

Decision -/CMP.1

Guidelines for the implementation of Article 6 of the Kyoto Protocol

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

Aware of its decisions -/CMP.1 (Mechanisms), -/CMP.1 (Article 12), -/CMP.1 (Article 17), -/CMP.1 (Land use, land-use change and forestry), -/CMP.1 (Modalities for the accounting of assigned amounts), -/CMP.1 (Article 5.1), -/CMP.1 (Article 5.2), -/CMP.1 (Article 7) and -/CMP.1 (Article 8), and decisions 3/CP.7 and 24/CP.7,

1. *Decides* to confirm and give full effect to any actions taken pursuant to decision 16/CP.7 and to any other relevant decisions by the Conference of the Parties, as appropriate;
2. *Decides* to adopt the guidelines for the implementation of Article 6 of the Kyoto Protocol contained in the annex below;
3. *Decides* to establish the Article 6 Supervisory Committee, at its first session, to supervise, inter alia, the verification of emission reduction units generated by Article 6 projects;
4. *Decides* that projects under Article 6 aimed at enhancing anthropogenic removals by sinks shall conform to definitions, accounting rules, modalities and guidelines under Article 3, paragraphs 3 and 4, of the Kyoto Protocol;
5. *Decides* that projects starting as of the year 2000 may be eligible as Article 6 project if they meet the requirements of the guidelines for the implementation of Article 6 of the Kyoto Protocol as set out in the annex below and that emission reduction units shall only be issued for a crediting period starting after the beginning of the year 2008;
6. *Urges* the Parties included in Annex II to facilitate the participation in Article 6 project of Parties included in Annex I with commitments inscribed in Annex B that are undergoing the process of transition to a market economy;
7. *Decides* that any administrative costs arising from procedures contained in the annex below relating to the functions of the Article 6 Supervisory Committee shall be borne by both the Parties included in Annex I and the project participants according to specifications set out in a decision by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session;
8. *Decides further* that any future revision of the guidelines for the implementation of Article 6 shall be decided in accordance with the rules of procedure of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, as applied. The first review shall be carried out no later than one year after the end of the first commitment period, based on recommendations by the Article 6 Supervisory Committee and by the Subsidiary Body for Implementation drawing on technical advice of the Subsidiary Body for Scientific and Technological Advice, as needed. Further reviews shall be carried out periodically thereafter. Any revision of the decision shall not affect ongoing Article 6 projects.

ANNEX

Guidelines for the implementation of Article 6 of the Kyoto Protocol

A. Definitions

1. For the purpose of the present annex the definitions contained in Article 1¹ and the provisions of Article 14 shall apply. Furthermore:
 - (a) An “emission reduction unit” or “ERU” is a unit issued pursuant to the relevant provisions in the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts*) and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;
 - (b) A “certified emission reduction” or “CER” is a unit issued pursuant to Article 12 and requirements thereunder, as well as the relevant provisions in the annex to decision -/CMP.1 (*Article 12*), and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;
 - (c) An “assigned amount unit” or “AAU” is a unit issued pursuant to the relevant provisions in the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts*) and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;
 - (d) A “removal unit” or “RMU” is a unit issued pursuant to the relevant provisions in the annex to decision -/CMP.1 (*Modalities for the accounting of assigned amounts*) and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;
 - (e) “Stakeholders” means the public, including individuals, groups or communities affected, or likely to be affected, by the project.

B. Role of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

2. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) shall provide guidance regarding the implementation of Article 6 and exercise authority over the Article 6 Supervisory Committee.

C. Article 6 Supervisory Committee

3. The Article 6 Supervisory Committee shall supervise, inter alia, the verification of ERUs generated by Article 6 project activities, referred to in section E below, and be responsible for:
 - (a) Reporting on its activities to each session of the COP/MOP;
 - (b) The accreditation of independent entities in accordance with standards and procedures contained in appendix A below;
 - (c) The review of standards and procedures for the accreditation of independent entities in appendix A below, giving consideration to relevant work of the Executive Board of the

¹ In the context of this annex, “Article” refers to an Article of the Kyoto Protocol, unless otherwise specified.

clean development mechanism (CDM) and, as appropriate, making recommendations to the COP/MOP on revisions to these standards and procedures;

- (d) The review and revision of reporting guidelines and criteria for baselines and monitoring in appendix B below, for consideration by the COP/MOP, giving consideration to relevant work of the Executive Board of the CDM, as appropriate;
- (e) The elaboration of the Article 6 project design document, for consideration by the COP/MOP, taking into consideration appendix B of the annex on modalities and procedures for a clean development mechanism and giving consideration to relevant work of the Executive Board of the CDM, as appropriate;
- (f) The review procedures set out in paragraphs 35 and 39 below;
- (g) The elaboration of any rules of procedure additional to those contained in the present annex, for consideration by the COP/MOP.

4. The Article 6 Supervisory Committee shall comprise 10 members from Parties to the Kyoto Protocol, as follows:

- (a) Three members from Parties² included in Annex I that are undergoing the process of transition to a market economy
- (b) Three members from Parties included in Annex I not referred to in subparagraph (a) above
- (c) Three members from Parties not included in Annex I
- (d) One member from the small island developing States.

5. Members, including alternate members, of the Article 6 Supervisory Committee shall be nominated by the relevant constituencies referred to in paragraph 4 above and be elected by the COP/MOP. The COP/MOP shall elect to the Article 6 Supervisory Committee five members and five alternate members for a term of two years and five members and five alternate members for a term of three years. Thereafter, the COP/MOP shall elect, every year, five new members and five alternate members for a term of two years. Appointment pursuant to paragraph 12 below shall count as one term. The members and alternate members shall remain in office until their successors are elected.

6. Members of the Article 6 Supervisory Committee may be eligible to serve a maximum of two consecutive terms. Terms as alternate members do not count.

7. The Article 6 Supervisory Committee shall elect annually a Chairperson and Vice-Chairperson from among its members, with one being from a Party included in Annex I and the other being from a Party not included in Annex I. The positions of Chairperson and Vice-Chairperson shall alternate annually between a member from a Party included in Annex I and a member from a Party not included in Annex I.

8. The COP/MOP shall elect an alternate member for each member of the Article 6 Supervisory Committee based on the criteria in paragraphs 4, 5 and 6 above. The nomination by a constituency of a candidate member shall be accompanied by a nomination of a candidate alternate member from the same constituency.

² In the context of this annex, "Party" refers to a Party to the Kyoto Protocol, unless otherwise specified.

9. The Article 6 Supervisory Committee shall meet at least two times each year, whenever possible in conjunction with the meetings of the subsidiary bodies, unless decided otherwise. All documentation for the Article 6 Supervisory Committee meetings shall be made available to alternate members.

10. Members, including alternate members, of the Article 6 Supervisory Committee shall:

- (a) Serve in their personal capacities and shall have recognized competence relating to climate change issues and in relevant technical and policy fields. The cost of participation of members and of alternate members from developing country Parties and other Parties eligible under UNFCCC practice shall be covered by the budget for the Article 6 Supervisory Committee;
- (b) Have no pecuniary or financial interest in any aspect of an Article 6 project;
- (c) Subject to their responsibility to the Article 6 Supervisory Committee, not disclose any confidential or proprietary information coming to their knowledge by reason of their duties for the Article 6 Supervisory Committee. The duty of a member, including an alternate member, not to disclose confidential information constitutes an obligation in respect to that member, including an alternate member, and shall remain an obligation after the expiration or termination of that member's, including an alternate member's, function for the Article 6 Supervisory Committee;
- (d) Be bound by the rules of procedure of the Article 6 Supervisory Committee;
- (e) Take a written oath of service witnessed by the Executive Secretary of the UNFCCC or his/her authorized representative before assuming his or her duties.

11. The Article 6 Supervisory Committee may suspend and recommend to the COP/MOP the termination of the membership of a particular member, including an alternate member, for cause including, inter alia, breach of the conflict of interest provisions, breach of the confidentiality provisions, or failure to attend two consecutive meetings of the Article 6 Supervisory Committee without proper justification.

12. If a member, or an alternate member, of the Article 6 Supervisory Committee resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the Article 6 Supervisory Committee may decide, bearing in mind the proximity of the next session of the COP/MOP, to appoint another member, or an alternate member, from the same constituency to replace the said member for the remainder of that member's mandate. In such a case, the Article 6 Supervisory Committee shall take into account any views expressed by the group that had nominated the member.

13. The Article 6 Supervisory Committee shall draw on the expertise necessary to perform its functions, in particular taking into account national accreditation procedures.

14. At least two thirds of the members of the Article 6 Supervisory Committee, representing a majority of members from Parties included in Annex I and a majority of members from Parties not included in Annex I, must be present to constitute a quorum.

15. Decisions by the Article 6 Supervisory Committee shall be taken by consensus, whenever possible. If all efforts at reaching a consensus have been exhausted and no agreement has been reached, decisions shall as a last resort be adopted by a three-fourths majority vote of the members present and voting at the meeting. Members abstaining from voting shall be considered as not voting.

16. The full text of all decisions of the Article 6 Supervisory Committee shall be made publicly available. Decisions shall be made available in all six official languages of the United Nations.

17. The working language of the Article 6 Supervisory Committee shall be English.
18. Meetings of the Article 6 Supervisory Committee shall be open to attendance, as observers, by all Parties and by all UNFCCC accredited observers and stakeholders, except where otherwise decided by the Article 6 Supervisory Committee.
19. The secretariat shall service the Article 6 Supervisory Committee.

D. Participation requirements

20. A Party involved in an Article 6 project shall inform the secretariat of:
 - (a) Its designated focal point for approving projects pursuant to Article 6, paragraph 1(a);
 - (b) Its national guidelines and procedures for approving Article 6 projects, including the consideration of stakeholders' comments, as well as monitoring and verification.
21. Subject to the provisions of paragraph 22 below, a Party included in Annex I with a commitment inscribed in Annex B is eligible to transfer and/or acquire ERUs issued in accordance with the relevant provisions, if it is in compliance with the following eligibility requirements:
 - (a) It is a Party to the Kyoto Protocol
 - (b) Its assigned amount pursuant to Article 3, paragraphs 7 and 8, has been calculated and recorded in accordance with decision -/CMP.1 (*Modalities for the accounting of assigned amounts*)
 - (c) It has in place a national system for the estimation of anthropogenic emissions by sources and anthropogenic removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, in accordance with Article 5, paragraph 1, and the requirements in the guidelines decided thereunder
 - (d) It has in place a national registry in accordance with Article 7, paragraph 4, and the requirements in the guidelines decided thereunder
 - (e) It has submitted annually the most recent required inventory, in accordance with Article 5, paragraph 2, and Article 7, paragraph 1, and the requirements in the guidelines decided thereunder, including the national inventory report and the common reporting format. For the first commitment period, the quality assessment needed for the purpose of determining eligibility to use the mechanisms shall be limited to the parts of the inventory pertaining to emissions of greenhouse gases from sources/sector categories from Annex A to the Kyoto Protocol and the submission of the annual inventory on sinks
 - (f) It submits the supplementary information on assigned amount in accordance with Article 7, paragraph 1, and the requirements in the guidelines decided thereunder and makes any additions to, and subtractions from, assigned amount pursuant to Article 3, paragraphs 7 and 8, including for the activities under Article 3, paragraphs 3 and 4, in accordance with Article 7, paragraph 4, and the requirements in the guidelines decided thereunder.
22. A Party included in Annex I with a commitment inscribed in Annex B shall be considered:
 - (a) To meet the eligibility requirements referred to in paragraph 21 above after 16 months have elapsed since the submission of its report to facilitate the calculation of its assigned amount pursuant to Article 3, paragraphs 7 and 8, and to demonstrate its capacity to account for its emissions and assigned amount, in accordance with the modalities

adopted for the accounting of assigned amount under Article 7, paragraph 4, unless the enforcement branch of the Compliance Committee finds in accordance with decision 24/CP.7 that the Party does not meet these requirements, or, at an earlier date, if the enforcement branch of the Compliance Committee has decided that it is not proceeding with any questions of implementation relating to these requirements indicated in reports of the expert review teams under Article 8 of the Kyoto Protocol, and has transmitted this information to the secretariat;

- (b) To continue to meet the eligibility requirements referred to in paragraph 21 above unless and until the enforcement branch of the Compliance Committee decides that the Party does not meet one or more of the eligibility requirements, has suspended the Party's eligibility, and has transmitted this information to the secretariat.

23. Where it is considered to meet the eligibility requirements set out in paragraph 21 above, a host Party may verify reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks from an Article 6 project as being additional to any that would otherwise occur, in accordance with Article 6, paragraph 1 (b). Upon such verification, the host Party may issue the appropriate quantity of ERUs in accordance with the relevant provisions of decision -/CMP.1 (*Modalities for the accounting of assigned amounts*).

24. Where a host Party does not meet the eligibility requirements set out in paragraph 21 above, the verification of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks from an Article 6 project as being additional to any that would otherwise occur, in accordance with Article 6, paragraph 1 (b), shall occur through the verification procedure under the Article 6 Supervisory Committee, as set out in section E below. The host Party may, however, only issue and transfer ERUs upon meeting the requirements in paragraphs 21 (a), (b) and (d) above.

25. A host Party which meets the requirements in paragraph 21 above may at any time elect to use the verification procedure under the Article 6 Supervisory Committee.

26. The provisions in Article 6, paragraph 4, shall pertain, inter alia, to the requirements of paragraph 21 above.

27. The secretariat shall maintain a publicly accessible list of Parties that meet the eligibility requirements and that have been suspended in accordance with relevant provisions contained in decision 24/CP.7.

28. A Party hosting an Article 6 project shall make publicly available, directly or through the secretariat, information on the project in accordance with the reporting guidelines set out in appendix B below and the requirements contained in decision -/CMP.1 (*Modalities for the accounting of assigned amounts*).

29. A Party that authorizes legal entities to participate in Article 6 projects shall remain responsible for the fulfilment of its obligations under the Kyoto Protocol and shall ensure that such participation is consistent with the present annex. Legal entities may only transfer or acquire ERUs if the authorizing Party is eligible to do so at that time.

E. Verification procedure under the Article 6 Supervisory Committee

30. The verification procedure under the Article 6 Supervisory Committee is the determination by an independent entity, accredited pursuant to appendix A below, of whether a project and the ensuing reductions of anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks meet the relevant requirements of Article 6 and these guidelines.

31. Project participants shall submit to an accredited independent entity a project design document that contains all information needed for the determination of whether the project
- (a) Has been approved by the Parties involved;
 - (b) Would result in a reduction of anthropogenic emissions by sources or an enhancement of anthropogenic removals by sinks that is additional to any that would otherwise occur;
 - (c) Has an appropriate baseline and monitoring plan in accordance with the criteria set out in appendix B below.
32. The accredited independent entity shall make the project design document publicly available through the secretariat, subject to confidentiality provisions set out in paragraph 40 below, and receive comments from Parties, stakeholders and UNFCCC accredited observers on the project design document and any supporting information for 30 days from the date the project design document is made publicly available.
33. The accredited independent entity shall determine whether:
- (a) The project has been approved by the Parties involved;
 - (b) The project would result in a reduction of anthropogenic emissions by sources or an enhancement of anthropogenic removals by sinks that is additional to any that would otherwise occur;
 - (c) The project has an appropriate baseline and monitoring plan in accordance with the criteria set out in appendix B below;
 - (d) Project participants have submitted to the accredited independent entity documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts, in accordance with procedures as determined by the host Party, and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party.
34. The accredited independent entity shall make its determination publicly available through the secretariat, together with an explanation of its reasons, including a summary of comments received and a report of how due account was taken of these.
35. The determination regarding a project design document shall be deemed final 45 days after the date on which the determination is made public, unless a Party involved in the project or three of the members of the Article 6 Supervisory Committee request a review by the Article 6 Supervisory Committee. If such a review is requested, the Article 6 Supervisory Committee shall finalize the review as soon as possible, but no later than six months or at the second meeting following the request for review. The Article 6 Supervisory Committee shall communicate its decision on the determination and the reasons for it to the project participants and the public. Its decision shall be final.
36. Project participants shall submit to an accredited independent entity a report in accordance with the monitoring plan on reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks that have already occurred. The report shall be made publicly available.
37. The accredited independent entity shall, upon receipt of a report referred to under paragraph 36 above, make a determination of the reductions in anthropogenic emissions by sources or enhancements of

anthropogenic removals by sinks reported by project participants in accordance with appendix B below, provided that they were monitored and calculated in accordance with paragraph 33 above.

38. The accredited independent entity shall make its determination under paragraph 37 above publicly available through the secretariat, together with an explanation of its reasons.

39. The determination regarding reported reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks shall be deemed final 15 days after the date on which it is made public, unless a Party involved in the project or three of the members of the Article 6 Supervisory Committee request a review by the Article 6 Supervisory Committee. If such a review is requested, the Article 6 Supervisory Committee shall:

- (a) At its next meeting or no later than 30 days after the formal request for the review decide on its course of action. If it decides that the request has merit, it shall perform a review;
- (b) Complete its review within 30 days following its decision to perform the review;
- (c) Inform the project participants of the outcome of the review, and make public its decision and the reasons for it.

40. Information obtained from project participants marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by applicable national law of the host Party. Information used to determine whether reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks are additional, to describe the baseline methodology and its application, and to support an environmental impact assessment referred to in paragraph 33 (d) above, shall not be considered as proprietary or confidential.

41. Any provisions relating to the commitment period reserve or other limitations to transfers under Article 17 shall not apply to transfers by a Party of ERUs issued into its national registry that were verified in accordance with the verification procedure under the Article 6 Supervisory Committee.

42. The Article 6 Supervisory Committee shall suspend or withdraw the accreditation of an independent entity if it has carried out a review and found that the entity no longer meets the accreditation standards laid down in appendix A. The Article 6 Supervisory Committee may suspend or withdraw accreditation only after the accredited independent entity has had the opportunity of a hearing and depending on the outcome of the hearing. The suspension or withdrawal is with immediate effect. The affected entity shall be notified, immediately and in writing, once the Article 6 Supervisory Committee has decided upon its suspension or withdrawal. The decision by the Article 6 Supervisory Committee on such a case shall be made public.

43. Verified projects shall not be affected by the suspension or withdrawal of the accreditation of an accredited independent entity unless significant deficiencies are identified in the determination referred to in paragraphs 33 or 37 above for which the entity was responsible. In this case, the Article 6 Supervisory Committee shall decide whether a different accredited independent entity shall be appointed to assess and, where appropriate, correct such deficiencies. If such an assessment reveals that excess ERUs have been transferred as a result of the deficiencies identified in the determination referred to in paragraphs 33 or 37 above, the independent entity whose accreditation has been withdrawn or suspended shall acquire an equivalent amount of AAUs and ERUs and place them in the holding account of the Party hosting the project within 30 days from the assessment mentioned above.

44. Any suspension or withdrawal of an accredited independent entity that adversely affects verified projects shall be decided on by the Article 6 Supervisory Committee only after the affected project participants have had the opportunity of a hearing.

45. Any costs related to the assessment referred to in paragraph 44 above shall be borne by the accredited independent entity whose accreditation has been withdrawn or suspended.

APPENDIX A

Standards and procedures for the accreditation of independent entities

1. An independent entity shall:
 - (a) Be a legal entity (either a domestic legal entity or an international organization) and provide documentation of this status;
 - (b) Employ a sufficient number of persons having the necessary competence to perform all necessary functions relevant to the verification of emission reduction units (ERUs) generated by Article 6 projects relating to the type, range and volume of work performed, under a responsible senior executive;
 - (c) Have the financial stability, insurance coverage and resources required for its activities;
 - (d) Have sufficient arrangements to cover legal and financial liabilities arising from its activities;
 - (e) Have documented internal procedures for carrying out its functions including, inter alia, procedures for the allocation of responsibilities within the organization and for handling complaints. These procedures shall be made publicly available;
 - (f) Have the necessary expertise to carry out the functions specified in this and relevant decisions by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP), and, in particular, have sufficient knowledge and understanding of:
 - (i) The guidelines for the implementation of Article 6 of the Kyoto Protocol, and relevant decisions of the COP/MOP and of the Article 6 Supervisory Committee;
 - (ii) Environmental issues relevant to the verification of Article 6 projects;
 - (iii) The technical aspects of Article 6 activities relevant to environmental issues, including expertise in the setting of baselines and monitoring of emissions and other environmental impacts;
 - (iv) Relevant environmental auditing requirements and methodologies;
 - (v) Methodologies for the accounting of anthropogenic emissions by sources and/or anthropogenic removals by sinks;
 - (g) Have a management structure that has overall responsibility for performance and implementation of the entity's functions, including quality assurance procedures, and all relevant decisions relating to verification. The applicant independent entity shall make available:
 - (i) The names, qualifications, experience and terms of reference of the senior executive, board members, senior officers and other relevant personnel;
 - (ii) An organization chart showing lines of authority, responsibility and allocation of functions stemming from the senior executive;
 - (iii) Its quality assurance policy and procedures;

- (iv) Administrative procedures, including document control;
 - (v) Its policy and procedures for the recruitment and training of independent entity personnel, for ensuring their competence for all necessary functions and for monitoring their performance;
 - (vi) Its procedures for handling complaints, appeals and disputes;
 - (h) Not have pending any judicial process for malpractice, fraud and/or other activity incompatible with its functions as an accredited independent entity.
2. An applicant independent entity shall meet the following operational requirements:
- (a) Work in a credible, independent, non-discriminatory and transparent manner, complying with applicable national law and meeting, in particular, the following requirements:
 - (i) An applicant independent entity shall have a documented structure, which safeguards impartiality, including provisions to ensure the impartiality of its operations
 - (ii) If it is part of a larger organization, and where parts of that organization are, or may become, involved in the identification, development or financing of any Article 6 project, the applicant independent entity shall:
 - Make a declaration of all the organization’s actual and potential Article 6 activities;
 - Clearly define the links with other parts of the organization, demonstrating that no conflicts of interest exist;
 - Demonstrate that no actual or potential conflict of interest exists between its functions as an accredited independent entity and any other functions that it may have, and demonstrate how business is managed to minimize any identified risk to impartiality. The demonstration shall cover all potential sources of conflict of interest, whether they arise from within the applicant independent entity or from the activities of related bodies;
 - Demonstrate that it, together with its senior executive and staff, is not involved in any commercial, financial or other processes which might influence its judgement or endanger trust in its independence of judgement and integrity in relation to its activities, and that it complies with any rules applicable in this respect;
 - (b) Have adequate arrangements to safeguard confidentiality of the information obtained from Article 6 project participants in accordance with provisions contained in the present annex on guidelines for the implementation of Article 6.

APPENDIX B

Criteria for baseline setting and monitoring

I. Criteria for baseline setting

1. The baseline for an Article 6 project is the scenario that reasonably represents the anthropogenic emissions by sources or anthropogenic removals by sinks of greenhouse gases that would occur in the absence of the proposed project. A baseline shall cover emissions from all gases, sectors and source categories listed in Annex A, and anthropogenic removals by sinks, within the project boundary.
2. A baseline shall be established:
 - (a) On a project-specific basis and/or using a multi-project emission factor;
 - (b) In a transparent manner with regard to the choice of approaches, assumptions, methodologies, parameters, data sources and key factors;
 - (c) Taking into account relevant national and/or sectoral policies and circumstances, such as sectoral reform initiatives, local fuel availability, power sector expansion plans, and the economic situation in the project sector;
 - (d) In such a way that emission reduction units (ERUs) cannot be earned for decreases in activity levels outside the project activity or due to force majeure;
 - (e) Taking account of uncertainties and using conservative assumptions.
3. Project participants shall justify their choice of baseline.

II. Monitoring

4. Project participants shall include, as part of the project design document, a monitoring plan that provides for:
 - (a) The collection and archiving of all relevant data necessary for estimating or measuring anthropogenic emissions by sources and/or anthropogenic removals by sinks of greenhouse gases occurring within the project boundary during the crediting period;
 - (b) The collection and archiving of all relevant data necessary for determining the baseline of anthropogenic emissions by sources and/or anthropogenic removals by sinks of greenhouse gases within the project boundary during the crediting period;
 - (c) The identification of all potential sources of, and the collection and archiving of data on increased anthropogenic emissions by sources and/or reduced anthropogenic removals by sinks of greenhouse gases outside the project boundary that are significant and reasonably attributable to the project during the crediting period. The project boundary shall encompass all anthropogenic emissions by sources and/or removals by sinks of greenhouse gases under the control of the project participants that are significant and reasonably attributable to the Article 6 project activity;
 - (d) The collection and archiving of information on environmental impacts, in accordance with procedures as required by the host Party, where applicable;
 - (e) Quality assurance and control procedures for the monitoring process;

- (f) Procedures for the periodic calculation of the reductions of anthropogenic emissions by sources and/or enhancements of anthropogenic removals by sinks by the proposed Article 6 project, and for leakage effects, if any. Leakage is defined as the net change of anthropogenic emissions by sources and/or removals by sinks of greenhouse gases which occurs outside the project boundary, and that is measurable and attributable to the Article 6 project;
- (g) Documentation of all steps involved in the calculations referred to in subparagraphs (b) and (f) above.

5. Revisions, if any, to the monitoring plan to improve its accuracy and/or completeness of information shall be justified by project participants and shall be submitted for the determination referred to in paragraph 37 of the present annex on guidelines for the implementation of Article 6 of the Kyoto Protocol by the accredited independent entity.

6. The implementation of the monitoring plan and its revisions, as applicable, shall be a condition for verification.