the Depositary, in writing, within that period of their non-acceptance of the annex or amendment to the annex. The annex or amendment to an annex shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.

- Replace Article 21, paragraph 7 with:

7. Amendments to Annexes A B [or...] to this Protocol shall enter into force for all Parties to this Protocol six months after the date of the communication by the Depositary to such Parties of the adoption of the annex or adoption of the amendment to the annex.

Sub-option 2:

- Replace Article 21, paragraph 7 with:

7. Amendments to Annexes A, B [or...] to this Protocol that have been adopted under circumstances other than those pursuant to paragraph 7 bis below enter into force in accordance with the procedure set out in Article 20.

- Insert Article 21, paragraph 7 bis:

7 bis. If the Party proposes an amendment to Annex B [or...] that stipulates for such Party's more stringent quantified emission limitation or reduction commitment than it has been inscribed in Annex B [or...] or the Party proposes an amendment to Annex B [or...] that stipulates for such Party's quantified emission limitation or reduction commitment, which has not been inscribed in Annex B [or...], the adopted amendment shall enter into force for all Parties to this Protocol six months after the date of the communication by the Depositary to such Parties of the adoption of the amendment to the annex.

Option 2 (Opt-out procedure):

Sub-option 1:

- Replace Article 21, paragraph 4 with:
  4. The Parties shall make every effort to reach agreement on any proposed annex or amendment to an annex by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the annex or amendment to an annex shall as a last resort be adopted by a three-fourths majority vote of the Parties present and voting at the meeting. Any amendments to Annexes B and C shall be adopted only with the written consent of the Party concerned. The adopted annex or amendment to an annex shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.
- Replace Article 21, paragraph 5 with:
  5. An annex, or amendment to an annex other than Annex A, that has been adopted in accordance with paragraphs 3 and 4 above shall enter into force for all Parties to this Protocol six months after the date of the communication by the Depositary to such Parties of the adoption of the annex or adoption of the amendment to the annex, except for those Parties that have notified the Depositary, in writing, within that period of their non-acceptance of the annex or amendment to the annex. The annex or amendment to an annex shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.

Sub-option 2:

- Replace Article 21, paragraph 4 with:
  4. The Parties shall make every effort to reach agreement on any proposed annex or amendment to an annex by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the annex or amendment to an annex other than Annex A, B [or ...] shall as a last resort be adopted by a three-fourths majority vote of the Parties present and voting at the meeting. Amendments to Annexes A, B [or...] to this Protocol shall be adopted by consensus only. The adopted annex or amendment to an annex shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.
- Replace Article 21, paragraph 5 with:
  5. An annex, or amendment to an annex, that has been adopted in accordance with paragraphs 3 and 4 above shall enter into force for all Parties to this Protocol six months after the date of the communication by the Depositary to such Parties of the adoption of the annex or adoption of the amendment to the annex, except for those Parties that have notified the Depositary, in writing, within that period of their non-acceptance of the annex or amendment to the annex. The annex or amendment to an annex shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.

Delete Article 21, paragraph 7

Proposal for Article 18

- Insert Article 18 [bis]:

45. In accordance with article 18, paragraph 1 above, the procedures and mechanisms relating to compliance under the Kyoto Protocol as adopted by the Conference of the Parties serving as the Meeting of the Parties by decision 27/CMP.1 shall apply.

Proposals to insert new Articles:

- Insert Article [X] – REDD

46. The Conference of the Parties serving as the meeting of the Parties shall define the relevant principles, modalities, rules and guidelines, in particular for verification, reporting and accountability for reducing emissions from deforestation and forest degradation in Parties included in Annex C.

- Insert Article [X] - Sectoral [No-lose] Crediting

47. A sectoral [no-lose] crediting mechanism is hereby defined.

48. The purpose of the sectoral [no-lose] crediting mechanism shall be to:

- (a) enable Parties to strengthen their contribution to the ultimate objective of the Convention and to access carbon markets;
- (b) assist Parties included in Annex I in achieving compliance with part of their quantified emission limitation and reduction commitments under Article 3;
- (c) promote sustainable development.

49. The sectoral [no-lose] crediting mechanism shall be subject to the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to this Protocol and be supervised by [a body].

50. Parties not included in Annex I that have absolute sectoral emission thresholds and meet the requirements, mutatis mutandis, set out in paragraph 2 of the Annex to Decision 11/CMP1 may participate in sectoral [no-lose] crediting under this Article.

51. parties not included in Annex I may propose absolute sectoral emission thresholds, as part of their low-carbon development strategy.

52. [Certified emissions reductions/other fungible units] may be issued [by a body] in respect of sectoral emissions reductions beyond the absolute emission threshold.

53. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, [at its Xth session], elaborate modalities and procedures for the:

- (a) preparation, submission, review and approval of proposals for inscribing absolute sectoral emission thresholds;
- (b) monitoring, verification and reporting of emissions and accounting of units.

54. The modalities and procedures shall as a minimum ensure that:

- (a) Parties absolute emission thresholds for the relevant sectors should deviate significantly from business as usual emissions and be established in a conservative manner taking into account, inter alia, the most efficient techniques, procedures, substitutes and alternative Production processes,
- (b) independently verified data and projected emissions in the relevant sector are taken into account;

- (c) methodologies for estimating and accounting sectoral greenhouse gas emissions in a conservative manner are available;
- (d) sectoral emissions are effectively monitored, reported and reviewed;
- (e) there is a clear definition of sectoral boundaries;
- (f) the crediting period for [certified emission reductions/other fungible units] shall be [X] years;
- (g) absolute sectoral emissions thresholds are reviewed every [X] years;
- (h) leakage is minimised to the extent possible;
- (i) revenue derived from sectoral emission reductions are additional to any other financial support for nationally appropriate mitigation actions.

- Insert Article [X] – NAMA Crediting Mechanism

55. A mechanism for crediting verifiable mitigation from nationally appropriate mitigation actions by developing countries (hereinafter the NAMA crediting mechanism) is hereby defined.

56. The purpose of the NAMA crediting mechanism shall be to assist Parties in achieving sustainable development and contributing to global efforts to mitigate greenhouse gas emissions.

57. NAMAs that are eligible for the credits include;

- (a) Sustainable development policies and measures, economy-wide or sectoral mitigation activities (e.g. transport, etc.);
- (b) Low-carbon development plans and programmes;
- (c) Actions under paragraph 1 (b) (iii) (REDD-plus) of the Bali Action Plan;
- (d) Technology deployment programmes;
- (e) Relevant standards, laws, regulations and targets at a national or sectoral level;

58. The NAMA crediting mechanism shall be subject to the authority and guidance of the Conference of the Parties serving as the meeting of the Parties and be supervised by a dedicated body constituted by the Conference of the Parties serving as the meeting of the Parties.

59. The Conference of the Parties serving as the meeting of the Parties shall, at its sixth session and appropriate subsequent sessions, define the relevant principles, modalities, rules, and guidelines for the NAMA crediting mechanism.”

- Insert Article [X] - Crediting and Trading NAMA Mechanism:

60. A crediting and trading mechanism for nationally appropriate mitigation actions is hereby defined.

61. The purpose of the mechanism shall be to assist Parties not included in Annex I in undertaking nationally appropriate mitigation actions that produce a net mitigation benefit to the atmosphere, to promote cost-effective global mitigation through the use of markets, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3.

62. Participation in the mechanism by any Party shall be voluntary.

63. Subject to the requirements in Article [X (emissions trading by Parties not included in Annex [I] [B] [C])], each participating Party not included in Annex I may participate in the mechanism on the basis of a quantified crediting or trading threshold for that Party:

- (a) established in accordance with rules, procedures, modalities and guidelines to be adopted by the Conference of the Parties serving as the meeting of the Parties to the Protocol; and
- (b) approved by the Conference of the Parties serving as the meeting of the Parties to the Protocol.

64. A crediting or trading threshold shall cover one or more eligible sectors elected by the participating Party not included in Annex I.

65. A crediting or trading threshold shall be set at a level significantly below projected anthropogenic emissions, or above projected anthropogenic removals, of greenhouse gases within the sector boundary, taking into account the national circumstances and respective capabilities of the participating Party not included in Annex I.

66. For each Party not included in Annex I that elects to participate on the basis of a crediting threshold:

- (a) NAMA units shall be issued to the Party following the verification of the Party's actual reductions in emissions and/or removals by sinks within the sector boundary relative to the threshold.
- (b) Where the Party's actual emissions within the sector boundary exceed the threshold, or the Party's actual removals within the sector boundary are below the threshold, no NAMA units shall be issued and there shall be no further consequences under the Protocol.

67. For each Party not included in Annex I that elects to participate on the basis of a trading threshold:

- (a) NAMA units shall be issued to the Party at the start of each trading period in an amount calculated in accordance with that Party's trading threshold.
- (b) At the end of each trading period, the Party shall retire a number of NAMA units or other eligible units acquired in accordance with Article [X (emissions trading by Parties not included in Annex [I] [B] [C])] equal to its actual net emissions during the trading period.

68. The mechanism shall function under the guidance of and be accountable to the Conference of the Parties serving as the meeting of the Parties to the Protocol and shall be supervised by a body to be established or appointed by the Conference of the Parties serving as the meeting of the Parties to the Protocol.

69. The Conference of the Parties serving as the meeting of the Parties to the Protocol shall adopt the definitions, rules, modalities and guidance for the mechanism, including in relation to: the determination of eligible sectors and sector boundaries; requirements for measurement, monitoring, reporting and verification; ensuring real, measurable and long-term benefits related to the mitigation of climate change; the duration of crediting and trading periods; the carry-over of units between periods; issuance and accounting of NAMA units; treatment of potential leakage across sectors; and the consequences for not meeting a trading threshold including facilitative measures.

- Insert Article [X] – Transitional provisions and double counting in relation to mechanisms

70. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall [at its Xth session] define modalities and procedures which:

- (a) prevent double counting between the mechanisms defined by Articles 6, 12, [X (sectoral crediting)] and 17 and other support;
- (b) provide for an orderly transition between mechanisms where the mechanisms in Articles [X (sectoral crediting)] and 17(3) have been implemented by the Parties in the sectors where these mechanisms apply;
- (c) ensure credits issued from clean development mechanism project activities registered before [XXXX] will continue to be issued [until XXXX];
- (d) exclude new clean development mechanism projects in sectors for which absolute sectoral emission thresholds or targets are defined.

- Insert Article [X]:

71. The Conference of the Parties serving as the meeting of the Parties to the Protocol shall define modalities and procedures to ensure that there is no double counting under the mechanisms established under this Protocol and in relation to any other legal instrument under the Convention.

Alternative proposal to merge Articles 3.10-3.12, 6, 12, and 17 into a single Article

72. *Include the current Article 3, paragraph 10 to 12, and add the following:* The acquisition of emission reduction units, certified emission reductions, assigned amount units or removal units under paragraphs 2, 3 and 4 below shall be supplemental to domestic actions for the purpose of meeting commitments under Article 3, paragraph 1.

73. *Include the current Article 6, while deleting its subparagraph 1(d) and paragraph 2.*

74. *Replace the current Article 17 with the following:* The Parties included in Annex I may transfer and/or acquire, through emissions trading, emission reduction units, certified emission reductions, assigned amount units or removal units for the purposes of fulfilling their commitments under Article 3, paragraph 1.

75. *Include the current Article 12, and make the following amendments*

- (a) *No changes to the current Article 12, paragraph 1*
- (b) *Replace the current Article 12, paragraph 2, with:* The purpose of the clean development mechanism shall be to promote nationally appropriate mitigation actions by Parties included in Annex C in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in meeting their quantified emission limitation and reduction commitments under Article 3, paragraph 1.
- (c) *Replace the current Article 12, paragraph 3, with:* Under the clean development mechanism:
  - (i) Parties included in Annex C will benefit from project activities resulting in certified emission reductions; and
  - (ii) Parties included in Annex I may use the certified emission reductions accruing from such project activities to meet part of their quantified emission limitation and reduction commitments under Article 3, paragraph 1, as determined by the Conference of the Parties serving as the meeting of the Parties to this Protocol.
- (d) *No changes to the current Article 12, paragraph 4*
- (e) *Include the current Article 12, paragraph 5, while replacing its paragraph 5(c) with:* Reductions in emissions that are additional to any that would occur in the absence of the

certified project activity while adopting methodologies widely and efficiently applied to project activities.

- (f) *No changes to the current Article 12, paragraph 6*
- (g) *No changes to the current Article 12, paragraph 7*
- (h) *No changes to the current Article 12, paragraph 8*
- (i) *No changes to the current Article 12, paragraph 9*

76. *Replace the current Article 12, paragraph 10, with: The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session or as soon as practicable thereafter, decide upon guidelines for the implementation of paragraphs 2, 3 and 4 above, including for verification and reporting, taking into account the characteristics of respective schemes.*

Proposals for Annex A

Option 1

- Amend sectors and categories in Annex A

...  
Sectors/~~source~~ categories

...  
Agriculture, Forestry and Other Land Uses

Enteric fermentation  
 Manure management  
 Rice cultivation  
 Agricultural soils  
 Prescribed burning of savannas  
 Field burning of agricultural residues  
Forest Land: Forest land remaining forest land  
Land converted to forest land  
Cropland: Cropland remaining cropland  
Land converted to cropland  
Grassland: Grassland remaining grassland  
Land converted to grassland  
Wetlands: Wetlands remaining wetlands  
Land converted to wetlands  
Settlements: Land converted to settlements  
 Other Land: Land converted to other land

Option 2:

- Amend Annex A:

Common name	Chemical formula
Carbon dioxide	CO <sub>2</sub>
Methane	CH <sub>4</sub>
Nitrous Oxide	N <sub>2</sub> O
Hydrofluorocarbons	
HFC-23	CHF <sub>3</sub>
HFC-32	CH <sub>2</sub> F <sub>2</sub>
HFC-41	CH <sub>3</sub> F



HFC-125	CHF <sub>2</sub> CF <sub>3</sub>
HFC-134	CHF <sub>2</sub> CHF <sub>2</sub>
HFC-134a	CH <sub>2</sub> FCF <sub>3</sub>
HFC-143	CH <sub>2</sub> FCHF <sub>2</sub>
HFC-143a	CH <sub>3</sub> CF <sub>3</sub>
HFC-152 <sup>1</sup>	CH <sub>2</sub> FCH <sub>2</sub> F
HFC-152a	CH <sub>3</sub> CHF <sub>2</sub>
HFC-161 <sup>1</sup>	CH <sub>3</sub> CH <sub>2</sub> F
HFC-227ea	CF <sub>3</sub> CHF <sub>2</sub> CF <sub>3</sub>
HFC-236cb <sup>1</sup>	CH <sub>2</sub> FCF <sub>2</sub> CF <sub>3</sub>
HFC-236ea <sup>1</sup>	CHF <sub>2</sub> CHF <sub>2</sub> CF <sub>3</sub>
HFC-236fa	CF <sub>3</sub> CH <sub>2</sub> CF <sub>3</sub>
HFC-245ca	CH <sub>2</sub> FCF <sub>2</sub> CHF <sub>2</sub>
HFC-245fa <sup>1</sup>	CHF <sub>2</sub> CH <sub>2</sub> CF <sub>3</sub>
HFC-365mfc <sup>1</sup>	CH <sub>3</sub> CF <sub>2</sub> CH <sub>2</sub> CF <sub>3</sub>
HFC-43-10mee	CF <sub>3</sub> CHF <sub>2</sub> CF <sub>2</sub> CF <sub>3</sub>
Nitrogen trifluoride <sup>1</sup>	NF <sub>3</sub>
Perfluorocarbons	
PFC-14	CF <sub>4</sub>
PFC-116	C <sub>2</sub> F <sub>6</sub>
PFC-218	C <sub>3</sub> F <sub>8</sub>
PFC-318	c-C <sub>4</sub> F <sub>8</sub>
PFC-3-1-10	C <sub>4</sub> F <sub>10</sub>
PFC-4-1-12	C <sub>5</sub> F <sub>12</sub>
PFC-5-1-14	C <sub>6</sub> F <sub>14</sub>
PFC-9-1-18 <sup>1</sup>	C <sub>10</sub> F <sub>18</sub>
Sulphur hexafluoride	SF <sub>6</sub>

<sup>1</sup> Footnote indicating those additional gases to be covered by the Protocol in the second commitment period.

### Option 3

- Include the following gases:

Carbon dioxide (CO<sub>2</sub>)

Methane (CH<sub>4</sub>)

Nitrous oxide (N<sub>2</sub>O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Perfluorinated Compounds

    Sulphur hexafluoride (SF<sub>6</sub>)

    Nitrogen trifluoride (NF<sub>3</sub>)

Hydrofluoroethers/ Fluorinated Ethers (HFEs)

Perfluoropolyethers (PFPMIE)

- Include the following sectors:

[Energy]

    Fuel combustion activities

        Energy industries

        Manufacturing industries and construction

        Transport

Other sectors  
Non-Specified

Fugitive emissions from fuels  
Solid fuels  
Oil and natural gas  
Other emissions from energy production

Carbon Dioxide Transport and Storage  
Transport of CO<sub>2</sub>  
Injection and Storage  
Other

[Industrial processes and product use]  
Mineral industry  
Chemical industry  
Metal industry  
Non-energy products from fuels and solvent use  
Electronics Industry  
Fluorinated substitutes for ozone depleting substances  
Other Product Manufacture and Use  
Other

[Agriculture, forestry and other land use and aggregate sources and non-CO<sub>2</sub> emissions sources on land]

\*Note: The bracketed text reflects the main changes introduced for this sector in the 2006 IPCC guidelines (LULUCF vs. AFOLU). The main difficulty at this point in time as regards the bracketed text is the lack of agreement on LULUCF accounting. The unbracketed parts are those categories that reflect the agriculture categories currently included in Annex A with some small additions. Further work on this issue is necessary in the negotiating context.

Livestock  
Enteric fermentation  
Manure management

[Land  
Forest land  
Cropland  
Grassland  
Wetlands  
Settlements  
Other land]

Aggregate sources and non-CO<sub>2</sub> emissions sources on land  
Greenhouse gas emissions from biomass burning  
Liming  
Urea application  
Direct N<sub>2</sub>O emissions from managed soils  
Indirect N<sub>2</sub>O emissions from managed soils  
Indirect N<sub>2</sub>O emissions from manure management  
Rice cultivation  
Other

[Other  
Harvested wood products

Other]  
Waste  
Solid waste disposal  
Biological treatment of solid waste  
Wastewater treatment and discharge  
Incineration and open burning of waste  
Other  
  
Other  
Indirect N<sub>2</sub>O emissions from the Atmospheric deposition of nitrogen in NO<sub>x</sub> and NH<sub>3</sub>  
  
Other