

Outcome of the work of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol at its sixteenth session

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

Recalling Article 3, paragraph 9, of the Kyoto Protocol,

Also recalling Article 20, paragraph 2, and Article 21, paragraph 7, of the Kyoto Protocol,

Further recalling decisions 1/CMP.1, 1/CMP.5 and 1/CMP.6,

Noting with appreciation the work of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol,

Noting also the importance of developing a comprehensive global response to the problem of climate change,

Recognizing the importance of ensuring the environmental integrity of the Kyoto Protocol,

Cognizant of decision -/CP.17 {**title of decision**} ,

Emphasizing the role of the Kyoto Protocol in the mitigation effort by Parties included in Annex I, the importance of ensuring continuity in mitigation action by those Parties and the need to begin the second commitment period of the Kyoto Protocol without delay,

Aiming to ensure that aggregate emissions of greenhouse gases by Parties included in Annex I are reduced by at least 25–40 per cent below 1990 levels by 2020, noting in this regard relevance of the review referred to in Chapter V of decision 1/CP.16 to be concluded by 2015,

Taking note of the outcomes of the technical assessment of forest management reference levels referred to in paragraph 5 of decision 2/CMP.6,

1. *Decides* that the second commitment period under the Kyoto Protocol shall begin on 1 January 2013 and end on 31 December 2017;
2. *Welcomes* the agreement achieved by the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on its work pursuant to decisions 1/CMP.1, 1/CMP.5 and 1/CMP.6 in the areas of land use, land-use change and forestry (decision -/CMP.7), emissions trading and the project-based mechanisms (decision -/CMP.7), 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 (decision -/CMP.7) and the consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties (decision -/CMP.7);

3. *Takes note* of the proposed amendments to the Kyoto Protocol developed by the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol as contained in Annexes 1, 2 and 3 to this decision;
4. *Further takes note* of the quantified economy-wide emission reduction targets to be implemented by Parties included in Annex I presented in Annex 1 to this decision and of the intention of these Parties to convert these targets to quantified emission limitation or reduction objectives (QELROs) for the second commitment period under the Kyoto Protocol;
5. *Invites* Parties included in Annex I listed in Annex 1 to this decision to submit information on their QELROs for the second commitment period under the Kyoto Protocol by 1 May 2012 for consideration by the the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol at its seventeenth session;
6. *Requests* the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol to deliver the results of its work on QELROs to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session with a view to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol adopting these QELROs as amendments to Annex B of the Kyoto Protocol at that session, while ensuring coherence with the implementation of decision -/CP.17 {[title of decision](#)};
7. *Requests* the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol to assess the implications of the carry-over of assigned amount units to the second commitment period on the scale of emission reductions to be achieved by Annex I Parties in aggregate for the second commitment period with a view to completing this work at its seventeenth session;
8. *Requests* the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol to recommend appropriate actions to be taken to address the implications referred to in paragraph 7 above and to forward these recommendations in time for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session;
9. *Requests* the Subsidiary Body for Scientific and Technological Advice to assess and address the implications of the implementation of decisions -CMP.7 referred to in paragraph 2 above on the previous decisions on methodological issues related to the Kyoto Protocol adopted by Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol including those relating to Articles 5, 7 and 8 of the Kyoto Protocol, with a view to preparing relevant draft decisions for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session, and noting that some issues may need to be addressed at subsequent sessions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
10. *Requests* the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol to aim to deliver the results of its work pursuant to decision 1/CMP.1 in time to complete its work by the eighth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

Annexes:

Annex 1. Proposed amendments to Annex B to the Kyoto Protocol

Annex 2. Proposed amendments to Annex A to the Kyoto Protocol

Annex 3. Proposed amendments to the Kyoto Protocol

-/CMP.7 decisions:

Decision -/CMP.7: LULUCF

Decision -/CMP.7: mechanisms

Decision -/CMP.7: methodological issues

Decision -/CMP.7: potential consequences

Annex 1. Proposed amendments to Annex B to the Kyoto Protocol

The following table shall replace the table in Annex B to the Protocol:

Annex B

1	2	3	4	5	6
<i>Party</i>	<i>Quantified emission limitation or reduction commitment (2008–2012) (percentage of base year or period)</i>	<i>Quantified emission limitation or reduction commitment (2013–2017) (percentage of base year or period)</i>	<i>reference year¹</i>	<i>Quantified emission limitation or reduction commitment (2013–2017) (expressed as percentage of reference year¹)</i>	<i>Pledges for the reduction of greenhouse gas emissions by the year 2020 (percentage of reference year)²</i>
Australia ¹	108				
Austria	92	<i>a</i>	n/a	n/a	-20% /-30%
Belarus ^{b*}			1990		-5% to -10%
Belgium	92	<i>a</i>	n/a	n/a	-20%/30%
Bulgaria*	92	<i>a</i>	n/a	n/a	-20%/30%
Croatia ^{c*}	95		1990		-5%
Cyprus ^d		<i>a</i>	n/a	n/a	-20%/-30%
Czech Republic*	92	<i>a</i>	n/a	n/a	-20%/-30%
Denmark	92	<i>a</i>	n/a	n/a	-20%/-30%
Estonia*	92	<i>a</i>	n/a	n/a	-20% /-30%
European Union ^{e,f}	92	<i>a</i>	n/a	n/a	-20% /-30%
Finland	92	<i>a</i>	n/a	n/a	-20% /-30%
France	92	<i>a</i>	n/a	n/a	-20% /-30%
Germany	92	<i>a</i>	n/a	n/a	-20% /-30%
Greece	92	<i>a</i>	n/a	n/a	-20% /-30%
Hungary*	94	<i>a</i>	n/a	n/a	-20% /-30%
Iceland ^g	110		1990		-15% /-30%
Ireland	92	<i>a</i>	n/a	n/a	-20%/-30%
Italy	92	<i>a</i>	n/a	n/a	-20% /-30%
Kazakhstan ^{h*}			1992		-15%
Latvia*	92	<i>a</i>	n/a	n/a	-20% /-30%
Liechtenstein	92		1990		-20%/-30%
Lithuania*	92	<i>a</i>	n/a	n/a	-20%/-30%
Luxembourg	92	<i>a</i>	n/a	n/a	-20%/-30%
Malta ⁱ		<i>a</i>	n/a	n/a	-20%/-30%

¹A reference year may be used by a Party on an optional basis for its own purposes to express its QELRO as a percentage of emissions of that year, that is not internationally binding under the Kyoto Protocol, in addition to the listing of its QELRO in relation to the base year in the second and third columns of this table, which are internationally legally binding.

² Further information on these pledges can be found in document FCCC/SB/2011/INF.1/Rev.1.

<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
<i>Party</i>	<i>Quantified emission limitation or reduction commitment (2008–2012) (percentage of base year or period)</i>	<i>Quantified emission limitation or reduction commitment (2013–2017) (percentage of base year or period)</i>	<i>reference year¹</i>	<i>Quantified emission limitation or reduction commitment (2013–2017) (expressed as percentage of reference year¹)</i>	<i>Pledges for the reduction of greenhouse gas emissions by the year 2020 (percentage of reference year)²</i>
Monaco	92		1990		-30%
Netherlands	92	^a	n/a	n/a	-20%/-30%
New Zealand ^k	100				
Norway	101		1990		-30% to -40%
Poland [*]	94	^a	n/a	n/a	-20%/-30%
Portugal	92	^a	n/a	n/a	-20%/-30%
Romania [*]	92	^a	n/a	n/a	-20%/-30%
Slovakia [*]	92	^a	n/a	n/a	-20%/-30%
Slovenia [*]	92	^a	n/a	n/a	-20%/-30%
Spain	92	^a	n/a	n/a	-20%/-30%
Sweden	92	^a	n/a	n/a	-20%/-30%
Switzerland	92		1990		-20%/-30%
Ukraine [*]	100		1990		-20%
United Kingdom of Great Britain and Northern Ireland	92	^a	n/a	n/a	-20%/-30%
United States of America ^l					
<i>Party</i>	<i>Quantified emission limitation or reduction commitment (2008–2012) (percentage of base year or period)</i>				
Canada	94				
Japan	94				
Russian Federation [*]	100				

^{*} Countries that are undergoing the process of transition to a market economy.

Notes:

^a The QELROs for the European Union and its Member States for a second commitment period under the Kyoto Protocol are based on the understanding that these will be fulfilled jointly with the European Union and its Member States, in accordance with Article 4 of the Kyoto Protocol.

^b Added to Annex B by an amendment adopted pursuant to decision 10/CMP.2. This amendment has not yet entered into force.

^c Temporary target for Croatia, including decision 7/CP.12. Upon the accession of Croatia to the European Union, the Croatian target shall be replaced by an arrangement in line with and part of the European Union mitigation effort.

^d [At its seventeenth session, the Conference of the Parties decided to amend Annex I to the Convention by including the name of Cyprus (decision -/CP.17). The amendment will enter into force on 1 January 2013 or a later date.]

^e Upon deposit of its instrument of approval to the Kyoto Protocol on 31 May 2002, the European Community had 15 Member States.

^f Upon deposit of its instrument of acceptance of the amendment to Annex B to the Kyoto Protocol on [date], the European Union had 27 Member States.

^g Iceland's QELRO for a second commitment period under the Kyoto Protocol is based on the understanding that it will fulfil this QELRO jointly with the European Union and its Member States, in accordance with Article 4 of the Kyoto Protocol. As a consequence, future accession by Iceland to the European Union shall not affect its participation in such joint fulfilment agreement pursuant to Article 4 or its QELRO.

^h Kazakhstan has submitted a proposal to amend the Kyoto Protocol to include its name in Annex B with a quantified emission limitation and reduction commitment of 100 per cent for the first commitment period. This proposal is contained in document FCCC/KP/CMP/2010/4.

ⁱ At its fifteenth session, the Conference of the Parties decided to amend Annex I to the Convention by including the name of Malta (decision 3/CP.15). The amendment entered into force on 26 October 2010.

^j Countries that have not ratified the Kyoto Protocol.

^k New Zealand is prepared to consider submitting information on its QELRO, pursuant to decision 1/CMP.7, paragraph 3, following the necessary domestic processes and taking into account decision 1/CP.17 and decisions on mitigation [XX/CP.17] of the Conference of the Parties.

^l Australia is prepared to consider submitting information on its QELRO pursuant to decision 1/CMP.7, paragraph 3, following the necessary domestic processes and taking into account decision 1/CP.17 and decisions on mitigation [XX/CP.17] of the Conference of the Parties.

Annex 2. Proposed amendments to Annex A to the Kyoto Protocol

The following table shall replace the list under the heading “Greenhouse gases” in Annex A to the Protocol:

Greenhouse gases

Carbon dioxide (CO₂)

Methane (CH₄)

Nitrous oxide (N₂O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulphur hexafluoride (SF₆)

Nitrogen trifluoride (NF₃)

Annex 3. Proposed amendments to the Kyoto Protocol

A. Article 3, paragraph 1 bis

The following paragraphs shall be inserted after paragraph 1 of Article 3 of the Protocol:

1 bis. The Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions 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 the third column of the table contained in Annex B and in accordance with the provisions of this Article, with a view to reducing their overall emissions of such gases by at least X per cent below 1990 levels in the commitment period 2013 to 2017.

B. Article 3, paragraph 7 bis

The following paragraphs shall be inserted after paragraph 7 of Article 3 of the Protocol:

7 bis. 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 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 five. Those Parties included in Annex I for whom land-use change and forestry constituted a net source of greenhouse gas emissions in 1990 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 from land-use change for the purposes of calculating their assigned amount.

C. Article 3, paragraph 8

In paragraph 8 of Article 3 of the Protocol, the words:

paragraph 7

shall be substituted by:

paragraph 7 bis

D. Article 3, paragraphs 8 bis

The following paragraph shall be inserted after paragraph 8 of Article 3 of the Protocol:

8 bis. Any Party included in Annex I may use 1995 or 2000 as its base year for nitrogen trifluoride for the purposes of the calculation referred to in paragraph 7 bis above.

E. Article 3, paragraphs 12 bis and ter

The following paragraph shall be inserted after paragraph 12 of Article 3 of the Protocol:

12 bis. Any units generated from [any] market-based mechanisms to be established under the Convention or its instruments may be used by Parties included in Annex I to assist them in achieving compliance with their quantified emission limitation and reduction commitments

under Article 3. Any such units which a Party acquires from another Party to the Convention shall be added to the assigned amount for the acquiring Party and subtracted from the quantity of units held by the transferring Party.

12 ter. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that a share of the units from approved activities under [any] market-based mechanisms to be established under the Convention or its instruments 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 if these units are acquired under Article 17.

F. Article 4, paragraph 2

The following words shall be added to the end of the first sentence of paragraph 2 of Article 4 of the Protocol:

, or on the date of deposit of their instruments of acceptance of any amendments to Annex B pursuant to Article 3, paragraph 9

G. Article 4, paragraph 3

In paragraph 3 of Article 4 of the Protocol, the words:

, paragraph 7

shall be substituted by:

to which it relates

Decision -/CMP.7

Land use, land-use change and forestry

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

Affirming that the implementation of land use, land-use change and forestry activities included under the provisions of the Kyoto Protocol shall be consistent with the objectives and principles of, and any decisions taken under, the Convention and its Kyoto Protocol,

Affirming that forests are systems of life that have multiple and integral functions and consist of communities of diverse, interrelated and interdependent components,

Having considered decision 16/CMP.1,

Recalling decision 2/CMP.6,

1. *Affirms* that the principles contained in paragraph 1 of decision 16/CMP.1 continue to govern the treatment of land use, land-use change and forestry activities in the second and subsequent commitment periods of the Kyoto Protocol;
2. *Decides* that anthropogenic greenhouse gas emissions by sources and removals by sinks shall be accounted for in accordance with the principles and definitions referred to in paragraphs 1 and 2 of decision 2/CMP.6 and in accordance with the annex to this decision;
3. *Also decides* that the information referred to in paragraph 2 above shall be reviewed in accordance with relevant decisions under Article 8 of the Kyoto Protocol;
4. *Agrees* to consider, at its eighth session, the need to revise decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol that are relevant to the annex contained in this decision, including those related to reporting and review under Articles 5, 7 and 8 of the Kyoto Protocol;
5. *Requests* the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to explore more comprehensive accounting of anthropogenic emissions by sources and removals by sinks from land use, land-use change and forestry, including through a more inclusive activity-based approach or a land-based approach, and to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session on the outcomes of this work programme;
6. *Requests* the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to consider and, as appropriate, develop and recommend modalities and procedures for possible additional land use, land-use change and forestry activities 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 ninth session;
7. *Further requests* the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to consider and, as appropriate, develop and recommend

modalities and procedures for alternative approaches to addressing the risk of non-permanence 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 ninth session;

8. *Invites* the Intergovernmental Panel on Climate Change to review and, if necessary, update supplementary methodologies for estimating 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, of the Kyoto Protocol, related to the annex to this decision, on the basis of, inter alia, chapter 4 of its Good Practice Guidance for Land Use, Land-Use Change and Forestry;

9. *Requests* the Subsidiary Body for Scientific and Technological Advice to consider, following the completion of methodological work by the Intergovernmental Panel on Climate Change outlined in paragraph 8 above, any supplementary methodologies related to the annex to this decision, 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 tenth session;

10. *Adopts* the definitions, modalities, rules and guidelines relating to land use, land-use change and forestry activities under the Kyoto Protocol contained in the annex to this decision for application in the second commitment period;

11. *Requests* the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to develop and recommend modalities and procedures for applying the concept of additionality, 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 ninth session;

Annex I

Definitions, modalities, rules and guidelines relating to land use, land-use change and forestry activities under the Kyoto Protocol

A. Definitions

1. For land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, the following definitions, in addition to those contained in decision 16/CMP.1 and referred to in paragraph 2 of decision 2/CMP.6, shall apply:

(a) “Natural Disturbances” are non-anthropogenic events or non-anthropogenic circumstances. For the purposes of this decision, these events or circumstances are those that cause significant emissions in forests and are beyond the control of, and not materially influenced by, a Party. These may include wildfires, insect and disease infestations, extreme weather events and/or geological disturbances, beyond the control of, and not materially influenced by, a Party. These exclude harvesting and prescribed burning;

(b) “Wetland drainage and rewetting” is a system of practices for draining and rewetting on land with organic soil that covers a minimum area of 1 hectare. The activity applies to all lands that have been drained

since 1990 and to all lands that have been rewetted since 1990 and that are not accounted for under any other activity as defined in this annex, where drainage is the direct human-induced lowering of the soil water table and rewetting is the direct human-induced partial or total reversal of drainage.

B. Article 3, paragraph 3

2. For the purposes of Article 3, paragraph 3, eligible activities are those direct human-induced afforestation, reforestation 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.

3. Each Party included in Annex I shall report and account for, in accordance with Article 7, all emissions arising from the conversion of natural forests to planted forests.

4. For the purposes of determining the area of deforestation to come under 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 this must be not larger than 1 hectare.

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

6. A Party included in Annex I may choose to account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from any or all of the following activities: revegetation, cropland management, grazing land management, and wetland drainage and rewetting.

7. All Parties included in Annex I shall account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from the following: any activity under Article 3, paragraph 4, elected in the first commitment period, and forest management.

8. A Party included in Annex I wishing to account for elected 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, that it elects to include in its accounting for the second commitment period. Upon election, a decision by a Party will be fixed for the second commitment period.

9. During the second commitment period, a Party included in Annex I shall demonstrate that activities referred to in paragraph 6 above, in addition to those already selected for the first commitment period, 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.

10. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from revegetation, cropland management, grazing land management, wetland drainage and rewetting under Article 3, paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and

removals by sinks in the commitment period, less the duration of the commitment period in years times the anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from these eligible activities in the base year of that Party, while avoiding double accounting.

11. Accounting for wetland drainage and rewetting shall be based on estimation methodologies for wetlands, lands converted to wetlands and land use on drained organic soils in the *Intergovernmental Panel on Climate Change guidelines* most recently adopted or encouraged by the Conference of the Parties, and any subsequent clarifications agreed by the Conference of the Parties.

Accounting for forest management

(reference levels):

12. 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, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less the duration of the commitment period in years times the reference level inscribed in the appendix.³

13. For the second commitment period, additions to the assigned amount of a Party resulting from forest management under Article 3, paragraph 4, and from forest management project activities undertaken under Article 6 shall not exceed 3.5 per cent of the base year greenhouse gas emissions excluding LULUCF pursuant to Article 3, paragraphs 7 and 8, times the duration of the commitment period in years.

14. When accounting for forest management, Annex I Parties shall demonstrate methodological consistency between the reference level and reporting for forest management during the second commitment period, including in the area accounted for, in the treatment of harvested wood products, and in the accounting of any emissions from disturbances. Parties shall make technical corrections, if necessary, to ensure consistency, including applying IPCC methods for ensuring time-series consistency (e.g. overlap with historical data) and shall report on how these corrections were made. Information on technical corrections and methodological consistency shall be reported as part of the annual greenhouse gas inventories and inventory reports, in accordance with relevant decisions under Articles 5 and 7 of the Kyoto Protocol, and reviewed as part of the review of the annual greenhouse gas inventory review in accordance with relevant decisions under Article 8 of the Kyoto Protocol.

15. After adoption of the reference level for forest management, if the reported data on forest management or forest land remaining forest land used to establish the reference level are subject to recalculations, a technical correction shall be applied to include in the accounting the impact of the recalculations on the reported data that have been used by the Party to set the reference level.

³ The forest management reference levels inscribed in the appendix to this annex were set transparently, taking into account: (a) removals or emissions from forest management as shown in greenhouse gas inventories and relevant historical data; (b) age-class structure; (c) forest management activities already undertaken; (d) projected forest management activities under business as usual; (e) continuity with the treatment of forest management in the first commitment period; (f) the need to exclude removals from accounting in accordance with decision 16/CMP.1, paragraph 1. Points (c), (d) and (e) above were applied where relevant. The forest management reference levels also took into account the need for consistency with the inclusion of carbon pools and the provisions for addressing natural disturbances contained in paragraphs 32 to 35 below.

16. Emissions that occur during the second commitment period from harvested wood products removed from forests prior to the start of the second commitment period shall also be accounted for. In the case the forest management reference level is based on a projection, a Party may choose not to account for the emissions from harvested wood products originating from forests prior to the start of the second commitment period, and shall ensure consistency in the treatment of the harvested wood products pool in the second commitment period in accordance with paragraph 14 above. Emissions from harvested wood products already accounted for during the first commitment period on the basis of instantaneous oxidation shall be excluded. The treatment of harvested wood products in the construction of a projected forest management reference level shall be on the basis of provisions outlined in paragraph 29 and shall not be on the basis of instantaneous oxidation.⁴

D. Article 12

17. Afforestation and reforestation are eligible project activities under the clean development mechanism in the second commitment period. Activities additional to afforestation and reforestation will be eligible if agreed by any future decision of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

18. The modalities and procedures contained in decision 5/CMP.1 for afforestation and reforestation project activities under the clean development mechanism, and in decision 6/CMP.1 for small-scale afforestation and reforestation project activities under the clean development mechanism, shall apply, *mutatis mutandis*, to the second commitment period. Alternative approaches to addressing the risk of non-permanence may apply in accordance with any future decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

19. For the second commitment period, the total of additions to a Party's assigned amount resulting from afforestation and reforestation project activities under Article 12 shall not exceed one per cent of the base year emissions of that Party, times the duration of the commitment period in years.

E. General

20. Each Party included in Annex I shall, for the purpose of applying the definition of "forest" as contained in decision 16/CMP.1, apply the definition of forest selected in the first commitment period.

21. Those Parties included in Annex I that did not select a definition of forest for the first commitment period shall, for the purpose of applying the definition of "forest" as contained in decision 16/CMP.1, 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.

22. 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 to non-carbon dioxide greenhouse gas emissions during the commitment period resulting from afforestation, reforestation and deforestation under Article 3, paragraph 3, 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

⁴ Taking in to account the provisions of paragraph 32.

net source of greenhouse gas emissions, this value shall be subtracted from the assigned amount of that Party.

23. The 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.

24. Once land is accounted for under Article 3, paragraphs 3 and 4, this land must be accounted for throughout subsequent and contiguous commitment periods.

25. National inventory systems established under Article 5, paragraph 1, shall ensure that areas of land subject to land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, are identifiable, and information on these areas shall 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.

26. 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 products⁵. With the exception of 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 demonstrates that the pool is not a source.

27. Emissions from harvested wood products removed from forests which are accounted for by a Party under Article 3, paragraphs 3 and 4, shall be accounted for by that Party only. Imported harvested wood products, irrespective of their origin, shall not be accounted by the importing Party.

28. Accounting shall be on the basis of instantaneous oxidation.

29. Notwithstanding paragraph 28 above, and provided that transparent and verifiable activity data for the harvested wood product categories specified below are available, accounting shall be on the basis of the change in the harvested wood products pool during the second and subsequent commitment periods, estimated using the first-order decay function⁶ with default half-lives⁷ of two years for paper, 25 years for wood panels and 35 years for sawn wood.

30. A Party may use country-specific⁸ data to replace the default half-lives specified above, or to account for such products in accordance with the definitions and estimation methodologies in the most recently adopted IPCC guidelines and any subsequent clarifications agreed by the Conference of the Parties, provided that verifiable and transparent activity data are available and that the methodologies used are at least as detailed or accurate as those prescribed above.

31. Harvested wood products resulting from deforestation shall be accounted for on the basis of instantaneous oxidation.

⁵ The accounting of this pool may be on the basis of instantaneous oxidation.

⁶ Using equation 12.1 of the *2006 IPCC Guidelines for National Greenhouse Gas Inventories*, as a basis for estimating changes in the harvested wood products pool during a commitment period.

⁷ Half-lives are based on Table 3a.1.3 of the *2003 IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry*.

⁸ In the case of exported HWP country-specific data refers to country-specific half-lives and HWP usage in the importing country

32. Where carbon dioxide emissions from harvested wood products in solid waste disposal sites are separately accounted, this shall be on the basis of instantaneous oxidation. Carbon dioxide emissions from wood harvested for energy purposes shall be accounted for on the basis of instantaneous oxidation.

33. With respect to the treatment of natural disturbances emissions:

(a) A Party shall indicate whether it intends to apply this provision to forest management under Article 3, paragraph 4, during the second commitment period, in which case it shall provide country-specific information in its national greenhouse gas inventory report for 2015 on a forest management background level⁹ of emissions associated with annual natural disturbances that have been included in its forest management reference level, how the background level has been estimated and information on how to avoid the expectation of net credits or net debits during the commitment period, including through the use of a margin, where a margin is needed.¹⁰ When accounting for forest management under Article 3, paragraph 4, and provided that requirements of paragraph 34 below are met, a Party may exclude from the accounting, either annually or at the end of the second commitment period, emissions from natural disturbances that in any single year exceed the forest management background level. Any subsequent removals during the commitment period on the lands affected shall also be excluded from the accounting. Parties may only exclude emissions from disturbances in years where those emissions are above the background level plus the margin, where a margin is needed;

(b) A Party shall indicate whether it intends to apply this provision during the second commitment period to afforestation and reforestation under Article 3, paragraph 3, in which case it shall provide country-specific information in its national greenhouse gas inventory report for 2015 on an afforestation and reforestation background level of emissions associated with annual natural disturbances¹¹, how the background level has been estimated and information on how to avoid the expectation of net credits or net debits during the commitment period, including through the use of a margin, where a margin is needed. When accounting for afforestation and reforestation under Article 3, paragraph 3, and

⁹ Background level can be defined as the average of a consistent and initially complete time series containing 1990–2009 emissions associated with natural disturbances after application of an iterative process to remove outliers, based on twice the standard deviation around the mean until no outliers can be identified. Alternatively, Parties may apply a transparent and comparable country specific approach using consistent and initially complete time series of data including for the period containing 1990–2009. All approaches shall avoid the expectation of net credits during the commitment period. If a Party's forest management reference level does not include a background level of emissions, for the application of background level referred to in paragraph 33 (a), a value for the background level would be estimated by applying the first approach mentioned above.

¹⁰ In the case that the background level is defined using the first approach in footnote 12, the margin would equal twice the standard deviation of the time series defining the background level. In the case that the background level is defined using a country-specific approach or the Party's reference level is zero, the Party must describe how a margin is established, where a margin is needed. All approaches shall avoid the expectation of net credits during the commitment period.

¹¹ The afforestation and reforestation background level of emissions associated with disturbances and a margin, where a margin is needed, shall be calculated using a methodology consistent with the one used by the Party to calculate the forest management background level.

provided that requirements of paragraph 34 below are met, a Party may exclude from the accounting, either annually or at the end of the second commitment period, emissions from natural disturbances that in any single year exceed the afforestation and reforestation background level. Any subsequent removals during the commitment period on the lands affected shall also be excluded from the accounting. Parties may only exclude emissions from disturbances in years where those emissions are above the background level plus the margin, where a margin is needed;

(c) Parties shall account for emissions associated with salvage logging;

(d) Parties shall not exclude from accounting emissions from disturbances on those lands that are subject to land-use change following the disturbance.

34. A Party included in Annex I that applies the provisions described in paragraph 33 above shall calculate the net emissions and removals subject to the provisions and shall provide transparent information:

(a) Showing that all lands subject to paragraphs 33(a) and 33(b) are identified, including their geo-referenced location, year and types of disturbances;

(b) Showing how annual emissions resulting from disturbances and the subsequent removals in those areas are estimated;

(c) Showing that no land-use change has occurred on lands for which the provision in paragraph 33 is applied and explaining the methods and criteria for identifying any future land-use changes on those land areas during the commitment period;

(d) That demonstrates that the occurrences were beyond the control of, and not materially influenced by, the Party in the commitment period, by demonstrating practicable efforts to prevent, manage or control the occurrences that led to the application of the provisions contained in paragraph 33 above;

(e) That demonstrates efforts taken to rehabilitate, where practicable, the land for which the provision in paragraph 33 is applied;

(f) Showing that emissions associated with salvage logging were not excluded from accounting.

35. The supplementary information described in paragraph 34 above shall be included in the national greenhouse gas inventory reports of Parties that apply paragraph 33 above. All information and estimates referred to in paragraphs 33 and 34 above shall be subject to review as part of the periodical review of annual greenhouse gas inventory reports submitted by Parties.

36. The treatment of emissions and removals that occur on the lands referred to in paragraph 33 above in the subsequent commitment periods shall be reflected in LULUCF accounting for those commitment periods.

37. A Party included in Annex I may include in its accounting of forest management under Article 3, paragraph 4, anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from the harvest and conversion of forest plantations, accounted for under forest management, to non-forest land, provided that all of the requirements below are met:

(a) The forest plantation was first established through direct human-induced planting and/or seeding of non-forest land before 1 January 1990, and, if the forest plantation was re-established, that this last occurred on forest land through direct human-induced planting and/or seeding after 1 January 1960;

(b) A new forest of at least equivalent area as the harvested forest plantation is established through direct human-induced planting and/or seeding of non-forested land that did not contain forest on 31 December 1989;

(c) This newly established forest will reach at least the equivalent carbon stock that was contained in the harvested forest plantation at the time of harvest, within the normal harvesting cycle of the harvested forest plantation, and, if not, a debit would be generated under Article 3, paragraph 4.

38. All lands and associated carbon pools subject to the provision described in paragraph 37 above shall be accounted for as forest management under Article 3, paragraph 4, and not under Article 3, paragraph 3.

39. All lands and associated carbon pools subject to paragraph 37 above shall be identified, monitored and reported, including the georeferenced location and year of conversion.

Appendix

<i>Party^a</i>	<i>Reference level (Mt CO₂ eq/year)^b</i>	<i>Applying first-order decay function for HWP</i>	<i>[Quantitative limitation]</i>
Australia ^c		4.700	
Austria	-2.121	-6.516	
Belarus	-30.020		
Belgium	-2.407	-2.499	
Bulgaria	-8.168	-7.950	
Canada	-70.600	-114.300	
Croatia	-6.289		
Cyprus ^d	-0.164	-0.157	
Czech Republic	-2.697	-4.686	
Denmark	0.334	0.409	
Estonia	-1.742	-2.741	
European Union (27) ^d	-253.298	-306.853	
Finland	-19.300	-20.466	
France	-63.109	-67.410	
Germany	-2.067	-22.418	
Greece	-1.830	-1.396	
Hungary	-0.892	-1.000	
Iceland	-0.154		
Ireland	-0.008	-0.142	
Italy	-21.182	-22.166	

<i>Party^a</i>	<i>Reference level (Mt CO₂ eq/year)^b</i>	<i>Applying first-order decay function for HWP</i>	<i>[Quantitative limitation]</i>
Japan	0.00		
Latvia	-14.255	-16.302	
Liechtenstein	-0.0025	0.0001	
Lithuania	-4.139	-4.552	
Luxembourg	-0.418	-0.418	
Malta ^d	-0.049	-0.049	
Monaco ^e	-		
Netherlands	-1.464	-1.425	
New Zealand	11.150		
Norway	-11.400		
Poland	-22.750	-27.133	
Portugal	-6.480	-6.830	
Romania	-15.444	-28.393	
Russian Federation	-116.300		
Slovakia	0.358	-1.084	
Slovenia	-3.033	-3.171	
Spain	-20.810	-23.100	
Sweden	-36.057	-41.336	
Switzerland	0.220		
Ukraine ^f	-48.700		
United Kingdom of Great Britain and Northern Ireland	-3.442	-8.268	

^a Technical corrections will be made to include, if necessary, the treatment of natural disturbances and harvested wood products, or any other relevant provisions included in this annex.

^b Assuming instantaneous oxidation.

^c The European Union total includes Cyprus and Malta. Cyprus and Malta are member States of the European Union but are not Parties to the Convention that are also Parties to the Kyoto Protocol with a commitment inscribed in Annex B to the Kyoto Protocol.

^e Monaco did not propose a forest management reference level due to its lack of forest land.

^f Ukraine's revised forest management reference level is a preliminary or interim estimate.

Note: Parties have made different assumptions in the construction of the reference levels proposed in the appendix above. These assumptions are found in Parties' submissions. See: <http://unfccc.int/meetings/ad_hoc_working_groups/kp/items/4907.php>.

Decision -/CMP.7

Emissions trading and the project-based mechanisms

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

Recalling Articles 6, 12 and 17 of the Kyoto Protocol,

Recalling decisions 1/CMP.1, 2/CMP.1, 1/CMP.5 and 1/CMP.6,

Noting the reports of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on its sessions to date,

1. *Reconfirms* that the use of the mechanisms shall be supplemental to domestic action and that domestic action shall thus constitute a significant element of the effort made by each Party included in Annex I to meet its quantified emission limitation and reduction commitments under Article 3, paragraph 1 of the Kyoto Protocol, or any amendment thereto;
 2. *Decides* to review at its eighth session, and revise as appropriate, the design of the commitment period reserve for the subsequent commitment period to support the effective operation of emissions trading, taking into account, inter alia, the relevant rules, modalities, guidelines and procedures for measuring, reporting, verification and compliance;
 3. *Requests* the Subsidiary Body for Implementation, at its thirty-sixth session, to consider the matter referred to in paragraph 2 above with a view to recommending draft decisions for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session.
-

Decision -/CMP.7

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

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

Recalling Article 3, paragraph 9, and Articles 5, 7, 8, 20 and 21 of the Kyoto Protocol,

Also recalling decisions 1/CMP.1, 1/CMP.5 and 1/CMP.6,

Having considered proposals made by Parties relating to 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,

Taking into account proposals made by Parties for elements of the draft decisions contained in the annex to the report of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol at its tenth session,

A. Greenhouse gases¹²

1. *Decides* that, for the second commitment period of the Kyoto Protocol, actual emissions of the species of hydrofluorocarbons and perfluorocarbons listed in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change,¹³ and of sulphur hexafluoride and nitrogen trifluoride, should be estimated where data or methodologies are available to Parties and reported, and included in the coverage of the quantified emission limitation and reduction commitments for that period;
2. *Recognizes* that there are other new greenhouse gases with high GWPs listed in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) that are not yet produced in significant quantities but which should be further monitored to identify whether it is necessary to address them as part of mitigation commitments;
3. *Encourages* Parties in a position to do so to report the emissions of such gases in their greenhouse gases inventories;
4. *Agrees* that in deciding whether to add additional greenhouse gases to those listed in Annex A to the Kyoto Protocol, the following considerations would be relevant:
 - (a) The current contribution and projections of future contributions to global warming of anthropogenic sources of a gas, expressed in terms of carbon dioxide equivalent;

¹² Some of the paragraphs in this section may require a corresponding amendment to the Kyoto Protocol.

¹³ The list of gases and species of gases in table 2.14 of the Errata to the contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.

- (b) Practical considerations regarding the availability of data or agreed estimation methodologies, and additional resource needs for data collection and development of common methodologies;
- (c) Potential for, or early recognition of trends in, substitution of greenhouse gases already listed in Annex A to the Kyoto Protocol;

B. Common metrics

5. *Decides* that, for the second commitment period of the Kyoto Protocol, the global warming potentials used by Parties 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 listed in the column entitled “Global Warming Potential for Given Time Horizon” in table 2.14 of the Errata to the contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, based on the effects of greenhouse gases over a 100-year time horizon, taking into account the inherent and complicated uncertainties involved in global warming potential estimates;
6. *Notes* that alternative common metrics and the shortcomings in the use of GWPs are still being assessed by the Intergovernmental Panel on Climate Change in the context of its work on the Fifth Assessment Report;
7. *Notes* that GWP is a well-defined metric based on radiative forcing that continues to be useful in a multi-gas approach; however, the GWP was not designed with a particular policy goal in mind and, depending on the specific policy goals, alternative metrics may be preferable;
8. *Notes* the limitations in the use of GWP based on the 100-year time horizon in evaluating the contribution to climate change of emissions of greenhouse gases with short lifetimes;
9. *Notes* with appreciation the request of the Subsidiary Body for Scientific and Technological Advice that the secretariat organize, subject to the availability of resources, a workshop on common metrics to be held in the first half of 2012;
10. *Requests* the Subsidiary Body for Scientific and Technological Advice to conduct an assessment, based on the work of, inter alia, the Intergovernmental Panel on Climate Change, of the implications of the choice of metrics used to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks of the greenhouse gases listed in Annex A to the Kyoto Protocol for the third or subsequent commitment periods;
11. *Also requests* the Subsidiary Body for Scientific and Technological Advice to initiate such an assessment no later than 2015 and to present to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol its recommendations on the most appropriate metric and related values to be used by Parties with a view to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol adopting a decision on the metric and related values;
12. *Decides* that any decision adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to change the metric or revise the values used by Parties 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 change or revision;
13. *Encourages* Parties to the Convention, the Kyoto Protocol and any related legal instruments to strive for a consistent approach in relation to the metric and related values used by Parties to calculate the carbon dioxide equivalence of greenhouse gases;

C. Application of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories

14. *Acknowledges* that the Subsidiary Body for Scientific and Technological Advice, at its thirtieth session, agreed to launch a work programme in 2010 to revise 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” (hereinafter referred to as the UNFCCC Annex I reporting guidelines) and to address the methodological issues related to reporting when using the *2006 Guidelines for National Greenhouse Gas Inventories* of the Intergovernmental Panel on Climate Change (hereinafter referred to as the *2006 IPCC Guidelines for National Greenhouse Gas Inventories*), with a view to recommending a draft decision on revised UNFCCC Annex I reporting guidelines, for regular use starting in 2015, for adoption by the Conference of the Parties;

15. *Decides* that, starting with the second commitment period of the Kyoto Protocol, the methodologies for estimating anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for the greenhouse gases and sectors/source categories listed in Annex A to the Kyoto Protocol shall be consistent with the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* as implemented through the revised UNFCCC Annex I reporting guidelines, to be adopted through the process referred to in paragraph 14 above;

16. *Also decides* that for the estimation and accounting of anthropogenic emissions by sources and removals by sinks of greenhouse gases under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall agree on supplementary methodologies, referred to in paragraphs 8 and 9 of decision -/CMP.7, at its tenth session at the latest, which shall be based on, inter alia, chapter 4 of the *IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry of the Intergovernmental Panel on Climate Change*;

17. *Further decides* that the time series of emissions by sources and removals by sinks of greenhouse gases, including base year emissions, shall be recalculated for the second commitment period;

Decision -/CMP.7

Consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties

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

Recalling that the work of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on the consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties (hereinafter referred to as potential consequences) should be guided and informed by Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol, the relevant provisions and principles of the Convention and the best available relevant scientific, social, environmental and economic information,

Emphasizing that the work of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol should be guided by the ultimate objective of the Convention, as set out in its Article 2,

Noting that a framework for consideration of potential consequences has been established through decisions 15/CMP.1, 27/CMP.1 and 31/CMP.1,

Also noting that additional work on this issue should, in accordance with the provisions, principles and relevant Articles of the Convention and its Kyoto Protocol, build on relevant decisions of the Conference of the Parties and of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and work being carried out by other bodies and in other processes under the Convention and its Kyoto Protocol, with the aim of maintaining an approach that is coherent with other work under the UNFCCC process,

Further noting that striving to minimize the adverse impacts of mitigation policies and measures is a common concern of both developing and developed countries,

Noting that there could be both positive and negative consequences of mitigation policies and measures,

Also noting that the work on the consideration of potential consequences should focus on minimizing negative potential consequences for Parties, especially developing country Parties,

Noting the challenges in anticipating, attributing and quantifying potential consequences,

Underlining the importance of Article 3 of the Convention in the implementation of Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol,

Noting that the work on potential consequences should benefit from the experiences of Parties and lessons learned, should take into consideration the role of national policies and measures and should consider both negative and positive potential consequences,

Also noting that the impacts of potential consequences may be influenced by the institutional capacity and regulatory framework in Parties not included in Annex I to the Convention,

1. *Urges* Parties included in Annex I to the Convention (Annex I Parties) to *support* the efforts of Parties not included in Annex I to the Convention (non-Annex I Parties) in strengthening such capacities and frameworks in this regard;
2. *Recognizes* that there is a need to deepen the understanding of potential consequences and any observed impacts and that this can be achieved through various means, including:
 - (a) The regular and systematic provision by all Parties of information that is as complete as possible on potential and observed impacts of policies and measures, in particular through national communications, and the regular review of this information;
 - (b) Assessment of potential consequences and observed impacts carried out by, inter alia, relevant national institutions and international organizations;
 - (c) Information from work being carried out by other UNFCCC bodies that may be relevant in considering potential consequences;
3. *Encourages* Annex I Parties to design their policies and measures under Article 2 of the Kyoto Protocol in order to assist them in striving to implement such policies and measures in accordance with Article 2, paragraph 3, of the Kyoto Protocol;

4. Option 1:

Decides to establish a permanent forum as a means for Parties to report and evaluate impacts and consequences of policies and measures; this would offer a common space where Parties may provide information on their specific needs and concerns relating to such consequences, and identify ways to minimize negative consequences of the policies and measures adopted by Annex I Parties on non-Annex I Parties.

Option 2:

Decides that Parties should use existing channels, including national communications, and report on observed impacts and specific needs and concerns relating to social, environmental and economic consequences of mitigation actions taken by Parties.