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SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

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Item 4 (d) of the provisional agenda

**METHODOLOGICAL ISSUES**

**LAND USE, LAND-USE CHANGE AND FORESTRY: DEFINITIONS AND MODALITIES FOR INCLUDING AFFORESTATION AND REFORESTATION ACTIVITIES UNDER ARTICLE 12 OF THE KYOTO PROTOCOL**

**Draft consolidated text**

**Note by the secretariat**

**Summary**

The Subsidiary Body for Scientific and Technological Advice (SBSTA), at its sixteenth session, requested the secretariat to elaborate, under the guidance of the Chair of the SBSTA, a draft consolidated text based on submissions by Parties. The present document compiles proposals for including afforestation and reforestation project activities under the clean development mechanism in the first commitment period.

A total of nineteen submissions were received. The annexes to this note contain the options put forward by Parties; two-letter codes identify the origins of the options. The SBSTA may wish to take note of the information contained in this document, with a view to elaborating a draft negotiating text at its eighteenth session.

\* Exceptionally, this document is being issued as “English only” due to the fact that submissions from Parties were received on 15 March 2003, and because of the need to consult with the Chairman of the SBSTA. The document is meant to serve as a basis for the elaboration of a draft negotiating text during the eighteenth session of the SBSTA only.

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## I. INTRODUCTION

### A. Mandate

1. The Conference of the Parties (COP), by its decisions 11/CP.7, paragraph 2 (e)<sup>1</sup> and 17/CP.7, paragraph 10 (b),<sup>2</sup> requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to develop definitions and modalities for including afforestation and reforestation project activities under the clean development mechanism (CDM) in the first commitment period, taking into account the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems, and being guided by the principles in the preamble to draft decision –/CMP.1 (*Land use, land-use change and forestry*),<sup>3</sup> with the aim of recommending a draft decision for adoption by the COP at its ninth session on these definitions and modalities, to be forwarded to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) at its first session.

2. The COP, by its decision 17/CP.7, paragraph 11, further decided that the decision by the COP at its ninth session, on definitions and modalities for inclusion of afforestation and reforestation project activities under the CDM in the first commitment period, referred to in paragraph 1 above, shall be in the form of an annex on modalities and procedures for afforestation and reforestation project activities for the CDM reflecting, mutatis mutandis, the annex to decision 17/CP.7 on modalities and procedures for the CDM (hereinafter referred to as “modalities and procedures for the CDM”).

3. The SBSTA, at its sixteenth session, agreed on the terms of reference and an agenda for the work referred to in paragraph 1 above. It invited Parties to submit draft text for modalities and requested the secretariat to prepare, under the guidance of the SBSTA Chair, a draft consolidated text for the annex, indicating the origin of the proposals (see FCCC/SBSTA/2002/6, annex I). The submissions by Parties are found in document FCCC/SBSTA/2003/MISC.5.

### B. Scope of the note

4. This note, prepared in response to the above mandate, is based on the submissions identified in paragraph 3 above.

5. As suggested in some submissions, the draft consolidated text has been divided into two annexes. The first annex follows the structure of the modalities and procedures for the CDM and contains proposals and amendments to the existing text. The second annex contains proposals and amendments to other decisions for which definitions and modalities for including afforestation and reforestation project activities under the CDM in the first commitment period may have implications, including decision –/CMP.1 (*Modalities for the accounting of assigned amounts*), decision 22/CP.7 (*Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol*) and decision 23/CP.7 (*Guidelines for review under Article 8 of the Kyoto Protocol*).

6. The original text of the modalities and procedures for the CDM has been kept within the first annex of the draft consolidated text, and appears in normal typeset. Whenever a proposal for deletion has been put forward, the text appears in italicized brackets. Proposed additions and amendments have been added in italics and in brackets, in order to indicate the beginning and the end of each proposal. To identify the origin of these proposals, a two-letter code has been added at the end of every set of brackets. The key to each two-letter code is contained in annex I, footnote 1, page 5, below.

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<sup>1</sup> See document FCCC/CP/2001/13/Add.1.

<sup>2</sup> See document FCCC/CP/2001/13/Add.2.

<sup>3</sup> See document FCCC/CP/2001/13/Add.1, decision 11/CP.7.

7. In addition to the legal text for an annex on modalities and procedures for including afforestation and reforestation project activities under the CDM in the first commitment period, some Parties included in their submission proposals for a decision text. However, the consolidated text itself is limited to the text of an annex, in accordance with the terms of reference and the agenda for work referred in paragraph 3, above. Parties may wish to consider the elements for a decision text during deliberations at SBSTA 18.

8. Every effort has been made to incorporate the proposals as originally submitted. However, some editing was necessary in order to increase comparability between the proposals by Parties and the structure of the modalities and procedures for the CDM. Some additional text was also necessary; this is identified with the code "tk".

**C. Possible action by the Subsidiary Body for Scientific and Technological Advice**

9. The SBSTA may wish to take note of the information contained in this paper when considering definitions and modalities for including afforestation and reforestation project activities under the CDM in the first commitment period, with the view to elaborating a draft negotiating text.

Annex I<sup>1</sup>

**MODALITIES AND PROCEDURES FOR [A] [AFFORESTATION AND REFORESTATION PROJECT ACTIVITIES UNDER THE]<sup>AF,CL,JP,MX,NO</sup> CLEAN DEVELOPMENT MECHANISM [FOR THE FIRST COMMITMENT PERIOD]<sup>AF,TV</sup>**

**A. Definitions**

1. For the purposes of the present annex, the definitions contained in Article 1<sup>2</sup> 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) *Option 1:* A “certified emission reduction” or “CER” is a unit issued pursuant to Article 12 and requirements thereunder, as well as the relevant provisions in these modalities and procedures, 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...

*Option 1.1:* [...A CER issued for afforestation and reforestation project activities shall be either: (i) a CER with a temporary validity of [x] years, as per the corresponding provisions in Section K below; or (ii) a CER with its permanence guaranteed by the insurance provisions in Section K below;]<sup>bo,jp</sup>

*Option 1.2:* [...A CER issued for an afforestation or reforestation project activity shall be temporary, valid for only [x] years after issuance]<sup>ur</sup>;

*Option 1.3:* [...For the purposes of the present annex, CERs resulting from CDM afforestation and reforestation project activities shall be referred to as “temporary CERs” (tCERs).]<sup>eu,my,ch</sup> [to which modalities and rules as presented in this annex apply;]<sup>ch</sup>

*Option 2:* [A “temporary certified emission reduction” or “TCER” is a unit issued pursuant to Article 12 and requirements thereunder, as well as to the relevant provisions in these modalities and procedures, 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.]<sup>cr,mx</sup> [A TCER shall be calculated as the net changes in greenhouse gases (GHGs) emissions by sources and removals by sinks resulted from afforestation and reforestation project activities, measured as verified changes in carbon stocks during the time period between project start and the first verification or between two subsequent verifications;]<sup>ct</sup>

*Option 3:* [A “transitory certified removal” or “TCR” is a unit issued pursuant to Article 12 and requirements thereunder, as well as to the relevant provisions in these modalities and procedures, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global

<sup>1</sup> af = African group; b1 = Bolivia, Colombia, Ecuador, Guatemala, Nicaragua and Uruguay; bo = Bolivia; br = Brazil; ca = Canada; ch = Switzerland; cl = Chile; cn = China; co = Colombia; cr = Costa Rica; eu = Greece on behalf of the European Community and its Member States, and the Czech Republic and Latvia; jp = Japan; mx = Mexico; my = Malaysia; ni = Nicaragua; no = Norway; nz = New Zealand; tk = text proposed by the Chair of SBSTA; tv = Tuvalu; ur = Uruguay.

<sup>2</sup> In the context of this annex, “Article” refers to an Article of the Kyoto Protocol, unless otherwise specified.

warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;]<sup>cl</sup>

*Option 4: [A “temporary certified carbon removal” or “TCCR” means a unit issued for afforestation and reforestation CDM project activities in the first commitment period pursuant to Article 12 of Kyoto Protocol and requirements thereunder, as well as to the relevant provisions in the present modalities and procedures, expiring five years after issuance and being 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;]<sup>cn</sup>*

*Option 5: [A “temporary removal equivalent to a certified emission reduction” (TRECER) is a removal unit arising from an afforestation or reforestation project activity pursuant to the relevant provisions in the annex to decision -/CMP.1 (Modalities for the accounting of assigned amounts), and is equivalent to a certified emission reduction for the purposes of Article 12 and requirements thereunder, for the purposes of accounting for afforestation and reforestation project activities in the first commitment period 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;]<sup>nv</sup>*

*Option 6: [A “temporary certified emission reduction” or “tCER” is a unit issued pursuant to Article 12 and requirements thereunder, as well as the relevant provisions in these modalities and procedures, with a validity of five years, 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. The number of outstanding tCERs is subject to review during verification.]<sup>af</sup>*

(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 proposed clean development mechanism project activity;

*New sub-para Option 1: [For the purposes of the present annex, the definitions for “forest”, “afforestation” and “reforestation” contained in paragraph 1 of the annex to draft decision -/CMP1 (Land use, land-use change and forestry) shall apply.]<sup>eu,cl,my,mx</sup>*

*Option 2: [For the purposes of the present annex, the definitions for “forest” and “afforestation” contained in paragraph 1 of the annex to draft decision -/CMP1 (Land use, land-use change and forestry) shall apply;*

*New sub-para. “Reforestation” is the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources on land that was forested but that has been converted to non-forested land. For the first commitment period, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest]<sup>bo,b1,ca,co,jp</sup> [for a period of at least 10 years immediately prior to the moment of registry of the project activity or on 31 December 1999]<sup>co</sup> [on 31 December 1999]<sup>bo,b1,ca,jp</sup> [for subsequent commitment periods, if these activities continue to be eligible, reforestation activities will be*

limited to reforestation occurring on those lands that did not contain forest for a period of at least 10 years prior to the moment of registry of the project activity]<sup>bo</sup>]<sup>bo,b1,ca,co,ip</sup>;

Option 3: [For the purposes of the present annex, the definition for “afforestation” contained in paragraph 1 of the annex to draft decision -/CMP1 (Land use, land-use change and forestry) shall apply;

New sub-para. “Forest” is a minimum area of land of 0.05 0.3-10 hectares (ha) with tree crown cover (or equivalent stocking level) of more than 10 - 30 per cent with trees with potential to reach a minimum height of 2-5 metres at maturity in situ. The selection of a non-Annex I party shall be fixed for the first commitment period;

New sub-para. “Reforestation” is the direct human-induced conversion of non-forested land to forested land through planting, seeding and /or the human-induced promotion of natural seed sources on land that was forested but that has been converted to non-forested land. For the first commitment period, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1999;]<sup>cr</sup>

New sub- para. [“Carbon reversal” is a negative change in total carbon stocks between two subsequent monitoring reports;]<sup>ca</sup>

New sub-para. Option 1: [Non-permanence means the temporary nature and reversibility of GHG removals, which are vulnerable to natural disturbances and anthropogenic practices, achieved by an afforestation or reforestation CDM project activity;]<sup>cn</sup>

Option 2: [“Non-permanence” relates to the temporary nature and reversibility of GHG removals by sinks. Carbon contained in land use systems is vulnerable to disturbances and/or changes creating partial or total loss of the carbon stocks and the release of other GHGs;]<sup>cv</sup>

New sub-para. Option 1: [For the purposes of the present annex, “net removals” has the following meaning: “The magnitude of removals by sinks less the magnitude of emissions of GHGs by sources”;]<sup>cu</sup>

Option 2: [“Net removals by sinks” means the difference between the removals by sinks of GHGs measured as changes in carbon stock minus the emissions carbon dioxide and non-carbon dioxide gases attributable to the installation and management of the afforestation and/or reforestation project activity within its boundary;]<sup>ur</sup>

Option 3: [Net removal is the verifiable changes in carbon stocks in the following pools: above-ground and below-ground biomass, litter, dead wood and soil organic carbon, minus the emissions by sources of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O, measured in CO<sub>2</sub>-equivalents;]<sup>no</sup>

New sub- para: [“Ecosystem” means a dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit;]<sup>no</sup>

New sub-para: [“Biological diversity” (biodiversity) means the variability among living organisms from all sources including, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems;]<sup>no</sup>

New sub- para: [“Alien species” means a species, subspecies or lower taxon, introduced outside its natural past or present distribution, including any parts, gametes, seeds, eggs, or propagules of such species that might survive and subsequently reproduce;]<sup>no</sup>

*News sub-para: [“Introduction” in this context means the movement by human agency, indirect or direct, of an alien species outside its natural range (past or present). This movement can be either within a country or between countries or areas beyond national jurisdiction.]<sup>no</sup>*

**B. Role of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol [in the context of afforestation and reforestation project activities under the clean development mechanism for the first commitment period]<sup>iv</sup>**

2. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) shall have authority over and provide guidance to the clean development mechanism (CDM).
3. The COP/MOP shall provide guidance to the Executive Board by taking decisions on:
  - (a) The recommendations made by the Executive Board on its rules of procedure;
  - (b) The recommendations made by the Executive Board, in accordance with provisions of [decision 17/CP.7] [decision X/CP.9]<sup>af,b1,br</sup>, [decisions 17/CP.7, X/CP.9,]<sup>cl</sup> [the annex to decision 17/CP.7,]<sup>iv</sup> the present annex and relevant decisions of the COP/MOP;
  - (c) The designation of operational entities accredited by the Executive Board in accordance with Article 12, paragraph 5, and accreditation standards contained in Appendix A below.
4. The COP/MOP shall further:
  - (a) Review annual reports of the Executive Board;
  - (b) Review the regional and subregional distribution of designated operational entities and take appropriate decisions to promote accreditation of such entities from developing country Parties.<sup>3</sup>
  - (c) Review the regional and subregional distribution of CDM project activities with a view to identifying systematic or systemic barriers to their equitable distribution and take appropriate decisions, based, *inter alia*, on a report by the Executive Board;
  - (d) Assist in arranging funding of CDM project activities, as necessary.

**C. Executive board [in the context of afforestation and reforestation project activities under the clean development mechanism for the first commitment period]<sup>iv</sup>**

5. The Executive Board shall supervise the [CDM] [afforestation and reforestation CDM project activities]<sup>cn</sup>, under the authority and guidance of the COP/MOP, and be fully accountable to the COP/MOP. In this context, the Executive Board shall:
  - (a) Make recommendations to the COP/MOP on further modalities and procedures for the CDM, as appropriate;
  - (b) Make recommendations to the COP/MOP on any amendments or additions to rules of procedure for the Executive Board contained in the present annex, as appropriate;
  - (c) Report on its activities to each session of the COP/MOP;
  - (d) Approve new methodologies related to, *inter alia*, baselines, monitoring plans and project boundaries in accordance with the provisions of [Appendix C below] [xx (to be developed with respect to the Terms of Reference of Executive Board’s further work);]<sup>ca</sup>

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<sup>3</sup> In the context of this annex, “Party” refers to a Party to the Kyoto Protocol, unless otherwise specified.



(e) *Option 1: No provision for small-scale afforestation and reforestation CDM project activities*<sup>br,my,tv</sup>

*Option 2: [Make and review provisions with regard to simplified modalities, procedures and the definitions for small-scale afforestation and reforestation project activities and make recommendations to the COP/MOP;]*<sup>ca,cr</sup>

*Option 3: [Develop and review provisions with regard to simplified modalities, and procedures for afforestation and reforestation CDM project activities, which occupy less than [xx] hectares of forests [with local people's participation]<sup>jp</sup>, and make recommendations to the COP/MOP;]*<sup>bl,bo,jp</sup>

*Option 4: [Review provisions with regard to simplified modalities, procedures and the definitions of small-scale project activities including their applicability to small-scale afforestation and reforestation projects and make recommendations to the COP/MOP with the aim of adopting a decision on revised modalities for small-scale afforestation and reforestation CDM project activities, as necessary;]*<sup>af</sup>

*New sub-para: [In developing simplified modalities and procedures as referred in para 5 (e) above, take into consideration that small-scale community based afforestation and reforestation CDM project activities may:*

(i) *Use official development assistance in the design, formulation and negotiation phases and in the process of strengthening local capacity required for the implementation of project activities;*

(ii) *Be bundled to reduce formulation, validation, verification and certification costs;*

(iii) *Use standardized baselines and technical data (e.g. state or eco-regions or species growing rates and carbon contents), based on similar biophysical and socio-economic conditions, to reduce project costs.]*<sup>ni</sup>

(f) *Be responsible for the accreditation of operational entities, in accordance with accreditation standards contained in Appendix A below, and make recommendations to the COP/MOP for the designation of operational entities, in accordance with Article 12, paragraph 5.*

This responsibility includes:

(i) *Decisions on re-accreditation, suspension and withdrawal of accreditation;*

(ii) *Operationalization of accreditation procedures and standards;*

(g) *Review the accreditation standards in Appendix A below and make recommendations to the COP/MOP for consideration, as appropriate;*

(h) *Report to the COP/MOP on the regional and subregional distribution of CDM project activities with a view to identifying systematic or systemic barriers to their equitable distribution;*

(i) *Make publicly available relevant information, submitted to it for this purpose, on proposed CDM project activities in need of funding and on investors seeking opportunities, in order to assist in arranging funding of CDM project activities, as necessary;*

(j) Make any technical reports commissioned available to the public and provide a period of at least eight weeks for public comments on draft methodologies and guidance before documents are finalized and any recommendations are submitted to the COP/MOP for their consideration;

(k) Develop, maintain and make publicly available a repository of approved rules, procedures, methodologies and standards;

(l) Develop and maintain the CDM registry as defined in *[Appendix D of the annex to decision 17/CP.7 and]*<sup>mx</sup> Appendix D below;

(m) Develop and maintain a publicly available database of *[afforestation and reforestation]*<sup>br,my</sup> CDM project activities containing information on registered project design documents, comments received, verification reports, its decisions as well as information on all *[CERs] [CERs or TCERs]*<sup>cr,mx</sup> *[CERs from afforestation and reforestation CDM project activities and RMUs converted from CERs from afforestation and reforestation CDM project activities]*<sup>br</sup> *[TCCR]*<sup>cn</sup> *[tCERs]*<sup>ch,eu,my</sup> *[TRECERs]*<sup>lv</sup> issued;

(n) Address issues relating to observance of modalities and procedures for the CDM by project participants and/or operational entities, and report on them to the COP/MOP;

(o) Elaborate and recommend to the COP/MOP for adoption at its next session procedures for conducting the reviews referred to in paragraphs 41 and 65 below including, *inter alia*, procedures to facilitate consideration of information from Parties, stakeholders and UNFCCC accredited observers. Until their adoption by the COP/MOP, the procedures shall be applied provisionally;

(p) *[Carry out any other functions ascribed to it in] [The recommendations made by the Executive Board, in accordance with provisions of]*<sup>cl</sup> *[decision 17/CP.7] [decision X/CP9]*<sup>af,b1,br</sup>, *[decisions 17/CP.7, X/CP.9,]*<sup>cl,mx</sup> *[the annex to decision 17/CP.7,]*<sup>lv</sup> the present annex and relevant decisions of the COP/MOP.

*New sub-para [Periodically conduct random audits over the period of no less than 10 years after the end of the crediting period of afforestation and reforestation projects for which CERs have been issued;]*<sup>ca</sup>

*New sub-para. [Ensure the TCCRs are fully compensated upon their expiry by, inter alia, tracking the credits in the cancellation accounts.]*<sup>cn</sup>

6. Information obtained from *[afforestation or reforestation]*<sup>eu</sup> CDM project *[activity]*<sup>eu</sup> participants marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law. Information used to determine additionality as defined in paragraph 43 below, to describe the baseline methodology and its application, and to support an environmental impact assessment referred to in paragraph 37(c) below, shall not be considered as proprietary or confidential.

7. The Executive Board shall comprise ten members from Parties to the Kyoto Protocol, as follows: one member from each of the five United Nations regional groups, two other members from the Parties included in Annex I, two other members from the Parties not included in Annex I, and one representative of the small island developing States, taking into account the current practice in the Bureau of the Conference of the Parties.

8. Members, including alternate members, of the Executive Board shall:

(a) Be nominated by the relevant constituencies referred to in paragraph 7 above and be elected by the COP/MOP. Vacancies shall be filled in the same way;

(b) Be elected for a period of two years and be eligible to serve a maximum of two consecutive terms. Terms as alternate members do not count. Five members and five alternate members shall be elected initially for a term of three years and five members and five alternate members for a term of two years. Thereafter, the COP/MOP shall elect, every year, five new members, and five new alternate members, for a term of two years. Appointment pursuant to paragraph 11 below shall count as one term. The members, and alternate members, shall remain in office until their successors are elected;

(c) Possess appropriate technical and/or policy expertise and shall act in their personal capacity. 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 Executive Board;

(d) Be bound by the rules of procedure of the Executive Board;

(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;

(f) Have no pecuniary or financial interest in any aspect of a CDM project activity or any designated operational entity;

(g) Subject to their responsibilities to the Executive Board, not disclose any confidential or proprietary information coming to their knowledge by reason of their duties for the Executive Board. The duty of the member, including alternate member, not to disclose confidential information constitutes an obligation in respect of that member, and alternate member, and shall remain an obligation after the expiration or termination of that member's function for the Executive Board.

9. The COP/MOP shall elect an alternate for each member of the Executive Board based on the criteria in paragraphs 7 and 8 above. The nomination by a constituency of a candidate member shall be accompanied by a nomination for a candidate alternate member from the same constituency.

10. The Executive Board 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 Executive Board without proper justification.

11. If a member, or an alternate member, of the Executive Board resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the Executive Board 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.

12. The Executive Board shall elect its own chairperson and vice-chairperson, with one being a member 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.

13. The Executive Board shall meet as necessary but no less than three times a year, bearing in mind the provisions of paragraph 41 below. All documentation for Executive Board meetings shall be made available to alternate members.

14. At least two thirds of the members of the Executive Board, 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 Executive Board 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 be taken by a three-fourths majority of the members present and voting at the meeting. Members abstaining from voting shall be considered as not voting.

16. Meetings of the Executive Board shall be open to attendance, as observers, by all Parties and by all UNFCCC accredited observers and stakeholders, except where otherwise decided by the Executive Board.

17. The full text of all decisions of the Executive Board shall be made publicly available. The working language of the Executive Board shall be English. Decisions shall be made available in all six official languages of the United Nations.

18. The Executive Board may establish committees, panels or working groups to assist it in the performance of its functions. The Executive Board shall draw on the expertise necessary to perform its functions, including from the UNFCCC roster of experts. In this context, it shall take fully into account the consideration of regional balance.

19. The secretariat shall service the Executive Board.

#### **D. Accreditation and designation of operational entities**

20. The Executive Board shall:

(a) Accredite operational entities which meet the accreditation standards contained in Appendix A below;

(b) Recommend the designation of operational entities to the COP/MOP;

(c) Maintain a publicly available list of all designated operational entities;

(d) Review whether each designated operational entity continues to comply with the accreditation standards contained in Appendix A below and on this basis confirm whether to reaccredit each operational entity every three years;

(e) Conduct spot-checking at any time and, on the basis of the results, decide to conduct the above-mentioned review, if warranted.

21. The Executive Board may recommend to the COP/MOP to suspend or withdraw the designation of a designated operational entity if it has carried out a review and found that the entity no longer meets the accreditation standards or applicable provisions in decisions of the COP/MOP. The Executive Board may recommend the suspension or withdrawal of designation only after the designated operational entity has had the possibility of a hearing. The suspension or withdrawal is with immediate effect, on a provisional basis, once the Executive Board has made a recommendation, and remains in effect pending a final decision by the COP/MOP. The affected entity shall be notified, immediately and in writing, once the Executive Board has recommended its suspension or withdrawal. The recommendation by the Executive Board and the decision by the COP/MOP on such a case shall be made public.

22. Registered project activities shall not be affected by the suspension or withdrawal of designation of a designated operational entity unless significant deficiencies are identified in the relevant validation, verification or certification report for which the entity was responsible. In this case, the Executive Board shall decide whether a different designated operational entity shall be appointed to review, and where appropriate correct, such deficiencies. If such a review reveals that excess [CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> were issued, the designated operational entity whose accreditation has been withdrawn or suspended shall acquire and transfer, within 30 days of the end of

review, an amount of reduced tonnes of carbon dioxide equivalent equal to the excess [CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af, ch, eu, my</sup> [TRECERs]<sup>tv</sup> issued, as determined by the Executive Board, to a cancellation account maintained in the CDM registry by the Executive Board.

23. Any suspension or withdrawal of a designated operational entity that adversely affects registered project activities shall be recommended by the Executive Board only after the affected project participants have had the possibility of a hearing.

24. Any costs related to the review referred to in paragraph 22 above shall be borne by the designated operational entity whose designation has been withdrawn or suspended.

25. The Executive Board may seek assistance in performing the functions in paragraph 20 above, in accordance with the provisions of paragraph 18 above.

#### **E. Designated operational entities**

26. Designated operational entities shall be accountable to the COP/MOP through the Executive Board and shall comply with the modalities and procedures in [decision 17/CP.7] [decision X/CP.9]<sup>af, b1, br</sup>, [decisions 17/CP.7, X/CP.9,]<sup>cl, mx</sup> [the annex to decision 17/CP.7,]<sup>tv</sup> the present annex and relevant decisions of the COP/MOP and the Executive Board.

27. A designated operational entity shall:

(a) Validate proposed [afforestation and reforestation]<sup>af, cn</sup> CDM project activities;

*New sub- para: [Calculate the net amount of GHGs removed by the afforestation or reforestation CDM project activity using the approved calculation procedure and, if appropriate, use additional data from other sources]<sup>cn</sup>;*

*New sub- para: [Adjust the calculated amount of GHGs removed accordingly when evidence is found, and not certify the amount of carbon sequestered if an adjustment is not possible]<sup>cn</sup>;*

(b) Verify and certify

*Option 1: [increases in anthropogenic removals of GHGs by sinks;]<sup>b1, bo</sup>*

*Option 2: [net anthropogenic removals by sinks of carbon dioxide from afforestation and reforestation CDM project activities;]<sup>br</sup>*

*Option 3: [net anthropogenic removals resulting from afforestation and reforestation project activities;]<sup>ca</sup>*

*Option 4: [enhancement of anthropogenic removals by sinks of GHGs;]<sup>cl, jp</sup>*

*Option 5: [net increase in removals by sinks of GHGs;]<sup>cn</sup>*

*Option 6: [increases in removals by sinks, measured as verified net changes in carbon stocks;]<sup>co</sup>*

*Option 7: [removals by sinks and emissions by sources of GHGs as measured by verifiable changes in carbon stocks;]<sup>ch</sup>*

*Option 8: [net change in anthropogenic emissions by sources of GHGs and removals by sinks, measured as verifiable changes in carbon stocks, that are relevant and reasonably under the control of the afforestation or reforestation project activity]<sup>ct</sup>*

*Option 9: [net removals above the baseline adjusted for leakage since the start of the crediting period;]<sup>eu</sup>*

*Option 10: [removals by sinks and reductions in anthropogenic emissions by sources of GHG;]<sup>mx</sup>*

*Option 11: [net anthropogenic removals by sinks projects of greenhouse gases;]<sup>af</sup>*

*New sub-para: [Report carbon reversals to the Executive Board;]<sup>ca</sup>*

*New sub-para: [Verify and certify that there is insurance coverage for CERs to be issued for afforestation and reforestation projects and that it remains in effect over the entire crediting period and for a period of no less than 10 years afterwards;]<sup>ca</sup>*

(c) Comply with applicable laws of the Parties hosting CDM project activities when carrying out its functions referred to in subparagraph (e) below;

(d) Demonstrate that it, and its subcontractors, have no real or potential conflict of interest with the participants in the CDM project activities for which it has been selected to carry out validation or verification and certification functions;

(e) Perform one of the following functions related to a given [afforestation or reforestation]<sup>cn</sup> CDM project activity: validation or verification and certification. Upon request, the Executive Board may, however, allow a single designated operational entity to perform all these functions within a single [afforestation or reforestation]<sup>cn</sup> CDM project activity;

(f) Maintain a publicly available list of [all] [afforestation and reforestation]<sup>br,af</sup> CDM project activities for which it has carried out validation, verification and certification;

(g) Submit an annual activity report to the Executive Board;

(h) Make information obtained from [afforestation and reforestation]<sup>eu</sup> CDM project participants publicly available, as required by the Executive Board. Information marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law. Information used to determine additionality as defined in paragraph 43 below, to describe the baseline methodology and its application, and to support an environmental impact assessment referred to in paragraph 37(c) below, shall not be considered as proprietary or confidential.

*New sub-para [Monitor and verify the carbon sequestration before issuance of TCCRs.]<sup>cn</sup>*

## **F. Participation requirements**

28. Participation in a [afforestation or reforestation]<sup>af</sup> CDM project activity is voluntary.

29. Parties participating in the CDM shall designate a national authority for the CDM.

30. A Party not included in Annex I may participate in a [afforestation or reforestation]<sup>af</sup> CDM project activity if it is a Party to the Kyoto Protocol

*New para: [A Party not included in Annex I may host an afforestation or reforestation project activity if it has selected and reported [through its designated national authority for the CDM]<sup>mx</sup> to the secretariat*

*a minimum tree crown value between 10 and 30 per cent, a single minimum land area value between 0.05 and 1 hectare and a single minimum tree height value between 2 and 5 metres. This selection shall be fixed for all afforestation and reforestation project activities under the CDM in the non-Annex I Party during the first commitment period.]<sup>cr,mx,no</sup> [and shall be included in the domestic guidelines of the non-Annex I Party with respect to participation in the CDM.]<sup>ca</sup>*

*New para: [A Party not included in Annex I may establish country-specific guidelines for addressing socioeconomic and environmental impacts for afforestation and reforestation project activities implemented within its territory.]<sup>mx</sup>*

31. Subject to the provisions of paragraph 32 below, a Party included in Annex I with a commitment inscribed in Annex B is eligible to use [CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>lv</sup>, issued in accordance with the relevant provisions, to contribute to compliance with part of its commitment under Article 3, paragraph 1, 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 GHGs 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 GHGs 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.

32. 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 31 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 31 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.

33. [A] [An Annex I]<sup>br</sup> Party that authorizes private and/or public entities to participate in Article 12 project activities 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. Private and/or public entities may only transfer and acquire [CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>lv</sup> if the authorizing Party is eligible to do so at that time.

34. The secretariat shall maintain publicly accessible lists of:

- (a) Parties not included in Annex I which are Parties to the Kyoto Protocol;
- (b) Parties included in Annex I that do not meet the requirements in paragraph 31 above or have been suspended.

### **G. Validation and registration**

35. Validation is the process of independent evaluation of [a] [an afforestation or reforestation]<sup>eu</sup> project activity by a designated operational entity against the requirements of [the] [afforestation and reforestation]<sup>eu</sup> CDM [project activities]<sup>eu</sup> as set out in decision [decision 17/CP.7] [decision X/CP.9]<sup>af,b1,br</sup>, [decisions 17/CP.7, X/CP.9]<sup>cl,mx</sup> [the annex to decision 17/CP.7]<sup>lv</sup> the present annex and relevant decisions of the COP/MOP, on the basis of the project design document, as outlined in Appendix B below.

36. Registration is the formal acceptance by the Executive Board of a validated project as [a] [an afforestation or reforestation]<sup>eu,lv</sup> CDM project activity. Registration is the prerequisite for the verification, certification and issuance of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>lv</sup> related to that project activity.

37. The designated operational entity selected by project participants to validate [a] [an afforestation or reforestation]<sup>af,eu</sup> project activity, being under a contractual arrangement with them, shall review the project design document and any supporting documentation to confirm that the following requirements have been met:

- (a) The participation requirements as set out in paragraphs 28 to 30 above are satisfied;
- (b) [Comments by local stakeholders have been invited] [Local stakeholders were involved at an early stage in the project design, adequate procedures were available for stakeholders to provide comments, identified concerns were dealt with]<sup>eu,no</sup>, a summary of the comments received has been provided, and a report to the designated operational entity on how due account was taken of any comments has been received;
- (c) Option 1: Project participants have submitted to the designated operational entity documentation on the analysis of the [socio-economic and]<sup>af,b1,bo,br,co,eu,jp,no</sup> environmental impacts....

Option 1.1: [, that covers the topics listed in appendix E below and, if applicable, follows any further elaboration of this list adopted by the host Party's designated national authority for the CDM]<sup>eu</sup>;



Option 1.2: *[, including impacts on biodiversity and natural ecosystems of the project activity in accordance with appendix E, confirmation that this documentation correctly reflects expected impacts of the implementation]<sup>no</sup>;*

...of the *[afforestation or reforestation CDM]<sup>br</sup>* project activity, including transboundary impacts and, if those impacts are considered significant by the project participants or the host Party, *[that project participants]<sup>no</sup>* have undertaken an *[a socio-economic and]<sup>br,af</sup> [a socio-economic and/or]<sup>jp</sup>* environmental impact assessment in accordance with procedures as required by the host Party *[and guided by decision VI/7 under the Convention on Biological Diversity on further development of guidelines for incorporating biodiversity-related issues into environmental-impact-assessment legislation or processes and in strategic impact assessments]<sup>no</sup>;*

Option 2: *[Project participants have submitted to the designated operational entity a report which documents that (i) the socio-economic and environmental impacts assessment has been conducted; (ii) the project developer applies the necessary methodology to assess and monitor removals by sinks and emissions by sources with verifiable measurements of changes in carbon stocks; (iii) the project developer has developed a forest management and monitoring plan, as well as a statement that the project meets the requirements listed in appendix E below;]<sup>ch</sup>*

Option 3: *[Project participants have undertaken environmental and social impacts assessments in accordance with the standards specified in appendix E;]<sup>lv</sup>*

Option 4: *[Project participants have submitted to the designated operational entity, if applicable, documentation demonstrating that the guidelines for addressing socio-economic and environmental impacts established by the host Party have been satisfied;]<sup>mx</sup>*

New sub-para. Option 1: *[Project participants have submitted a statement, based on the documentation referred to in paragraph (c) above, that covers the topics listed in appendix E below and, if applicable, follows any further elaboration of this list adopted by the host Party's designated national authority for the CDM, that this Statement correctly reflects the impacts that can be reasonably expected from the implementation of project activities and that the Statement includes a description of planned monitoring and remedial measures to address significant impacts;]<sup>eu</sup>*

Option 2: *[Project participants have submitted to the designated operational entity documentation on the analysis of the social impacts of the project activity, including measures to monitor and minimize adverse impacts and ensure compatibility with related national policies;]<sup>cn</sup>*

Option 3: *[Based on the analysis on socio-economic and environmental impacts and regarding the issues referred to in Appendix E below, project participants have presented a document with conclusions with respect to the kind of impacts identified in the project area and from project activities, the significance of these impacts and possible remedial measures. Monitoring strategies to follow up these impacts should be included in this document;]<sup>no</sup>*

New sub-para. *[The project activity does not entail the use of alien species and/or genetically modified organisms;]<sup>no</sup>*

(d) The *[afforestation or reforestation CDM]<sup>br,ca,cr,eu,eu</sup> [CDM]* project activity is expected to result in ...

Option 1: *[an increase in anthropogenic removals of GHGs by sinks]<sup>bo,b1</sup>*

Option 2: *[net anthropogenic removals by sinks of carbon dioxide]<sup>br</sup>*

Option 3: *[anthropogenic removals of GHGs]<sup>lv</sup>*

*Option 4: [a net anthropogenic removal, calculated as removals by sinks minus emissions by sources]<sup>ca</sup>*

*Option 5: [net]<sup>af</sup> [enhancement of anthropogenic removals by sinks]<sup>cl,ip,af</sup>*

*Option 6: [increases in removals by sinks, measured as verified net changes in carbon stocks]<sup>co</sup>*

*Option 7: [a net change of anthropogenic emissions by sources of GHGs and removals by sinks, measured as a verifiable increase in carbon stock,]<sup>cr</sup>*

*Option 8: [net removals]<sup>cu</sup>*

*Option 9: [removals by sinks of GHGs]<sup>my</sup>*

*Option 10: [an enhanced net effect of the removal by sinks minus the emissions by sources of GHGs verifiably measured as changes in carbon stocks within the project boundaries]<sup>ch</sup>*

*Option 11: [removals by sinks, and if applicable, reductions in anthropogenic emissions by sources of greenhouse gases]<sup>mx</sup>*

...that are additional to any that would occur in the absence of the proposed [afforestation or reforestation]<sup>af</sup> project activity, in accordance with paragraphs 43 to 52 below;

*New sub-para. [The project participants, in their calculation of removals by the project activity, have excluded additional removals as a result of elevated carbon dioxide, nitrogen deposition and the dynamic effects of age structure;]<sup>lv</sup>*

*New sub-para. [Management activities, including harvesting cycles, and verifications are planned so that during the crediting period the verified net removals above the baseline are not likely to be biased by a systematic coincidence of verification and peaks in carbon stocks;]<sup>cu</sup>*

*New sub-para. [Project participants have specified the approach proposed to address the risk of non-permanence in accordance with section K;]<sup>ca</sup>*

- (e) The baseline and monitoring methodologies comply with requirements pertaining to:
  - (i) Methodologies previously approved by the Executive Board [, taking into account relevant guidance by the Intergovernmental Panel on Climate Change (IPCC)]<sup>co</sup>; or
  - (ii) Modalities and procedures for establishing a new methodology,

*Option 1: [taking into account the IPCC Good Practice Guidance for land use, land-use change and forestry]<sup>cl,af</sup> [as set out in decision X/CP.9 and relevant decisions by the COP/MOP, and]<sup>cl</sup> as set out in paragraph 38 below;*

*Option 2: as set out in paragraph 38 below [, in decision X/CP.9 and relevant decisions by the COP/MOP, and provide justification when using alternative coefficients, values or practices]<sup>b1</sup>;*

*Option 3: as set out in paragraph 38 below [, taking into account, to the extent possible, IPCC guidance adopted by COP/MOP]<sup>bo, b1, cr,mx</sup> [and provide justification when using alternative coefficients, values or practice]<sup>cr,mx</sup>;*

(f) Provisions for *[the description of project boundaries,]*<sup>eu, ch</sup> monitoring, verification and reporting are in accordance with decision *[17/CP.7] [X/CP.9]*<sup>af, b1, br, ca, ch, eu</sup> *[decisions 17/CP.7 and X/CP.9,]*<sup>cl, mx</sup> the present annex *[, the IPCC Good Practice Guidance for land use, land use change and forestry adopted by the COP/MOP]*<sup>no, eu, ch</sup> and *[, other]*<sup>eu</sup> relevant decisions of the COP/MOP;

*New sub-para. Option 1: [Leakage has been addressed in accordance with paragraph 51 and appendix B below]*<sup>eu</sup>;

*Option 2: [The project participants have adequately accounted for sinks leakage and have made the necessary adjustments for such sinks leakage]*<sup>tv</sup>;

(g) The project activity conforms to all other requirements for *[afforestation and reforestation]*<sup>br, ch, eu</sup> CDM project activities in decision 17/CP.7 *[X/CP.9]*<sup>af, b1, br, ca, ch, eu</sup> *[decisions 17/CP.7 and X/CP.9,]*<sup>cl, mx</sup> the present annex and relevant decisions by the COP/MOP and the Executive Board *[, as well as to all relevant provisions of other multilateral environmental agreements, in particular the United Nations Convention of Biodiversity (CBD) and its principles for the conservation of biodiversity, the Ramsar Convention on Wetlands, and the United Nations Convention to Combat Desertification (CCD)]*<sup>ch</sup>.

*New sub- para. [The host Party has confirmed that the afforestation or reforestation CDM project activity would comply with its legislation and its commitments with regard to multilateral environmental agreements.]*<sup>eu</sup>

*New sub-para. [The afforestation or reforestation project activity complies with national laws of the host Party and with international commitments of the host Party under multilateral environmental agreements.]*<sup>no</sup>

38. If the designated operational entity determines that the *[afforestation or reforestation]*<sup>eu</sup> project activity intends to use a new baseline or monitoring methodology, as referred to in paragraph 37(e) (ii) above, it shall, prior to a submission for registration of this *[afforestation or reforestation]*<sup>eu</sup> project activity, forward the proposed methodology, together with the draft project design document, including a description of the project and identification of the project participants, to the Executive Board for review. The Executive Board shall expeditiously, if possible at its next meeting but not later than four months, review the proposed new methodology in accordance with the modalities and procedures of the present annex. Once approved by the Executive Board it shall make the approved methodology publicly available along with any relevant guidance and the designated operational entity may proceed with the validation of the *[afforestation or reforestation]*<sup>eu</sup> project activity and submit the project design document for registration. In the event that the COP/MOP requests the revision of an approved methodology, no *[afforestation or reforestation]*<sup>eu</sup> CDM project activity may use this methodology. The project participants shall revise the methodology, as appropriate, taking into consideration any guidance received.

39. A revision of a methodology shall be carried out in accordance with the modalities and procedures for establishing new methodologies as set out in paragraph 38 above. Any revision to an approved methodology shall only be applicable to project activities registered subsequent to the date of revision and shall not affect existing registered project activities during their crediting periods.

40. The designated operational entity shall:

(a) Prior to the submission of the validation report to the Executive Board, have received from the project participants written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party *[, cognisant of the Statement referred to in paragraph 37 (c) above,]*<sup>eu</sup> that the *[afforestation or reforestation]*<sup>eu</sup> project activity assists it in achieving sustainable development *[, and have received the written approval of the social impact*

*assessment and environmental impact assessment of the project activity from the designated national authority of the host Party ]<sup>cn</sup> [and, if applicable, confirmation that the guidelines to address environmental and socioeconomic impacts established by the host Party have been fulfilled]<sup>mx</sup>;*

*New sub-para. [Validate the social impact assessment and environmental impact assessment of the project activity. If socio-economic or environmental impact is significantly adverse, an afforestation or reforestation CDM project activity should not be validated as a CDM project by the designated operational entity nor be registered as a CDM project by the Executive Board;]<sup>cn</sup>*

- (b) In accordance with provisions on confidentiality contained in paragraph 27(h) above, make publicly available the project design document;
- (c) Receive, within [30] [60]<sup>eu</sup> days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available;
- (d) After the deadline for receipt of comments, make a determination as to whether, on the basis of the information provided and taking into account the comments received, the [*afforestation or reforestation*]<sup>eu</sup> project activity should be validated;
- (e) Inform project participants of its determination on the validation of the project activity. Notification to the project participants will include:
  - (i) Confirmation of validation and date of submission of the validation report to the Executive Board; or
  - (ii) An explanation of reasons for non-acceptance if the [*afforestation or reforestation*]<sup>eu</sup> project activity, as documented, is judged not to fulfil the requirements for validation;
- (f) Submit to the Executive Board, if it determines the proposed project [*afforestation or reforestation*]<sup>eu</sup> activity to be valid, a request for registration in the form of a validation report including the project design document, the written approval of the host Party as referred to in subparagraph (a) above, and an explanation of how it has taken due account of comments received;
- (g) Make this validation report publicly available upon transmission to the Executive Board.

41. The registration by the Executive Board shall be deemed final eight weeks after the date of receipt by the Executive Board of the request for registration, unless a Party involved in the [*afforestation or reforestation CDM*]<sup>eu</sup> project activity or at least three members of the Executive Board request a review of the proposed [*afforestation or reforestation*]<sup>eu</sup> CDM project activity. The review by the Executive Board shall be made in accordance with the following provisions:

- (a) It shall be related to issues associated with the validation requirements;
- (b) It shall be finalized no later than at the second meeting following the request for review, with the decision and the reasons for it being communicated to the project participants and the public.

42. A proposed [*afforestation or reforestation*]<sup>eu</sup> project activity that is not accepted may be reconsidered for validation and subsequent registration, after appropriate revisions, provided that it follows the procedures and meets the requirements for validation and registration, including those related to public comments.

43. [A] [*An afforestation or reforestation*]<sup>br,cn,cr,eu,no,ch,tv</sup> CDM project activity is additional if

*Option 1: [anthropogenic removals of GHGs by sinks are increased above those that would have occurred in the absence of the registered CDM project activity.]<sup>bo</sup>*

*Option 2: [anthropogenic removals of GHGs by sinks are enhanced above those that would have occurred in the absence of the registered CDM project activity.]<sup>ip</sup>*

*Option 3: [removals of GHGs by sinks, measured as changes in carbon stocks, are increased above those that would have occurred in the absence of the registered CDM project activity.]<sup>bl</sup>*

*Option 4: [the net enhancement of sinks resulting from the afforestation or reforestation CDM project activity is higher than those that would have occurred in the absence of the registered CDM project activity.]<sup>af</sup>*

*Option 5: [the net effect of the removal by sinks minus the emissions by sources of GHGs verifiably measured as changes in carbon stocks within the project boundaries are increased above those that would have occurred in the absence of the registered CDM project activity.]<sup>ch</sup>*

*Option 6: [anthropogenic removals of GHGs by sequestration activities are increased above those that would have occurred in the absence of the registered CDM afforestation or reforestation project activity.]<sup>iv</sup>*

*Option 7: [the net anthropogenic removals of carbon dioxide are greater than those that would have occurred in the absence of the registered afforestation and reforestation CDM project activity.]<sup>br</sup>*

*Option 8: [net anthropogenic removals, calculated as removals by sinks minus emissions by sources, are beyond those that would have occurred in the absence of the registered CDM afforestation or reforestation project activity.]<sup>ca</sup>*

*Option 9: [net anthropogenic removals of GHGs by sinks are higher than those that would have occurred in the absence of the registered CDM project activity.]<sup>cl</sup>*

*Option 10: [the net removal by sinks resulting from the afforestation or reforestation CDM project activity is higher than those that would have occurred in the absence of the proposed CDM project activity, and if the net removal by sinks resulting from an afforestation or reforestation CDM project activity goes beyond institutional and regulatory requirements or commercial practice. An afforestation or reforestation CDM project activity is not additional if similar activities have been undertaken in recent years in the area of the CDM project activity.]<sup>cn</sup>*

*Option 11: [GHG removals by sinks, measured as verified net changes in carbon stocks, are enhanced above those that would have occurred in the absence of the registered CDM project activity.]<sup>co</sup>*

*Option 12: [the anthropogenic net change in emissions of GHGs by sources and removals by sinks, measured as verifiable changes in carbon stocks are above those that would have occurred in the absence of the registered CDM project activity.]<sup>cr</sup>*

*Option 13: [net removals are increased above those that would have occurred in the absence of the registered afforestation and/or reforestation CDM project activity, going beyond institutional and regulatory requirements and common practice in the region.]<sup>eu</sup>*

*Option 14: [the net removals by sinks resulting from the afforestation or reforestation CDM project activity is higher than those that would have occurred in the absence of the registered CDM*

*project activity and if the net enhancement of sinks resulting from an afforestation or reforestation CDM project goes beyond institutional and regulatory requirements or commercial practice.]<sup>my</sup>*

*Option 15: [[anthropogenic]<sup>4</sup> increases in measured carbon pools are greater than those that would have occurred in the absence of the CDM project activity. For the purposes of confirming that a project is additional, the designated operational entity shall consider whether it is likely that the expected economic rate of return for a proposed project is sufficient to allow the project to proceed in the absence of the project activity under the CDM, given the specific economic, regulatory, and risk factors applicable in the host country.]<sup>mz</sup>*

*Option 16: [A CDM project activity is additional if the net enhancement of sinks is increased over that which would have occurred in the absence of the registered CDM project activity and the anthropogenic emissions of greenhouse gases by sources are reduced below those that would have occurred in the absence of the registered CDM project activity.]<sup>mx</sup>*

*Option 17: [net removals are increased above those that would have occurred in the absence of the registered afforestation or reforestation CDM project activities.]<sup>no</sup>*

44. The baseline for [a ] [an afforestation or reforestation]<sup>br,ca,eu,nz,no,tv</sup> CDM project activity is the scenario that reasonably represents the...

*Option 1: [net removals by sinks of GHGs, measured as changes in carbon stocks,]<sup>b1</sup>*

*Option 2: [net changes in anthropogenic emissions by sources and removals by sinks of GHGs, measured as verifiable change in carbon stocks,]<sup>cr</sup>*

*Option 3: [anthropogenic removals by sinks of carbon dioxide]<sup>br</sup>*

*Option 4: [net anthropogenic removals]<sup>ca</sup>*

*Option 5: [anthropogenic emissions by sources and removals by sinks of GHGs]<sup>cl</sup>*

*Option 6: [net changes in carbon stocks and GHG emissions]<sup>cn</sup>*

*Option 7: [GHGs removals by sinks, measured as verified changes in carbon stocks,]<sup>co</sup>*

*Option 8: [net removals]<sup>eu,no</sup>*

*Option 9: [anthropogenic removals by sinks]<sup>jp</sup>*

*Option 10: [anthropogenic emissions by sources and removals by sinks of GHGs]<sup>my</sup>*

*Option 11: [[anthropogenic] changes in measured carbon pools]<sup>mz</sup>*

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<sup>4</sup> It is unclear whether, for the purposes of afforestation and reforestation CDM project activities, only anthropogenic changes in carbon pools should be considered. New Zealand wishes to explore whether, for example, the baseline should in fact include all changes likely to occur in carbon pools in the absence of the project. Such an approach would, for example, allow possible sequestration by natural forest regeneration to be included in a project baseline. Put another way, if natural forest regeneration were expected to occur in the absence of the project, then any carbon expected to be sequestered by such regeneration should be taken into account when establishing a project baseline.

*Option 12: [anthropogenic removals of GHGs]<sup>lv</sup>*

*Option 13: [the net changes in carbon stocks and greenhouse gas emissions]<sup>mx</sup>*

...that would occur [in the absence of the proposed [afforestation or reforestation]<sup>eu</sup> project activity][on the project land in the absence of the project within the project boundary]<sup>mx</sup> [, taking into account that the establishment of the baseline shall not lead to crediting for land use, land-use change and forestry project activities that are not eligible under the CDM.]<sup>eu</sup>

...A baseline shall cover:

*Option 1: [emissions and removals from all gases in designated pools within the project boundary]<sup>bo,b1</sup> [, unless project participants provide transparent and verifiable information that emissions of gases excluded are not going to increase as a result of the project activity]<sup>b1</sup>.*

*Option 2: [emissions from all gases, sectors and source categories listed in Annex A and removals by sinks within the project boundary.]<sup>ca</sup>*

*Option 3: [emissions from all gases, listed in Annex A within the project boundary.]<sup>cr</sup>*

*Option 4: [all GHGs and all carbon pools within the project boundary.]<sup>eu</sup>*

*Option 5: [anthropogenic removals by sinks of GHGs resulting from land use, land-use change and forestry activities, as well as emissions, if measurable, from all gases, sectors and source categories listed in Annex A within the project boundary.]<sup>jp</sup>*

*Option 6: [A baseline shall cover removals from land use, land use change and forestry activities within the project boundary.]<sup>lv</sup>*

*Option 7: [emissions from all gases, sectors and source categories listed in Annex A within the project boundary. A baseline shall also cover emissions from non-CO<sub>2</sub> gases and natural emissions and removals, occurring in the absence of the proposed project activity, within the project boundary.]<sup>my</sup>*

*Option 8: [all the greenhouses gases CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O if relevant and all the following carbon pools within the project boundary: above-ground and below-ground biomass, litter, dead wood and soil organic carbon, in accordance with paragraph 53 (a). The carbon pools that are included when calculating the credits from the project shall be included in the baseline scenario.]<sup>no</sup>*

*Option 9: [no text on what the baseline shall cover is required.]<sup>br,nz</sup>*

...New sentence. *Option 1: [The baseline shall account for all changes in the following carbon pools: above-ground biomass, below-ground biomass, litter, dead wood, and soil organic carbon.]<sup>af,b1,bo,br,cl,cn,co,m,mx,nz,tv</sup> [The project participants may choose not to account for a given pool in a commitment period, if transparent and verifiable information is provided that such pool is not a source]<sup>af,b1,br,bo,cl,cn,co,my,mx</sup> [and take into account non-CO<sub>2</sub> GHG emissions or removals]<sup>cn</sup>*

*Option 2: [Only those relevant carbon pools that can be measured and monitored shall be included in the baseline unless the proponent is able to provide information that the excluded pool is not a source.]<sup>cr</sup>*

*Option 3: [The baseline shall account for the same pools as those used in the quantification of sources and removals by the project activities. Only pools that in the long and short*

*term represent more than 10 per cent of the direct removal of the main activity of the project shall be accounted. The methodology used for calculating the removals in the baseline must be the same as that used in the measurement of the pools.]<sup>ni</sup>*

....A baseline shall be deemed to reasonably represent the

*Option 1: [anthropogenic removals by sinks]<sup>bo,b1.jp</sup>*

*Option 2: [anthropogenic-removals by sinks of carbon dioxide]<sup>br</sup>*

*Option 3: [net anthropogenic removals]<sup>ca</sup>*

*Option 4: [anthropogenic emissions by sources and removals by sinks]<sup>cl,af</sup>*

*Option 5: [removals by sinks]<sup>co</sup>*

*Option 6: [, measured as changes in carbon stocks,]<sup>b1.co</sup>*

*Option 7: [net removals]<sup>eu</sup>*

*Option 8: [net change in anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable changes in carbon stocks]<sup>ct</sup>*

*Option 9: [anthropogenic emissions by sources and removals by sinks of GHGs]<sup>my</sup>*

*Option 10: [[anthropogenic] changes in measured carbon pools]<sup>mz</sup>*

*Option 11: [anthropogenic removals by sequestration]<sup>lv</sup>*

*Option 12: [net changes in carbon stocks and emissions by sources]<sup>mx</sup>*

...that would occur in the absence of the proposed [afforestation or reforestation]<sup>ca,eu</sup> project activity if it is derived using a baseline methodology referred to in paragraphs 37 and 38 above.

45. A baseline shall be established:

(a) By project participants in accordance with provisions for the use of approved and new methodologies, contained in decision 17/CP.7 [X/CP.9]<sup>b1,br,ca,eu,af</sup> [decisions 17/CP.7 and X/CP.9]<sup>cl,mx</sup>, the present annex and relevant decisions of the COP/MOP;

(b) In a transparent and conservative manner regarding the choice of approaches, assumptions, methodologies, parameters, data sources, key factors and additionality, and taking into account uncertainty;

*New sub-para. [With a provision for a review of assumptions used in the baseline scenario, and the baseline scenario shall be updated at least every [X] years, with appropriate adjustments to account for changes due to cultural traditions, trends in land-use patterns, changes in socio-economic conditions, the economic situation in the project sector, and future trends at sectoral and national level;]<sup>my</sup>*

(c) On a project-specific basis [and/or on a standardized basis]<sup>ca</sup>;

*New sub-para. Option 1: [Taking into account natural site-specific factors, initial carbon stocks within the project boundary and their dynamics, and historical land use as well as the most likely*



*prospective land use at the time of the project start such as agriculture, abandonment, or other alternative land uses;]*<sup>eu</sup>

*Option 2: [Taking into account natural site-specific factors, initial carbon stocks within the project boundary, and the most likely prospective land use at the time of the project start such as agriculture, abandonment, or other alternative land uses, as well as socio-economic factors;]*<sup>no</sup>

(d) *Option 1: no provision for small-scale afforestation and reforestation CDM project activities.*<sup>br,my,tv</sup>

*Option 2: In the case of [afforestation and reforestation]<sup>bo</sup> project activities [implemented in an area of less than [XX] hectares]<sup>bo,b1,jp</sup> [with the participation of local people]<sup>jp</sup> in accordance with simplified procedures developed for such activities;*

*Option 3: [In the case of small-scale CDM afforestation and reforestation project activities which meet the criteria specified in relevant decisions by the COP/MOP, in accordance with simplified procedures developed for such activities;]*<sup>cr</sup>

*Option 4: [In the case of small-scale CDM project activities which meet the criteria specified in the COP 9 decision and relevant decisions by the COP/MOP, in accordance with simplified procedures developed for such activities;]*<sup>ca</sup>

*Option 5: [In the case of afforestation and reforestation small-scale CDM project activities which meet the criteria specified in decision 17/CP.7, decision X/CP.9 and relevant decisions by the COP/MOP, in accordance with simplified procedures developed for such activities;]*<sup>cl,af</sup>

*Option 6: [In the case of small-scale CDM project activities which meet the criteria to be proposed by SBSTA and adopted by the COP during its 10th session, in accordance with simplified procedures to be developed by the CDM executive board for such activities;]*<sup>mx</sup>

(e) Taking into account relevant national [policies, plans and circumstances, including national forest programmes, other national]<sup>no</sup> and/or sectoral [and/or local]<sup>no</sup> policies [and circumstances]...

*Option 1: [and the economic situation in the project sector [, as well as sectoral regulatory requirements;]*<sup>b1</sup>

*Option 2: [, such as sectoral reform initiatives, and the economic situation in the project sector;]*<sup>ca,cr</sup>

*Option 3: [, such as historical land uses, practices and trends, cultural traditions, socio-economic conditions, current estimates of the carbon stocks on the project land, future trends at sectoral and national levels, sources of project financing, and the project intent;]*<sup>cn</sup>

*Option 4: [, including national forest programmes, other national and/or sectoral policies and circumstances, such as sectoral reform initiatives, and the economic situation in the agriculture and forestry sector;]*<sup>eu</sup>

*Option 5: [such as national/regional forest management plans, the climate category and natural vegetation of the project site, and the economic situation in the project sector.]*<sup>jp</sup>

*Option 6: [, such as historical land uses, practices and trends; cultural traditions; changes in socio-economic conditions, the economic situation in the project sector; and future trends at sectoral and national level;] <sup>my</sup>*

*Option 7: [and the economic situation in the project agriculture and forestry sector;] <sup>no</sup>*

*Option 8: [, such as sectoral reform initiatives, forestry sector expansion plans, and the economic situation in the project sector;] <sup>lv</sup>*

*Option 9: [such as sectoral reform initiatives, historical land uses, practices and trends; cultural traditions; socio-economic conditions; future trends at sectoral and national levels and the economic situation in the project sector;] <sup>mx</sup>*

*New sub-para. [Taking into account effects such as elevated carbon dioxide, nitrogen deposition and the dynamic effects of age structure.] <sup>lv</sup>*

46. *Option 1: The baseline [may] [should] <sup>lv</sup> include a scenario where future...*

*Option 1.1 [anthropogenic removals by sinks are projected to fall below current levels, due] <sup>bo,cl,jp</sup>*

*Option 1.2 [net change in anthropogenic emissions by sources of GHG and removals by sinks measured as verifiable changes in carbon stocks are projected, according] <sup>ct</sup>*

*Option 1.3 [anthropogenic emissions from sinks are projected to rise above current levels, due] <sup>my</sup>*

*Option 1.4 [anthropogenic removals by sequestration activities are projected to increase above current levels, due] <sup>lv</sup>*

*Option 1.5 [scenario where future carbon stocks are projected to decrease below current levels and anthropogenic emissions by sources are projected to rise above current levels, due] <sup>mx</sup>*

*...to the specific circumstances of the host Party[, or to the biophysical conditions in the area of the project activity] <sup>bo</sup>.*

*Option 2: No provision for the baseline-scenario to have higher removals than the current level. <sup>b1,br,ca,co,eu,no</sup>*

47. The baseline shall be defined in a way that...

*Option 1: [CERs cannot be earned for increases in removals outside the project activity.] <sup>bo</sup>*

*Option 2: [does not result in crediting avoided emissions from reduction or cessation of previous land-use activities.] <sup>eu</sup>*

*Option 3: [[tCERs] <sup>my</sup> [TRECERS] <sup>lv</sup> cannot be earned for increases in afforestation and reforestation activity levels outside the project activity or due to force majeure.] <sup>my,lv</sup>*

*Option 4: [that CERs and TCERs cannot be earned for decreases in activity levels outside the project activity or due to force majeure.] <sup>mx</sup>*

*Option 5: No provision for the for increases in removals outside the project activity or force majeure.*<sup>af,b1,br,cl,co</sup>

48. In choosing a baseline methodology for [an afforestation or reforestation]<sup>ca,tv,mx</sup> project activity, project participants shall select from among the following approaches the one deemed most appropriate for the project activity, taking into account any guidance by the Executive Board, and justify the appropriateness of their choice:

(a) *Option 1: [Existing actual or historical emissions and removals by sinks]<sup>bo,cl,af,mx</sup> [as applicable]<sup>af,mx</sup> [, measured as changes in carbon stocks]<sup>b1</sup>;*

*Option 2: [Existing actual or historical removals, as applicable;]<sup>lv</sup>*

*Option 3: [The natural removals by sinks that would otherwise occur by natural regeneration for degraded or abandoned lands;]<sup>br</sup>*

*Option 4: [Existing actual or historical anthropogenic GHG removals by sinks and emissions by sources, as applicable;]<sup>ca</sup>*

*Option 5: [The existing emissions and removals that would otherwise occur;]<sup>cn</sup>*

*Option 6: [Existing actual or historical levels of-removals by sinks, measured as verified net changes in carbon stocks, as applicable;]<sup>co</sup>*

*Option 7: [Existing actual or historical net change in anthropogenic emissions by sources of GHG and removals by sinks measured as verifiable changes in carbon stocks, as applicable;]<sup>cr</sup>*

*Option 8: [The natural emissions by sources and removals by sinks that would otherwise occur;]<sup>my</sup>*

*Option 9: [Existing actual or historical removals, as applicable;]<sup>jp</sup>*

*Option 10: [Existing actual or historical removals and/or emissions, as applicable;]<sup>no</sup>*

(b) *Option 1: [Net GHG emissions and]<sup>mx</sup> [Removals corresponding to a land use or land use change that represents an economically attractive course of action, taking into account barriers to investment and other barriers for afforestation and reforestation projects;]<sup>af,b1,cl,mx</sup>*

*Option 2: [Emissions by sources or removals by sinks from an LULUCF activity that represents an economically attractive course of action, taking into account barriers to investment;]<sup>bo</sup>*

*Option 3: [The most likely land use at the time the project starts, and the natural removals by sinks that would otherwise occur, if any, in land that has been used or is likely to be used for the development of anthropogenic activities, including agriculture (pasture or crops) and forestry;]<sup>br</sup>*

*Option 4: [Removals and emissions from an activity that represents an economically attractive course of action, taking into account barriers to investment;]<sup>ca,no</sup>*

*Option 5: [The net GHG removals by sinks due to use of the land that represents an economically attractive course of action, taking into account barriers to investment or other barriers;]<sup>cn</sup>*

*Option 6: [Removals by sinks, measured as verified net changes in carbon stocks, from a land use or land-use change activity that represents an economically attractive course of action, taking into account barriers to investment;]<sup>co</sup>*

*Option 7: [Net change in anthropogenic emissions by sources of GHG and removals by sinks measured as verifiable changes in carbon stocks corresponding to afforestation and reforestation project activities that represents an economically attractive course of action, taking into account barriers to investment or other barriers;]<sup>ct</sup>*

*Option 8: [Removals from an activity that represents an economically attractive course of action, taking into account barriers to investment;]<sup>jp</sup>*

*Option 9: [The net GHG removals by sinks due to the use of the land that represents an economically attractive course of action, taking into account barriers to investment;]<sup>my</sup>*

(c) *Option 1: [The average emissions of similar afforestation or reforestation project activities undertaken in the previous five years, in similar social, economic, environmental and technological circumstances.]<sup>ct</sup>*

*Option 2: [The baseline net removals of similar afforestation and reforestation project activities undertaken in the previous five years under similar land-use, social, economic, and environmental circumstances.]<sup>ca</sup>*

*Option 3: [The most likely prospective land use at the time the project starts.]<sup>cn</sup>*

*Option 4: [Verifiable removals of similar natural vegetation in the previous five years, where social, economic, and environmental circumstances of the site are comparable to the project site.]<sup>jp</sup>*

*Option 5: [The most likely prospective land use at the time the project starts (a without project or reference case).]<sup>my</sup>*

*Option 6: [The average removals of similar project activities undertaken in the previous five years, in similar social, economic,]<sup>iv,af</sup> [environmental, geophysical, species type, climatological, and technological circumstances]<sup>iv</sup>.*

49. *Option 1: [The crediting period for a proposed afforestation or reforestation CDM project activity shall be five years.]<sup>cn</sup>*

*Option 2: The crediting period for a proposed afforestation or reforestation project activity shall be a maximum of five years, which may be renewed, but may not extend beyond 31 December 2012.]<sup>iv</sup>*

*Option 3: [For the first commitment period, the crediting period for afforestation and reforestation CDM project activities starts at the beginning of the first year of the commitment period and may take into account the carbon stock accumulated since the registration of the project, but not earlier than 1 January 2000.]<sup>br</sup>*

*Option 4: [The crediting period for a proposed afforestation or reforestation project activity shall be 15 [or 20]<sup>af</sup> years which may be renewed most 2 [or 3]<sup>af</sup> times, provided for each renewal a designated operational entity determines and informs the Executive Board that the original project baseline is still valid or has been updated taking account of new data where applicable.]<sup>mx,af</sup>*

*Option 5:* Project participants shall select a crediting period for a proposed project activity from one of the following alternative approaches:....

(a) *Option 5.1:* [A maximum of 20 years which may be renewed at most two times, provided that, for each renewal,]<sup>bo,b1,ca,cr,eu,ni</sup>

*Option 5.2:* [A maximum of 20 years which may be renewed at most four times, provided that, for each renewal,]<sup>jp</sup>

*Option 5.3:* [A maximum of 15 years which may be renewed at most three times, provided that, for each renewal,]<sup>ch</sup>

*Option 5.4:* [[X] years which may be renewed at most [X] times, provided that, for each renewal,]<sup>my</sup>

*Option 5.5:* [A maximum of thirty years which may be renewed at most one time, provided that, for each renewal,]<sup>cl</sup>

*Option 5.6:* [A maximum of 20 years, from the moment of the first certification, which may be renewed at most two times, provided that, for each renewal,]<sup>co</sup>

*Option 5.7:* [At least 60 years, provided that, every 10 years,]<sup>no</sup>

...a designated operational entity determines and informs the Executive Board that the original project baseline is still valid or has been updated taking account of new data where applicable. [The crediting period shall begin at the start of the afforestation or reforestation CDM project activity.]<sup>eu</sup>

or

(b) A maximum of [50 years]<sup>bo,b1,jp</sup> [30 years]<sup>ca,cr</sup> [40 years]<sup>cl</sup> [50 years, from the moment of the first certification,]<sup>co</sup> [20 years or four commitment periods, whichever occurs first,]<sup>br</sup> with no option of renewal.

[New para. The baseline will be reviewed at the end of each crediting period and a new baseline established for any renewed crediting period, up to the end of the first commitment period.]<sup>tv</sup>

50. *Option 1:* [Increases in anthropogenic removals by sinks]<sup>bo,b1,cl</sup> [, measured as changes in carbon stocks]<sup>b1,co</sup>

*Option 2:* [The increases in removals by sinks]<sup>co</sup> [, measured as changes in carbon stocks]<sup>b1,co</sup>

*Option 3:* [The net anthropogenic removals by sinks of carbon dioxide]<sup>br</sup>

*Option 4:* [Enhancement of net anthropogenic removals, calculated as removals by sinks minus emissions by sources, attributed to afforestation and reforestation project activities]<sup>ca</sup>

*Option 5:* [The net change in anthropogenic emissions by sources of GHG and removals by sinks measured as verifiable changes in carbon stocks]<sup>cr</sup>

*Option 6:* [Net removal above the baseline]<sup>eu</sup>

*Option 7: [Enhancements in anthropogenic removals by sinks]<sup>jp</sup>*

*Option 8: [Anthropogenic removals by sinks]<sup>my</sup>*

*Option 9: [The net increase in the quantity of carbon stocks in the specified pools]<sup>no.af,mx</sup>  
[and, where applicable, reductions in emissions by sources]<sup>mx</sup>*

*Option 10: [Removals of GHGs by afforestation and reforestation project activities]<sup>lv</sup>*

...shall be adjusted for [amount of]<sup>af</sup> leakage [and natural and indirect effects]<sup>br</sup> in accordance with the monitoring and verification provisions in paragraphs 59 and 62(f) [53, 61, 62 and 63]<sup>lv</sup> below, respectively. [The amount of leakage shall be deducted from the net increase in the quantity of carbon stocks in the specified pools. If the leakage is expected to be large or not easily measurable or attributable, the project shall be rejected.]<sup>cn</sup> [An afforestation or reforestation CDM project activity is to be designed in a manner to minimize leakage. This is to be achieved by involving local participants in the project design and promoting alternative livelihood activities to avoid displacement of current land-use activities to areas outside the project boundary.]<sup>mx</sup>

51. [Sinks]<sup>lv</sup> Leakage is defined as the ...

*Option 1: [increase in emissions of GHGs]<sup>cn</sup>,*

*Option 2: [increased anthropogenic emissions by sources of GHGs]<sup>br</sup>*

*Option 3: [change of GHG removals by sinks, measured as verified net changes in carbon stocks,]<sup>co</sup>*

*Option 4: [net removal, calculated as removals by sinks minus emissions by sources]<sup>ca</sup>*

*Option 5: [net change of emissions by sources and/or removals by sinks of GHG]<sup>bo,b1,cl</sup>  
,[measured as changes in carbon stocks]<sup>b1</sup>*

*Option 6: [net change of anthropogenic emissions by sources of GHG and removals by sinks measured as verifiable changes in carbon stocks]<sup>cr,af</sup>*

*Option 7: [increase in emissions by sources and the decrease of removals by sinks]<sup>eu</sup>*

*Option 8: [removals by sinks and/or emissions by sources of GHGs]<sup>jp</sup>*

*Option 9: [net emissions by sources and/or removals by sinks of GHGs]<sup>my,mx</sup>*

*Option 10: [net [anthropogenic] changes in measured carbon pools]<sup>nz</sup>*

*Option 11: [increased emissions and reduced removals of carbon,]<sup>no</sup>*

*Option 12: [the anthropogenic emissions by sources of GHGs]<sup>lv</sup>*

...which occurs outside the [afforestation or reforestation CDM]<sup>br,cr,no</sup> project boundary, including..

*Option 1: [carbon stock loss or gain in other land uses and/or forests]<sup>b1</sup>*

*Option 2: [the effects of shifted previous activities, such as agriculture, reductions in afforestation and reforestation activities and increased deforestation,]<sup>cn,eu</sup>*

*Option 3: [carbon stock loss or gain in other land uses and/or forests which is measurable and attributable to the afforestation or reforestation CDM project activity]<sup>my</sup>.*

*Option 4: [carbon stock loss in other land uses and/or forests which is a direct result of the afforestation or reforestation CDM project activity]<sup>mx</sup>*

...and which is measurable and [attributable] [can be attributed to or assumed to be attributed]<sup>lv</sup> to the [afforestation or reforestation]<sup>ca,cn,co,eu</sup> CDM project activity. [Those emissions excluded from the baseline under the provisions of paragraph 47 are not considered as leakage.]<sup>eu</sup> [If significant sources of leakage cannot be calculated, or if leakage cannot be properly addressed, leakage shall be assumed to be equal to increased net removal.]<sup>no</sup> [Possible sinks leakage may include: increases in emissions from downstream processing of forest products and transport of forest products, and increases in deforestation rates due to the displacement of peoples or land use activities.]<sup>lv</sup>

*New para. [When accounting for leakage, emissions associated with activities originally developed within the afforestation and reforestation project boundaries but which have been shifted elsewhere shall not be accounted for.]<sup>br</sup>*

*New para. [The decrease in anthropogenic emissions of GHGs by sources or increase in anthropogenic removals by sinks of carbon dioxide which occurs outside the project boundary and which is measured and directly attributable to the CDM project activity shall not be accounted for.]<sup>br</sup>*

*New para. [The accounting of anthropogenic removals by carbon dioxide excludes removals resulting from natural and indirect effects, including (i) elevated carbon dioxide concentrations above their pre-industrial level; and (ii) indirect nitrogen deposition, in accordance with paragraph 1 (h) of decision -/CMP.1 (land use, land-use change and forestry).]<sup>br</sup>*

*New para. [When quantifying the net anthropogenic removals by sinks of carbon dioxide from afforestation and reforestation CDM project activities, the removals from natural and indirect effects as defined in paragraph 51 above shall be factored out.]<sup>br</sup>*

*New para. [Large sources of leakage shall be prevented by adapting the project design, or they shall be estimated in order to adjust for them. If large sources of leakage can neither be prevented nor estimated, leakage shall be assumed to be equal to the net removals above the baseline within the project boundary.]<sup>eu</sup>*

*New para. [A proposed afforestation or reforestation CDM project activity shall be designed in a manner to minimize leakage. Project participants shall include, as part of the project design document, a monitoring plan that provides for a suitable leakage monitoring plan.]<sup>my</sup>*

## 52. The project boundary

*Option 1: [shall encompass all anthropogenic emissions by sources and removals by sinks of GHGs]<sup>bo,b1,cl,cn,my,mx,af,ca</sup> under the control of the project participants that are significant and reasonably attributable to the [afforestation or reforestation]<sup>ca</sup> CDM project activity.*

*Option 2: [shall encompass all net change of anthropogenic emissions by sources of GHG and removals by sinks]<sup>ct</sup> [, measured as changes in carbon stocks]<sup>b1,ct</sup> under the control of the project participants that are significant and reasonably attributable to the [afforestation or reforestation]<sup>ca</sup> CDM project activity.*

*Option 3: [shall encompass all anthropogenic removals by sinks of GHGs]<sup>jp</sup> under the control of the project participants that are significant and reasonably attributable to the [afforestation or reforestation]<sup>ca</sup> CDM project activity.*

*Option 4: [ is defined as the physical area encompassed by the afforestation or reforestation CDM project activity as identified in the project design document, and where the anthropogenic net removals by sinks of carbon dioxide will be accounted for.]<sup>br</sup>*

*Option 5: [is the boundary of the land that will be afforested or reforested by the CDM project activity.]<sup>no,co,lv</sup>*

*Option 6: [shall identify all areas of land subject to afforestation or reforestation CDM project activities under the control of the project participants. The project boundary may contain more than one discrete area of land. The project boundary shall encompass emissions by sources and removals by sinks of all GHGs listed in Annex A to the Kyoto Protocol. Projects participants may choose not to include one or more of these gases in the project boundary if transparent and verifiable information is provided that the implementation of the project will not lead to higher net emissions of this gas compared to the baseline scenario.]<sup>eu</sup>*

*Option 7: [shall be defined such that it includes all geographically identified project areas in which removals by sinks and emissions by sources of GHGs measured verifiably as changes in carbon stocks are under the control of the project participants and which are significant and reasonably attributable to the CDM project activity. Project boundaries shall be described and stock change assessments shall be made consistently with any IPCC Good Practice Guidance for land use, land-use change and forestry as adopted by the COP/MOP.]<sup>ch</sup>*

*New para. [The project boundary shall encompass the following carbon pools: above-ground biomass, below-ground biomass, litter, dead wood, and soil organic carbon.]<sup>ch,eu,nz</sup> ...*

*Option 1: [Project participants may choose not to include one or more of these pools in the project boundary if transparent and verifiable information is provided that the implementation of the project will not lead to lower carbon stocks in this pool compared to the baseline scenario.]<sup>eu</sup>*

*Option 2: [A carbon pool may be excluded from the measured carbon pools if project participants have submitted transparent and verifiable information that the pool is not a source.]<sup>nz, ch</sup>*

*[New para. Project participants shall include, as part of the project design document, the exact physical location of the CDM afforestation or reforestation project activity where the net anthropogenic removals by sinks of carbon dioxide will be accounted for.]<sup>br</sup>*

*[New para. An afforestation or reforestation CDM project activity shall be designed with a view to minimizing leakage through involving local participants in the project design, developing projects that are unlikely to lead to market displacement, and ensuring that the project activity does not change the production life cycle.]<sup>cn</sup>*

*[New para. The description of the project boundary and the exclusion of some GHGs and/or carbon pools should be consistent with IPCC Good Practice Guidance for land use, land-use change and forestry adopted by the COP/MOP.]<sup>eu</sup>*

## **H. Monitoring**

53. Project participants shall include, as part of the [afforestation or reforestation]<sup>ca</sup> project design document, a monitoring plan that provides for [all carbon pools: considered in the established baseline]<sup>cl</sup>:



(a) The collection and archiving of all relevant data necessary for estimating...

*Option 1: [or measuring anthropogenic emissions by sources and removals by sinks of GHGs]<sup>bo,b1,cl,my</sup>*

*Option 2: [or measuring anthropogenic GHG removals by sinks]<sup>af,ca</sup> [and [,where applicable,]<sup>mx</sup>[emissions by sources]<sup>ca,mx</sup>*

*Option 3: [or measuring the net carbon stored in each specified pools and non-CO<sub>2</sub> GHG fluxes]<sup>cn</sup>*

*Option 4: [or measuring net changes in carbon stocks in specified pools]<sup>co</sup> [, measured as changes in carbon stocks]<sup>b1</sup>*

*Option 5: [or measuring the net change of anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable changes in carbon stocks attributable to the afforestation or reforestation CDM project]<sup>cr</sup>*

*Option 6: [or measuring changes in carbon stocks and emissions of GHGs by sources and removals by sinks, necessary for calculating net removals]<sup>eu</sup>*

*Option 7: [or measuring anthropogenic removals by sinks of GHGs]<sup>ip</sup>*

*Option 8: [the net anthropogenic emissions by sources and removals by sinks, taking into account all carbon pools in accordance with item (e) of paragraph 45 above]<sup>br</sup>*

*Option 9: [or measuring the changes in carbon stocks and emissions of GHGs by sources and removals by sinks. The relevant GHGs include CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. Carbon change in the following pools should be included: above-ground and below-ground biomass, litter, dead wood and soil organic carbon,]<sup>no</sup>*

*Option 10: [or measuring anthropogenic removals of GHGs]<sup>tv</sup>*

...occurring within the project boundary during the crediting period [and, if an insurance approach is used to address the risk of non-permanence, for an additional period of no less than 10 years after the end of the crediting period]<sup>ca</sup> [Projects participants may choose not to include in the monitoring plan one or more of the identified GHGs or pools if transparent and verifiable information is provided that the implementation of the project will not lead to higher emissions from these gases or lower net removal of carbon in these pools compared to the baseline scenario.]<sup>no</sup>

(b) The collection and archiving of all relevant data necessary for determining the...

*Option 1: [baseline of anthropogenic emissions by sources and removals by sinks of GHGs]<sup>bo,b1,cl,my,af</sup> [, measured as changes in carbon stocks]<sup>b1</sup>*

*Option 2: [baseline of anthropogenic removals by sinks of carbon dioxide]<sup>br</sup>*

*Option 3: [baseline of anthropogenic removals of GHGs]<sup>tv</sup>*

*Option 4: [baseline of net increase in carbon stock and non-CO<sub>2</sub> GHG fluxes]<sup>cn</sup> [baseline of net changes in carbon stocks]<sup>co</sup>*

*Option 5: [baseline of anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable changes in carbon stocks,]<sup>cr</sup>*

*Option 6: [changes in carbon stocks and emissions of GHGs by sources and removals by sinks]<sup>eu</sup> [baseline of anthropogenic removals by sinks of GHGs]<sup>jp</sup>*

*Option 7: [baseline of emissions of GHGs by sources and removals by sinks related to the specified pools]<sup>no</sup>*

*Option 8: [baseline removals by sinks and, where applicable, emissions by sources of greenhouse gases]<sup>mx</sup>*

*Option 9: No provision for collection and archiving of data necessary for determining the baseline<sup>ca</sup>*

...within the project boundary during the crediting period *[necessary for calculating net removals under the baseline scenario.]<sup>eu</sup> [The monitoring plan shall specify techniques and methods for sampling and measuring individual carbon pools included in the baseline that reflect commonly accepted principles and criteria concerning forest inventory, soil sampling and ecological surveys. Permanent sample plots shall be established and maintained for evaluating changes in forest carbon pools and non-CO<sub>2</sub> GHG fluxes throughout the crediting period/project lifetime. The emissions and removals in control sites shall be measured at the same time.]<sup>no</sup>;*

(c) The identification of all potential [sources] [causes]<sup>cl,eu</sup> of, and the collection and archiving of data on,...

*Option 1: [increased anthropogenic emissions by sources and/or removals by sinks of GHGs]<sup>bo,jp,my</sup>*

*Option 2: [net change of anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable changes in carbon stocks]<sup>cr</sup>*

*Option 3: [increased emissions of GHGs resulting from changes in carbon stocks]<sup>b1,cl</sup>*

*Option 4: [changes in anthropogenic emissions and removals]<sup>ca</sup>*

*Option 5: [GHG removals by sinks, measured as verified net changes in carbon stocks]<sup>co</sup>*

*Option 6: [changes in carbon stocks and emissions of GHGs by sources]<sup>no</sup>*

*Option 7: [removals by sinks and, where applicable, emissions by sources of greenhouse gases]<sup>mx</sup>*

...outside the project boundary that are significant and reasonably attributable *[which can be attributed or assumed to be attributed]<sup>tv</sup> to the [afforestation or reforestation CDM]<sup>br,ca</sup> project activity during the crediting period [leakage during the crediting period and/or the collection and archiving of all relevant data necessary for demonstrating that leakage has been prevented by the project design]<sup>eu</sup>;*

(d) *Option 1: The collection and archiving of information relevant to the provisions in paragraph 37(c) [and, if applicable, paragraph 37 (d)]<sup>mx</sup> above;*

*Option 2: [The collection and archiving of information relevant to the environmental and social impacts (of the afforestation or reforestation project activity) as required in paragraph 37(c) above]<sup>lv</sup>;*

*Option 3: [Measures to monitor any impact identified in accordance with paragraph 37 (c) above as well as for their remediation;]<sup>eu</sup>*

*Option 4: [The collection and archiving of all relevant data relating to socio-economic and environmental impact assessment and any remedial measures;]<sup>no</sup>*

*Option 5: [The collection and archiving of all relevant data necessary for the analysis of the socio-economic impacts of the afforestation or reforestation project activity;*

*The collection and archiving of all relevant data necessary for the assessment of the environmental impact, including impacts on biodiversity and natural ecosystems, of the afforestation or reforestation project activity;*

*Implementation of the measures contained in the socio-economic and environmental impact assessment documentation to minimize negative impacts;]<sup>cn</sup>*

(e) Quality assurance and control procedures for the monitoring process;

(f) Procedures for the periodic calculation of the....

*Option 1: [net removals by sinks]<sup>b1</sup>*

*Option 2: [increases of net anthropogenic removals by sinks of carbon dioxide]<sup>br</sup>*

*Option 3: [net anthropogenic removals, calculated as removals by sinks minus emission by sources]<sup>ca</sup>*

*Option 4: [net increase in anthropogenic removals by sinks]<sup>cl,af</sup>*

*Option 5: [net increase in carbon stock and non-CO<sub>2</sub> GHG emissions]<sup>cn</sup>*

*Option 6: [increases in removals by sinks, measured as verified net changes in carbon stocks,]<sup>co</sup>*

*Option 7: [net change of anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable carbon stocks increase,]<sup>ct</sup>*

*Option 8: [net removals above the baseline]<sup>eu</sup>*

*Option 9: [enhancements of anthropogenic removals by sinks]<sup>jp</sup>*

*Option 10: [net changes in carbon stocks and direct and indirect non-CO<sub>2</sub> GHGs resulting from]<sup>my</sup>*

*Option 11: [changes in carbon stocks in the specified pools and changes in emissions by sources of relevant GHGs]<sup>no</sup>*

*Option 12: [removals of anthropogenic GHGs]<sup>lv</sup>*

*Option 13: [removals by sinks and, where applicable, emissions by sources of greenhouse gases]<sup>mx</sup>*

...by the proposed [afforestation or reforestation]<sup>br,ca,cr,eu,my,no,tv</sup> CDM project activity,

*Option 1: [for leakage effects and for the periodic review of the implementation of activities and measures for the limitation and/or prevention of leakage]<sup>bo</sup>*

*Option 2: [and for leakage effects, and natural and indirect effects]<sup>br</sup>*

*Option 3: [and for leakage effects]<sup>ca,cn,eu,my,no,mx</sup> [taking into account the IPCC Good Practice Guidance on land use, land-use change and forestry as set out in decision X/CP.9, relevant decisions by the COP/MOP, and for leakage effects]<sup>cl,af</sup>*

*Option 4: [, and for sinks leakage effects, taking into account developments by the IPCC with regard to good practice guidance]<sup>lv</sup>;*

(g) Documentation of all steps involved in the calculations referred to in paragraph [53(c) and (f)] [53 (a), (b), (c) and (f)]<sup>eu</sup> above.

*New sub-para. [Implementation of the measures to minimize the risk of non-permanence of the afforestation or reforestation CDM project activities;]<sup>cn</sup>*

*New sub-para. [Techniques and methods for sampling and measuring individual carbon pools that reflect commonly accepted principles and criteria concerning forest inventory, soil sampling and ecological surveys;]<sup>cn</sup>*

*New sub-para. [Documentation of all techniques and methods for sampling and measuring individual carbon pools that reflect commonly accepted principles and criteria concerning forest inventory, soil sampling and ecological surveys and/or following monitoring guidelines adopted by the COP/MOP, such as the IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry;]<sup>my</sup>*

*New sub-para. [Documentation of changes in circumstances within the project boundary. Documentation should indicate any changes in:*

- (i) legal title to the land;
- (ii) rights of access to the sequestered carbon;
- (iii) attitudes of local stakeholders to the project;
- (iv) insurance cover of the project
- (v) financial viability of the project
- (vi) status of the sequestered carbon;]<sup>lv</sup>

*New sub-para. [Consideration of the implementation of socioeconomic and environmental statements of the project activity during the crediting period.]<sup>af</sup>*

*New sub-para. [Details on how to collect and archive the data need to calculate the net increase in CO<sub>2</sub> stored in each of the specified pools and non CO<sub>2</sub> greenhouse gas fluxes, the net increase in removals of greenhouse gases by sinks that would have occurred in the absence of the project, and leakage.]<sup>af</sup>*

*New para. [The monitoring plan shall account for all changes in the following carbon pools: above-ground biomass, below-ground biomass, litter, dead wood, and soil organic carbon. Project participants may choose not to account for a given pool if transparent and verifiable information is provided in each monitoring report that the pool is not a source.]<sup>ca</sup>*

*New para. Option 1: [Permanent sample plots shall be established and maintained for evaluating changes in forest carbon pools and non-CO<sub>2</sub> GHG fluxes throughout the project lifetime. The sample plots must be selected and managed in a way that does not bias the estimate of the carbon sequestered.]<sup>cn</sup>*

*Option 2: [The monitoring plan shall use techniques and methods for sampling and measuring individual carbon pools that reflect commonly accepted principles and criteria concerning forest inventory, soil sampling and ecological surveys. Sample plots shall be established by project participants and maintained for evaluating changes in forest carbon pools and emissions by sources throughout the project lifetime. These sample plots must be selected and managed in a way that does not bias the estimate of the carbon sequestered. The emissions and removals in control sites shall be measured at the same time.]<sup>mx</sup>*

*New para. [The emissions and removals in control sites for baseline establishment shall be measured at the same time.]<sup>cn</sup>*

54. A monitoring plan for a proposed [afforestation or reforestation]<sup>eu,no,af</sup> project activity shall be based on a previously approved monitoring methodology or a new methodology [appropriate to afforestation or reforestation CDM]<sup>af</sup> project activity, in accordance with paragraphs 37 and 38 above, that:

(a) Is determined by the designated operational entity as appropriate to the circumstances of the proposed [afforestation or reforestation]<sup>eu</sup> project activity and has been successfully applied elsewhere;

(b) Reflects good monitoring practice appropriate to the type of [afforestation or reforestation]<sup>eu,no,ch</sup> project activity [taking into account IPCC Good Practice Guidance for land use, land-use change and forestry adopted by the COP/MOP]<sup>eu,jp,no,ch</sup>;

*New sub-para. [Takes into account uncertainties by proper choice of monitoring methods to be used, especially number of samples, in order to achieve sufficiently reliable removal estimates.]<sup>eu</sup>*

55. *Option 1: [For afforestation and reforestation CDM project activities implemented in an area of less than [xx] hectares]<sup>b1,co,jp</sup> [with participation by local people]<sup>jp</sup> project participants may use simplified modalities and procedures for [small-scale] [such]<sup>jp</sup> projects.*

*Option 2: [For small-scale afforestation and reforestation CDM project activities meeting the criteria specified in relevant decisions by the COP/MOP]<sup>cf</sup>, project participants may use simplified modalities and procedures for small-scale projects.*

*Option 3: [For afforestation and reforestation small-scale CDM project activities meeting the criteria specified in decision X/CP.9 and relevant decisions by the COP/MOP, project participants may use simplified modalities and procedures for small-scale projects.]<sup>cl,af</sup>*

*Option 4: [For small-scale CDM project activities meeting the criteria to be developed by SBSTA and relevant decisions by the COP/MOP, project participants may use simplified modalities and procedures for small-scale projects.]<sup>mx</sup>*

*Option 5: No provisions for small-scale afforestation and reforestation CDM project activities<sup>br,eu,my,tv</sup>*

56. Project participants shall implement the monitoring plan contained in the registered project design document.
57. 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 validation to a designated operational entity.
58. The implementation of the registered monitoring plan and its revisions, as applicable, shall be a condition for verification, certification and the issuance of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>my,eu,ch,af</sup> [TRECERs]<sup>lv</sup>.
59. Subsequent to the monitoring and reporting of ...

*Option 1: [increases in net removals, CERs resulting from a CDM project activity during a specified time period shall be calculated, applying the registered methodology, by subtracting the amount that would have been removed during the same period under the baseline scenario from the actual net removals by sinks and adjusting for leakage. In the calculation of the quantity removed the following pools shall be considered: above-ground biomass, below-ground biomass, litter, dead wood and soil organic carbon. Some of these pools may be excluded if it can be demonstrated that they are not a source.]<sup>b1</sup>*

*Option 2: [net anthropogenic removals, CERs resulting from afforestation and reforestation CDM project activities shall be calculated, applying the registered methodology, by subtracting the baseline removals from the net anthropogenic removals, and adjusting for leakage and for natural and indirect effects.]<sup>br</sup>*

*Option 3: [the net anthropogenic removals, CERs resulting from a CDM afforestation or reforestation project activity during a specified time period shall be calculated, applying the registered methodology, by subtracting the baseline net anthropogenic removals from actual net anthropogenic removals, and adjusting for leakage.]<sup>ca</sup>*

*Option 4: [increases in anthropogenic removals, TCRs resulting from a CDM project activity during a specified time period shall be calculated, applying the registered methodology, by subtracting the amount that would have been removed during the same period under the baseline scenario from the actual anthropogenic removals by sinks, and adjusting for leakage.]<sup>cl</sup>*

*Option 5: [increases in removals by sinks, measured as verified net changes in carbon stocks, CERs resulting from a CDM project activity during a specified time period shall be calculated, applying the registered methodology, by subtracting the actual GHG removals by sinks, measured as verified net changes in carbon stocks, from baseline removals, and adjusting for leakage.]<sup>co</sup>*

*Option 6: [of the net change in anthropogenic emissions by sources of GHGs and removals by sinks, measured as verifiable carbon stocks increase resulting from a afforestation or reforestation CDM project activity during a specified time period shall be calculated, applying the registered methodology, by subtracting the actual net change in anthropogenic emissions by sources of GHGs and removals by sinks, measured as verifiable changes in carbon stocks from the baseline and adjusting for leakage.]<sup>ct</sup>*

*Option 7: [net removals, tCERs shall be calculated, applying the registered methodology, by subtracting baseline net removals from net removals of the project activity since the start of the crediting period and adjusting for leakage.]<sup>cu</sup>*

*Option 8: [the quantity removed from an afforestation or reforestation project activity shall be calculated applying the registered methodology, as the increase in the amount of carbon sequestered in*

*specified pools by the afforestation or reforestation CDM project activity less the changes in emissions of relevant GHGs during a specified period measured ex-post less the increase in the amount of carbon that would have been sequestered, and less the changes in emissions of GHGs during the same period under the baseline scenario, in accordance with paragraph 53 (a) above, adjusted for leakage.]<sup>no</sup>*

*Option 9: [reductions in anthropogenic removals, CERs resulting from a CDM project activity during a specified time period shall be calculated, applying the registered methodology, by subtracting baseline removals from the anthropogenic removals by sinks and adjusting for leakage.*

*Changes in the following carbon pools shall be included in calculating CERs: above-ground biomass, below-ground biomass, litter, dead wood, and soil organic carbon unless the project participant is able to provide transparent and verifiable information that the excluded pool is not a source.]<sup>p</sup>*

*Option 10: [removals by sinks, TCERs resulting from a CDM afforestation or reforestation project shall be calculated, applying the registered methodology, as the increase in the amount of carbon sequestered in specified pools by afforestation or reforestation CDM activity during a specified period measure ex-post less the increase in the amount of carbon that would have been sequestered during the same period under the baseline scenario, adjusted for leakage.]<sup>af</sup>*

*Option 11: [net increase in the quantity of carbon stocks in specified pools, tCERs resulting from an afforestation or reforestation CDM project activity during a specified time period shall be calculated, applying the registered methodology, by subtracting the actual anthropogenic emissions by sources and removals by sinks of GHGs from the baseline scenario and adjusting for leakage. The quantity of carbon sequestered shall also be adjusted for non-anthropogenic effects, including CO<sub>2</sub> concentrations above pre-industrial levels and indirect nitrogen deposition.]<sup>ny</sup>*

*Option 12: [enhancements by sinks, TCERs resulting from an afforestation or reforestation CDM project activity during a specified time period shall be calculated, applying the registered methodology, as the increase in the amount of carbon sequestered in specified pools by the project activity less the variation in the amount of carbon that would have been sequestered during the same period under the baseline scenario, adjusted for leakage. Likewise, subsequent to the monitoring and reporting of reductions in anthropogenic emissions directly attributable to the afforestation or reforestation project activity during a specified time period, CERs shall be calculated, applying the registered methodology, by subtracting the actual anthropogenic emissions by sources from baseline emissions and adjusting for leakage.]<sup>mx</sup>*

60. The project participants shall provide to the designated operational entity, contracted by the project participants to perform the verification, a monitoring report in accordance with the registered monitoring plan set out in paragraph 53 above for the purpose of verification and certification. *[In the calculation of the net quantity removed, the following pools shall be considered: above-ground biomass, below-ground biomass, litter, dead wood and soil organic carbon. Some of these pools may be excluded from the calculation if transparent and verifiable information is provided to demonstrate that such pool is not a source.]<sup>bo</sup>*

*New para. [Project participants shall provide to the Executive Board a monitoring report at least every five years during the crediting period and, if an insurance approach is used to address the risk of non-permanence, continue to provide reports every five years for an additional period of no less than 10 years after the end of the crediting period.]<sup>ca</sup>*

*New para. [The monitoring reports must provide transparent and verifiable information to demonstrate that each carbon pool that the project participants have chosen to not account for,*

consistent with paragraph 53, is not a source. Reports must also include previously reported carbon stocks, as well as the date and amount of issued and insured CERs over the lifetime of the project.]<sup>ca</sup>

### **I. Verification and certification**

61. Verification is the periodic independent review and *ex post* determination by the designated operational entity [, no more than once in a commitment period,]<sup>cl,af</sup> of the monitored...

*Option 1: [increase in anthropogenic removals of GHGs by sinks that have occurred as a result of a registered CDM project activity during the verification period.]<sup>bo,cl</sup>*

*Option 2: [removals of GHGs that occurred as a result of a registered afforestation or reforestation CDM project activity during the verification period.]<sup>tv</sup>*

*Option 3: [net removal by sinks of GHGs that have occurred as a result of a registered CDM project activity during the verification period.]<sup>b1</sup>*

*Option 4: [net anthropogenic removals by sinks of carbon dioxide that have occurred as a result of a registered afforestation or reforestation CDM project activity at the end of the commitment period.]<sup>br</sup>*

*Option 5: [net anthropogenic removals, or carbon reversals, that have occurred as a result of a registered CDM afforestation or reforestation project activity during the verification period.]<sup>ca</sup>*

*Option 6: [anthropogenic increases in removals by sinks, measured as verified net changes in carbon stocks, that have occurred as a result of a registered CDM afforestation or reforestation project activity during the verification period.]<sup>co</sup>*

*Option 7: [net change in anthropogenic emissions by sources of GHGs and removals by sinks, measured as verifiable carbon stocks increase that have occurred as a result of a registered afforestation or reforestation CDM project activity during the verification period.]<sup>ct</sup>*

*Option 8: [net removals above the baseline adjusted for leakage since the start of the crediting period that have occurred as a result of a registered afforestation or reforestation CDM project activity.]<sup>eu</sup>*

*Option 9: [enhancements in anthropogenic removals by sinks of GHGs that have occurred as a result of a registered CDM project activity during the verification period.]<sup>ip</sup>*

*Option 10: [increases in the net quantity of carbon sequestered by the afforestation or reforestation CDM project activity.]<sup>my</sup>*

*Option 11: [anthropogenic changes in measured carbon pools that have occurred as a result of a registered CDM project during the verification period.]<sup>nz</sup>*

*Option 12: [increase of carbon removals by sinks.]<sup>af</sup>*

*Option 13: [reductions in anthropogenic emissions by sources of greenhouse gases and removals by sinks.]<sup>mx</sup>*

...New sentence. [The net increase in removals should be measured as verifiable changes in carbon stocks in the designated pools.]<sup>bo,b1</sup> ...



.....Certification is the written assurance by the designated operational entity that, during a [specified time period] [specified number of commitment periods]<sup>br</sup>, [a] [an afforestation or reforestation]<sup>ca,af</sup> CDM project activity achieved the...

*Option 1: [increase in anthropogenic removals of GHGs by sinks]<sup>bo</sup>*

*Option 2: [enhancements in anthropogenic removals by sinks of GHGs]<sup>jp</sup>*

*Option 3: [net removal by sinks of GHGs, measured as changes in carbon stocks, above the baseline and adjusted for leakage]<sup>b1</sup>*

*Option 4: [increase in net anthropogenic removals by sinks of carbon dioxide]<sup>br</sup>*

*Option 5: [net anthropogenic removals]<sup>ca</sup>*

*Option 6: [net amount of carbon dioxide equivalent tonne removal]<sup>cl</sup>*

*Option 7: [increases in removals by sinks,]<sup>co</sup>*

*Option 8: [net change of anthropogenic emissions by sources of GHGs and removals by sinks measured as carbon stocks increase,]<sup>cr</sup>*

*Option 9: [at a specified point in time, an afforestation or reforestation project activity has achieved the net removals above the baseline adjusted for leakage since the start of the crediting period]<sup>eu</sup>*

*Option 10: [increases in the net quantity of carbon sequestered by the afforestation or reforestation CDM project activity]<sup>my</sup>*

*Option 11: [anthropogenic changes in measured carbon pools]<sup>nz</sup>*

*Option 12: [removals in of GHGs]<sup>lv</sup>*

*Option 13: [net amount of anthropogenic greenhouse gases removals by sinks]<sup>af</sup>*

*Option 14: [reductions in anthropogenic emissions by sources of greenhouse gases and removals by sinks]<sup>mx</sup>*

.....as verified.

*New para. [Initial verification of an afforestation or reforestation CDM project activity will be carried out at any time as defined by project participants but not before five years after the project starts, and shall be carried out every five years until the end of the project crediting period.]<sup>b1</sup>*

*New para. [In the case of a carbon reversal, certification is a written report by the designated operational entity that the afforestation or reforestation activity resulted in a net decrease in anthropogenic removals between two subsequent monitoring period reports as verified.]<sup>ca</sup>*

*New para. [Credits accrued from an afforestation or reforestation CDM project activity shall be calculated on the basis of the increased actual carbon stock of the afforestation or reforestation CDM project activity. Net GHG benefits of an afforestation or reforestation CDM project activity shall be*

*adjusted for leakage, uncertainty and non-anthropogenic effects, including CO<sub>2</sub> concentration above the pre-industrial level and indirect nitrogen deposition.]<sup>cn</sup>*

*New para. [The designated operational entity shall assess whether any sample plot has been managed in a way that would bias the estimate of the net amount of GHGs sequestered. If evidence of manipulation of any sample plot is detected, the designated operational entity shall adjust the calculated amount of GHGs sequestered accordingly, or if an adjustment is not possible, not certify the amount of carbon sequestered.]<sup>cn</sup>*

*New para. [Before certifying the GHG benefits of an afforestation or reforestation project activity, the designated operational entity contracted to do so shall verify the implementation of the provisions contained in the social impact assessment documentation and environmental impact assessment documentation.]<sup>cn</sup>*

*New para. [Initial verification of an afforestation or reforestation CDM project activity will be carried out at any time as determined by project participants, but not before the first five years after project registration and start, and shall be carried out every five years until the end of the project crediting period.]<sup>co</sup>*

62. In accordance with the provisions on confidentiality in paragraph 27(h) above *[of the annex to decision 17/CP.7]<sup>lv</sup>*, the designated operational entity contracted by the project participants to perform the verification shall make the monitoring report publicly available, and shall:

(a) Determine whether the project documentation provided is in accordance with the requirements of the registered project design document and relevant provisions of *[decision 17/CP.7] [decisions 17/CP.7 and X/CP.9]<sup>af,b1,br,ca,eu,mx</sup> [decision X/CP.9,]<sup>cl</sup> [the annex to decision 17/CP.7,]<sup>lv</sup>* the present annex and relevant decisions of the COP/MOP;

(b) Conduct on-site inspections, as appropriate, that may comprise, *inter alia*, a review of performance records, interviews with project participants and local stakeholders, collection of measurements, observation of established practices and testing of the accuracy of monitoring equipment *[, and assessment of the conformity of project implementation with the statement referred to in paragraph 37 (c) affirming that the project meets the requirements as listed in appendix E]<sup>ch</sup> [assessment of leakage management measures, and assessment of the conformity of project implementation with the statement referred to in paragraph 37 (c) above]<sup>eu</sup>*;

*New sub-para. [Review the management activities, including harvesting cycles, to determine that the verified net removals above the baseline are not likely to be biased by a systematic coincidence of verification and peaks in carbon stocks;]<sup>eu</sup>*

(c) If appropriate, use additional data from other sources *[,including IPCC Good Practice Guidance]<sup>lv</sup>*;

(d) Review monitoring results and verify that the monitoring methodologies...

*Option 1: [for the estimation of net increases in anthropogenic removals by sinks]<sup>bo,cl</sup>*

*Option 2: [for the estimation of net removals by sinks]<sup>b1</sup>*

*Option 3: [indicated in the project design document to calculate the net anthropogenic removals by sinks of carbon dioxide from the afforestation or reforestation CDM project activity]<sup>br</sup>*

*Option 4: [for the estimation of net anthropogenic removals, calculated as removals by sinks minus emissions by sources, attributed to the afforestation or reforestation project activity under the CDM]<sup>ca</sup>*

*Option 5: [for the estimation of increases in removals by sinks, measured as verified net changes in carbon stocks,]<sup>co</sup>*

*Option 6: [for the estimation of the net change in anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable carbon stocks increase,]<sup>ct</sup>*

*Option 7: [for the estimation of net removals above the baseline adjusted for leakage since the start of the crediting period]<sup>eu</sup>*

*Option 8: [for the estimation of enhancements in anthropogenic removals by sinks]<sup>jp</sup>*

*Option 9: [for the estimation of net changes in carbon stocks and non-CO<sub>2</sub> GHGs attributable to the afforestation or reforestation CDM project activity]<sup>my</sup>*

*Option 10: [for the estimation of reductions in anthropogenic removals]<sup>lv</sup>*

*Option 11: [for the estimation of net removals of carbon dioxide by sinks]<sup>af</sup>*

*Option 12: [for the estimation of removals by sinks and reductions in anthropogenic emissions by sources]<sup>mx</sup>*

.....have been applied correctly and their documentation is complete and transparent;

(e) Recommend to the project participants appropriate changes to the monitoring methodology for any future crediting period, if necessary;

(f) Determine the...

*Option 1: [increase in anthropogenic removals of GHGs by sinks]<sup>bo,cl</sup>*

*Option 2: [net removal by sinks of GHGs]<sup>b1</sup>*

*Option 3: [increases in anthropogenic removals by sinks of carbon dioxide]<sup>br</sup>*

*Option 4: [net anthropogenic removals, calculated as removals by sinks minus emissions by sources]<sup>ca</sup>*

*Option 5: [increases in removals by sinks, measured as verified net changes in carbon stocks,]<sup>co</sup>*

*Option 6: [net change in anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable carbon stocks increase,]<sup>ct</sup>*

*Option 7: [net removals above the baseline adjusted for leakage since the start of the crediting period]<sup>eu</sup>*

*Option 8: [enhancements in anthropogenic removals by sinks of GHGs]<sup>jp</sup>*

*Option 9: [net amount of carbon sequestered]<sup>my</sup>*

*Option 10: [anthropogenic changes in measured carbon pools]<sup>mz</sup>*

*Option 11: [removals of GHGs]<sup>lv</sup>*

*Option 12: [net amount of carbon sequestered by the afforestation or reforestation CDM project activity, and, where applicable, the reductions in anthropogenic emissions by sources of greenhouse gases]<sup>mx</sup>*

....that would not have occurred in the absence of the [afforestation or reforestation]<sup>br,eu,my,tv</sup> CDM project activity, based on the data and information derived under subparagraph (a) above and obtained under subparagraph (b) and/or (c) above, as appropriate, using calculation procedures consistent with those contained in the registered project design document and in the monitoring plan;

(g) Identify and inform the project participants of any concerns related to the conformity of the actual [afforestation or reforestation]<sup>eu</sup> project activity and its operation with the registered project design document. Project participants shall address the concerns and supply relevant additional information;

*New sub-para. [If an insurance approach is used to address the risk of non-permanence as per section K below, verify documentation provided by the project participants to prove that insurance has been acquired for any CERs that would be issued corresponding to the net anthropogenic removals determined in paragraph (f) above, that the insurance will become effective upon issuance of the CERs, and that the insurance term covers the crediting period and an additional period of no less than 10 years after the end of the crediting period;]<sup>ca</sup>*

*New sub-para. [Assess whether any sample plot has been managed in a way that would bias the estimate of the net amount of carbon sequestered. If evidence of manipulation of any sample plot is detected, the calculated net amount of carbon sequestered shall be adjusted accordingly, or, if an adjustment is not possible, the amount of carbon sequestered shall not be certified;]<sup>my</sup>*

*New sub-para. [Upon receiving notice by the project participants of any reversal of carbon removals, undertake a quantified assessment of the magnitude of the carbon reversal as part of the verification, and forward this quantified assessment to the Executive Board;]<sup>my</sup>*

(h) Provide a verification report to the project participants, the Parties involved and the Executive Board. The report shall be made publicly available.

63. The designated operational entity shall, based on its verification report, certify in writing that, during [the specified time period] [number of commitment periods]<sup>br</sup> [since the start of the crediting period]<sup>eu</sup>, the [afforestation or reforestation]<sup>ca,eu</sup> project activity achieved the verified...

*Option 1: [amount of increase in anthropogenic removals of GHGs by sinks]<sup>bo,cl</sup>*

*Option 2: [amount of net removal by sinks of GHGs]<sup>b1</sup>*

*Option 3: [amount of increase in net anthropogenic removal by sinks of carbon dioxide]<sup>br</sup>*

*Option 4: [amount of net anthropogenic removals, calculated as removals by sinks and emissions by sources]<sup>ca</sup>*

*Option 5: [amount of increases in removals by sinks, measured as verified net changes in carbon stocks,]<sup>co</sup>*

*Option 6: [net change in anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable carbon stocks increase,]<sup>ct</sup>*

*Option 7: [amount of net removals above the baseline adjusted for leakage]<sup>eu</sup>*

*Option 8: [amount of enhancements in anthropogenic removals by sinks of GHGs]<sup>jp</sup>*

*Option 9: [amount of increases in the net quantity of carbon sequestered]<sup>my</sup>*

*Option 10: [amount of anthropogenic changes in measured carbon pools]<sup>nz</sup>*

*Option 11: [amount of removals of GHGs]<sup>tv,af</sup>*

*Option 12: [amount of reductions in anthropogenic emissions by sources of greenhouse gases and removals by sinks]<sup>mx</sup>*

...that would not have occurred in the absence of the [afforestation or reforestation]<sup>br,ca,cr,eu,my</sup> CDM project activity. It shall inform the project participants, Parties involved and the Executive Board of its certification decision in writing immediately upon completion of the certification process and make the certification report publicly available.

*New para. [A verification leading to certification of an afforestation or reforestation CDM project activity shall take place five years after a previous certification of the same project activity, at the earliest.]<sup>eu</sup>*

*New para. [If an insurance approach is used to address the risk of non-permanence as per paragraph 37(d)(i) above, the designated operational entity shall also certify in writing that project participants have obtained insurance for the verified amount of reductions, and that the insurance will become effective when the CERs are issued. It shall inform the project participants, Parties involved and the Executive Board of its certification decision in writing immediately upon completion of the certification process, and make the certification report publicly available.]<sup>ca</sup>*

**J. Issuance of [certified emission reductions] [certified emission reductions and temporary certified emission reductions]<sup>cr,mx</sup> [temporary certified emission reductions]<sup>eu,my,ch,af</sup> [transitory certified removals]<sup>cl</sup> [temporary certified carbon removals]<sup>cn</sup> [temporary removals equivalent to certified emission reductions]<sup>tv</sup>**

64. The certification report [referred to in paragraph 63 above]<sup>ca</sup> shall constitute a request for issuance to the Executive Board of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>my,eu,ch,af</sup> [TRECERs]<sup>tv</sup> [from afforestation and reforestation CDM project activities]<sup>br</sup> equal to the verified

*Option 1: [amount of increase in anthropogenic removals of GHGs by sinks.]<sup>bo,cl,af</sup>*

*Option 2: [amount of net removal by sinks of GHGs.]<sup>b1</sup>*

*Option 3: [amount of increases of net anthropogenic removal by sinks of carbon dioxide.]<sup>br</sup>*

*Option 4: [amount of net anthropogenic removals, calculated as removals by sinks minus emissions by sources, attributed to the afforestation or reforestation CDM project activity.]<sup>ca</sup>*

*Option 5: [net change in anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable carbon stocks increase.]<sup>cr</sup>*

*Option 6: [amount of increases in removals by sinks, measured as verified net changes in carbon stocks, which includes re-issuance of CERs previously credited for earlier GHG removals by sinks that are maintained.]<sup>co</sup>*

*Option 7: [amount of net removals above the baseline adjusted for leakage since the start of the crediting period.]<sup>eu</sup>*

*Option 8: [amount of enhancements of anthropogenic removals by sinks of GHGs.]<sup>jp</sup>*

*Option 9: [amount of increases in the net quantity of carbon sequestered by the afforestation or reforestation CDM project activity]<sup>my</sup> [anthropogenic changes in measured carbon pools.]<sup>nz</sup>*

*Option 10: [amount of removals of GHGs by afforestation and reforestation project activities.]<sup>lv</sup>*

*New para. [Issuance of TCERs shall be carried out following the carbon stock accounting approach selected by project participants as stated in the project design document. Carbon stock accounting approaches shall be limited to the following:*

*New sub-para. TCERs issued shall be equal to the verified amount of removals by sinks during the specified time period; or*

*New sub-para. TCERs issued shall be equivalent to the average amount of removals by sinks during the sequestration period.*

*New para. The selected accounting approach shall remain fixed for the duration of the crediting period, however, accounting approaches may be changed every time the crediting period is renewed.*

*New para. CERs issued shall be equal to the verified amount of reductions of anthropogenic emissions by sources of greenhouse gases.]<sup>mx</sup>*

65. The issuance shall be considered final 15 days after the date of receipt of the request for issuance, unless a Party involved in the project activity or at least three members of the Executive Board request a review of the proposed issuance of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>lv</sup>. Such a review shall be limited to issues of fraud, malfeasance or incompetence of the designated operational entities and be conducted as follows:

(a) Upon receipt of a request for such a review, the Executive Board, at its next meeting, shall decide on its course of action. If it decides that the request has merit it shall perform a review and decide whether the proposed issuance of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>lv</sup> should be approved;

(b) The Executive Board shall complete its review within 30 days following its decision to perform the review;

(c) The Executive Board shall inform the project participants of the outcome of the review, and make public its decision regarding the approval of the proposed issuance of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>lv</sup> and the reasons for it.

66. Upon being instructed by the Executive Board to issue [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>lv</sup> for a [an afforestation or reforestation]<sup>br,co,eu</sup> CDM project

activity, the CDM registry administrator, working under the authority of the Executive Board, shall, promptly, issue the specified quantity of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> into the pending account of the Executive Board in the CDM registry, [in accordance with Appendix D of the annex to decision 17/CP.7 and Appendix D below]<sup>tk</sup>. Upon such issuance, the CDM registry administrator shall promptly:

(a) Forward the quantity of [CERs] [CERs or TCERs]<sup>cr</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> [from afforestation and reforestation CDM project activities]<sup>br</sup> corresponding to the share of proceeds to cover administrative expenses and to assist in meeting costs of adaptation, respectively, in accordance with Article 12, paragraph 8, to the appropriate accounts in the CDM registry for the management of the share of proceeds;

(b) *Option 1:* Forward the remaining [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> to the registry accounts of project participants and Parties involved, in accordance with their request.

*Option 2:* [Convert the remaining CERs from afforestation and reforestation CDM project activities into RMUs;

Forward the remaining RMUs converted from CERs from afforestation and reforestation CDM project activities to the registry accounts of Parties and project participants involved, in accordance with their request.]<sup>br</sup>

**K. [Accounting for non-permanence of afforestation and reforestation project activities under the CDM.]<sup>bo,eu</sup> [Insurance Procedures for Afforestation and Reforestation Project Activities]<sup>lv</sup>**

(Note: This section presents options for addressing non-permanence. Paragraph 67 summarizes the main options. The following paragraphs elaborate on specific options. For some of the submissions new paragraphs were numbered in order to allow cross referencing).

*New para 1. Option 1: Non-permanence is addressed through the issuance of temporary units.*

*Option 2: Non-permanence is addressed through the issuance of TRECERs.*

*Option 3: Project participants can address non-permanence by choosing between specified options.*

***Option 1.1: European Union***

*New para 2. [All provisions in the annex to draft decision -/CMP.1 (Modalities for accounting of assigned amounts) and in the annexes to draft decision -/CMP.1 (Additional sections to be incorporated in the guidelines for the preparation of the information required under Article 7, and in the guidelines for the review of information under Article 8, of the Kyoto Protocol) that pertain to CERs shall also apply to tCERs unless stated otherwise in this annex.*

*New para 3. Each Party included in Annex I shall ensure that its net acquisitions of tCERs do not exceed the limits established for that Party as set out in draft decision -/CMP.1 (Land use, land-use change and forestry).*

*New para 4. The tCERs shall have an expiry date (month and year) as an additional element in their serial number. The expiry date shall be the end of the 60th month after the month in which the tCER has been issued. After its expiry date, a tCER shall not be transferred between registries or within registries.*

*New para. 5. A tCER may not be transferred to cancellation accounts of Parties included in Annex I referred to in paragraphs 12 (d) and 12 (e) of the annex of draft decision -/CMP.1 (Modalities for the accounting of assigned amounts).*

*New para. 6. A tCER is only valid to demonstrate compliance with commitments for the commitment period during which it was issued. The tCERs may not be carried over to a subsequent commitment period.*

*New para. 7. The national registries of each Party included in Annex I shall include a separate cancellation account for each commitment period for the purpose of replacing tCERs.*

*New para. 8. A tCER that has been transferred to the retirement account or to the cancellation account referred to in "New para.7" above of a Party included in Annex I must be replaced before its expiry date. To this end, the concerned Party shall transfer an AAU, CER, ERU, RMU or tCER to the cancellation account of the current commitment period referred to in paragraph "New para.7" above.*

*New para. 9. Upon receipt of a record of a proposed transaction involving tCERs, the transaction log shall conduct an automated check to verify that there is no discrepancy with regard to the requirements of paragraphs "New para. 2" to "New para. 6" above.*

*New para. 10. Each Party included in Annex I shall report, in a standard electronic format, information on tCERs from its national registry for the previous calendar year, distinguishing between units valid for different commitment periods:*

*New sub-para. (a) The number of tCERs retired or cancelled, including information on their expiry dates;*

*New sub-para. (b) The number of tCERs that expired in the retirement account and the dedicated cancellation account referred to in paragraph "New para.7" above of the previous commitment period, including information on their expiry dates;*

*New sub-para. (c) The number of ERUs, CERs, AAUs, RMUs and tCERs cancelled for replacing expiring tCERs, including information on the dates of cancellation and, in case of tCERs, their expiry dates.*

*New para. 11. The information reported under paragraph "New para.10" above, shall be reviewed as part of the review of information pursuant to Annex II of draft decision -/CMP.1 (Additional sections to be incorporated in the guidelines for the preparation of the information required under Article 7, and in the guidelines for the review of information under Article 8, of the Kyoto Protocol).*

*New para. 12. In its report to the secretariat upon expiration of the additional period for fulfilling commitments referred to in paragraph 49 of the annex to draft decision -/CMP.1 (Modalities for accounting of assigned amounts), each Party included in Annex I shall include information on the total quantity and serial numbers of tCERs in its retirement account and in its cancellation account referred to in paragraph "New para.7" above.*

*New para. 13.. In its compilation and accounting database referred to in paragraph 50 of the annex to draft decision -/CMP.1 (Modalities for accounting of assigned amounts), the secretariat shall annually record for each Party included in Annex I the following information for the previous calendar year and to date for the commitment period, following completion of the annual review under Article 8, including the application of any corrections, and resolution of any relevant questions of implementation:*

*New sub-para. (a) The number of tCERs retired or cancelled, including the information on their expiry dates;*



*New sub-para. (b) The number of tCERs that expired in the retirement account and the dedicated cancellation account referred to in paragraph “New para.7” above of the previous commitment period, including the information on their expiry dates;*

*New sub-para. (c) The number of ERUs, CERs, AAUs, RMUs and tCERs cancelled for replacing expiring tCERs, including the information on the dates of cancellation, and, in the case of tCERs, their expiry dates.]<sup>eu</sup>*

### **Option 1.2: Malaysia**

*New para. [ The validity period of a tCER would be the end of the first commitment period and cannot be extended into the subsequent commitment period. The expiry of retired tCERs and/or reversal of carbon removals must be compensated through cancelling ERUs, CERs, AAUs, RMUs and/or tCERs. Parties included in Annex I holding expired tCERs and/or tCERs associated with a loss of carbon shall need to either reduce emissions or acquire other ERUs, CERs, AAUs, RMUs and/or tCERs from credit reserves held by these said Parties.]<sup>my</sup>*

### **Option 1.3: Colombia**

*Colombia has proposed text for implementing its approach to addressing non-permanence as changes to the decision -/CMP.1 (Modalities rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol); to the annex to draft decision -/CMP.1 (Modalities for the accounting of assigned amounts); to the appendix to decision 22/CP.7 (Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol; and to Appendix I to decision 23/CP.7 (Guidelines for review under Article 8 of the Kyoto Protocol) as contained in Annex 2 below.*

### **Option 1.4: Chile**

*New para. [Parties included in Annex I that have used TCRs to contribute to compliance with part of their quantified emission limitation and reduction commitment under the Kyoto Protocol in a given commitment period, shall transfer, within the subsequent commitment period, ERUs, CERs, AAUs and RMUs equal to the number of TCRs used, to a cancellation account maintained in the CDM registry by the Executive Board for these purposes.]<sup>cl</sup>*

### **Option 1.5: Brazil**

*Brazil has proposed text for implementing its approach to addressing non-permanence as changes to the annex to decision -/CMP.1 (Modalities rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol); to the annex to draft decision -/CMP.1 (Modalities for the accounting of assigned amounts); to the appendix to decision 22/CP.7 (Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol; and to Appendix I to decision 23/CP.7 (Guidelines for review under Article 8 of the Kyoto Protocol) as contained in Annex 2 below.*

### **Option 1.6: Mexico**

*New para. [TCERs shall expire 5 years after their issuance.*

*New para. When a TCER, already retired by a Party included in Annex I for the purpose of demonstrating its compliance with its commitment under Article 3, paragraph 1, for a previous commitment period, expires, an equivalent unit shall be subtracted from the current assigned amount of*

*that Party. All other expiring TCERs shall be transferred to the cancellation account of the holding Party.*

*New para. If after the expiry of TCERs from a project activity an operational entity verifies and certifies, according to the requirements stated in section I of these modalities and procedures, that there has been no reversal of the carbon fixed by that project activity, new TCERs may be issued following the procedure established in section J above. Removals by sinks verified and certified by the operational entity over and above the amount originally verified and certified may generate additional TCERs.*

*New para. Issuance of TCERs shall be limited to the crediting period as established in paragraph 50 above.]<sup>mx</sup>*

## **Option 2: Tuvalu**

*New para. 1. [In addition to the validation requirements prescribed in paragraph 37 above, the designated operational entity selected by project participants to validate an afforestation or reforestation project activity, being under a contractual arrangement with them, shall review the project design documents and any supporting documentation or other forms of proof to confirm that the project participants have submitted a report to the designated operational entity indicating they have undertaken the following actions to address non-permanence:*

*New sub-para (a) Procured a legal agreement that all local stakeholders affected by the project (including indigenous peoples) have given their approval to the project;*

*New sub-para (b) Procured:*

*New sub-sub-para (i) title of legal authority to use the land;*

*New sub-sub-para (ii) legal right to own or have rights over the sequestered carbon on the land during the lifetime of the project;*

*New sub-para (c) Ensured financial viability for the entire lifetime of the project through such means as a trust fund or other form of financial guarantee;*

*New sub-para (d) Ensured that the project is covered by an appropriate insurance policy, such that the insurance provider can guarantee that any reversal of carbon removals is replaced with an equivalent number of certified emission reductions (CERs), assigned amount units (AAUs), emission reduction units (ERUs) or removal units (RMUs,) and that procedures are in place to recoup any losses as indicated in paragraphs “New para 2” to “New para 4” below;*

*New sub-para (e) Ensured that the project participants have adequate and appropriate management system capacity to monitor the ongoing viability of the project as indicated in the monitoring requirements specified in paragraph 53 above;*

*New sub-para (f) Ensured that the project has adequate strategies for controlling fires, pest outbreaks and disease outbreaks among planted trees;*

*New sub-para (g) Provided management strategies to control illegal logging, grazing, mining or any other activity likely to threaten the amount of carbon sequestered in some or all of the planted trees;*

*New sub-para (h) Defined the crediting period of the project activity so that it does not exceed five years with a possibility of renewable, but not extending beyond 31 December 2012.*

*New para. 2. Each afforestation or reforestation project shall be covered by an appropriate insurance policy to cover possibly losses of carbon. An insurance provider shall replace the TERCERs lost, due to any cause, with an equivalent number of CERs, TERCERs, AAUs, ERUs or RMUs.*

*New para.3. The liability for holding insurance for any carbon losses shall remain for the period of time that the carbon remains sequestered, unless the Executive Board has been notified that an equivalent amount of sequestered carbon, in the form of equivalent CERs, TERCERs, AAUs, ERUs or RMUs, has been transferred into a cancellation account maintained by the Executive Board in the CDM registry.*

*New para.4. The following procedures for replacing TERCERs, as a result of loss, shall be undertaken:*

*New sub-para (a) A reversal of carbon removals shall be reported by the project participants to the operational entity responsible for the verification of the project;*

*New sub-para (b) The operational entity shall immediately notify the Executive Board of such a reversal and undertake a quantified assessment of the carbon reversal;*

*New sub-para (c) The operational entity shall forward its quantified assessment of the carbon reversal to the Executive Board;*

*New sub-para (d) Upon receipt of the notification and assessment, the Executive Board shall flag a corresponding number of CERs, TERCERs, AAUs, ERUs or RMUs of the Party responsible for the project activity;*

*New sub-para (e) The project participants shall file a claim of loss with the insurance provider based on the quantified assessment undertaken by the operational entity;*

*New sub-para (f) The insurance provider shall immediately replace the flagged CERs, TERCERs, AAUs, ERUs or RMUs, on a one-to-one basis, with CERs, TERCERs, AAUs, ERUs or RMUs from its own holdings;*

*New sub-para (g) Upon replacement of the flagged CERs, TERCERs, AAUs, ERUs or RMUs, the Executive Board shall remove its flagging of CERs, TERCERs, AAUs, ERUs or RMUs and transfer the CERs, TERCERs, AAUs, ERUs or RMUs replaced by the insurance provider into a cancellation account maintained by the Executive Board in the CDM registry.]<sup>iv</sup>*

*(Note: In addition, Tuvalu has proposed text for implementing its approach to addressing non-permanence as changes to decision -/CMP.1 (Modalities rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol); to the annex to draft decision -/CMP.1 (Modalities for the accounting of assigned amounts); to the appendix to decision 22/CP.7 (Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol; and to Appendix I to decision 23/CP.7 (Guidelines for review under Article 8 of the Kyoto Protocol) as contained in Annex 2 below.)*

### **Option 3.1: Bolivia**

*New para. [Project participants should be allowed to select between the following two options, for each of which the proper modalities and procedures should be specified:*

*New sub-para. CER with its permanence guaranteed by insurance provisions such as coverage, period, transfer and banking, inclusion in national registries, provisions for replacements in case of loss, definition and expiration of liabilities and all other necessary provisions to implement this approach;*

*New sub-para. CER with a temporary validity and an expiry date, which should include provisions regarding its validity period, transfers, replacement or re-issuance, and all other necessary provisions to implement this approach.]<sup>bo</sup>*

### **Option 3.2: Japan**

*New para. [In choosing modalities for dealing with non-permanence, project participants can select from the following approaches the one deemed appropriate for the project activity;*

*New sub-para. A CER with an expiry date: (Procedures including transfer and banking, replacement, national registry, independent transaction log, etc., should be explained.)*

*New sub-para. A CER with insurance: (Procedures including coverage of insurance, timing of insurance, transfer and banking, replacement, national registry, independent transaction log, expiry of insured liability, etc., should be explained.)]<sup>jp</sup>*

### **Option 3.3: Canada**

*New para. [In the event a carbon reversal resulting in non-permanence is reported by the designated operational entity or the project participants, the Executive Board shall flag CERs previously issued for the project, equal to the verified amount of carbon reversals. The Executive Board shall also notify Parties that the flagged CERs, identified by serial number, are ineligible for transfer to another Party, banking, or transfer to a retirement account.*

*New para. The flagging of CERs shall be considered final 30 days after receipt of the certification report showing carbon reversals, unless a Party involved in the project activity or at least three members of the Executive Board request a review of the proposed flagging of CERs:*

*(a) Upon receipt of a request for such a review, the Executive Board, at its next meeting, shall decide on its course of action. If it decides that the request has merit it shall perform a review and decide whether the proposed flagging of insured CERs should be approved;*

*(b) The Executive Board shall complete its review within 30 days following its decision to perform the review;*

*(c) The Executive Board shall inform the project participants of the outcome of the review, and make public its decision regarding the proposed flagging of insured CERs and the reasons for it.*

*New para. Flagged CERs shall be replaced no later than 120 days after the flagging of the CERs has become final. Flagged CERs must be destroyed no later than 15 days after replacement occurred.*

*New para. The Executive Board shall ensure that replacement CERs are properly logged and confirm that flagged CERs are destroyed.]<sup>ca</sup>*

## APPENDIX A

Standards for the accreditation of operational entities [in relation to afforestation and reforestation project activities]<sup>lv</sup>

1. An operational 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 validation, verification and certification functions 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, among others, procedures for the allocation of responsibility within the organization and for handling complaints. These procedures shall be made publicly available;
- (f) Have, or have access to, the necessary expertise to carry out the functions specified in modalities and procedures of the CDM [ , the COP 9 decision on afforestation and reforestation]<sup>ca</sup> and relevant decisions by the COP/MOP, in particular knowledge and understanding of:
  - (i) The modalities and procedures and guidelines for the operation of the CDM, relevant decisions of the COP/MOP and of the Executive Board;
  - (ii) Issues, in particular [*socio-economic and environmental*]<sup>ch</sup> [*environmental and socio-economic, including sustainable forest management*]<sup>eu</sup>, impacts relevant to validation, verification and certification of [*afforestation and reforestation*]<sup>br,eu,ch,af</sup> CDM project activities, as appropriate;
  - (iii) The technical aspects of CDM [*afforestation and reforestation*]<sup>ca,eu,ch,af</sup> project activities relevant to environmental [*and socio-economic impact*]<sup>eu,ch</sup> issues, including expertise in the setting of baselines and monitoring of [*emissions and removals of GHGs*]<sup>bo</sup> [*and removals*]<sup>b1,eu,jp</sup> [*and removals by sinks*]<sup>af</sup> [*carbon stocks*]<sup>ca</sup> [*removals by sinks and emissions by sources*]<sup>ch</sup> [*net change in anthropogenic emissions by sources of GHGs and removals by sinks, measured as verifiable changes in carbon stocks*]<sup>cr</sup> ;
  - (iv) Relevant environmental auditing requirements and methodologies;
  - (v) Methodologies for accounting of...

*Option 1: [anthropogenic emissions by sources and removals by sinks;]<sup>bo</sup>*

*Option 2: [emissions by sources and removals by sinks of GHGs measured as changes in carbon stocks;]<sup>b1</sup>*

*Option 3: [anthropogenic emissions by sources and anthropogenic removals by sinks of carbon dioxide;]<sup>br</sup>*

*Option 4: [net anthropogenic removals, calculated as removals by sinks and emissions by sources, due to afforestation and reforestation project activities;]<sup>ca</sup>*

*Option 5: [anthropogenic removals by sinks;]<sup>cl</sup>*

*Option 6: [net change in anthropogenic emissions by sources of GHGs and removals by sinks, measured as verifiable changes in carbon stock;]<sup>cf</sup>*

*Option 7: [emissions by sources and removals by sinks;]<sup>cu</sup>*

*Option 8: [anthropogenic removals by sinks and/or emissions by sources;]<sup>jp</sup>*

*Option 9: [changes in carbon stocks and non-CO<sub>2</sub> GHGs;]<sup>my</sup>*

*Option 10: [removals by sinks and emissions by sources;]<sup>ch</sup>;*

*Option 11: [removals from afforestation and reforestation activities;]<sup>lv</sup>*

*Option 12: [removals by sinks;]<sup>af,mx</sup>*

*New sub-sub-para: [Methodologies for undertaking environmental and social impact assessments;]<sup>lv</sup>*

*New subsub--para: [Methodologies for measuring and accounting for sinks leakage.]<sup>lv</sup>*

(vi) Regional and sectoral aspects;

(New sub-sub para.) Above-listed requirements for knowledge and understanding (i) to (vi) shall be understood or conducted in a manner which is consistent with IPCC Good Practice Guidance for land use, land-use change and forestry adopted by the COP/MOP;<sup>ch</sup>

(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 validation, verification and certification. The applicant operational entity shall make available:

- (i) The names, qualifications, experience and terms of reference of senior management personnel such as the senior executive, board members, senior officers and other relevant personnel;
- (ii) An organizational chart showing lines of authority, responsibility and allocation of functions stemming from senior management;
- (iii) Its quality assurance policy and procedures;
- (iv) Administrative procedures, including document control;
- (v) Its policy and procedures for the recruitment and training of operational entity personnel, for ensuring their competence for all necessary functions for validation, verification and certification 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 a designated operational entity.

2. An applicant operational 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 operational entity shall have a documented structure, which safeguards impartiality, including provisions to ensure 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 CDM project activity, the applicant operational entity shall:
  - Make a declaration of all the organization's actual and planned involvement in CDM project activities, if any, indicating which part of the organization is involved and in which particular CDM project activities;
  - Clearly define the links with other parts of the organization, demonstrating that no conflicts of interest exist;
  - Demonstrate that no conflict of interest exists between its functions as an operational 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 sources of conflict of interest, whether they arise from within the applicant operational entity or from the activities of related bodies;
  - Demonstrate that it, together with its senior management 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 CDM project participants in accordance with provisions contained in the present annex.

## APPENDIX B

### Project design document [for afforestation and reforestation project activities]<sup>iv</sup>

*(Note: Chile proposes that the detailed CDM project design document (CDM-PDD) developed by the Executive Board replace the appendix B to the annex to decision 17/CP.7 with appropriate changes. This consolidated text however only presents the proposals for changes to appendix B to decision 17/CP.7.)*

1. The provisions of this appendix shall be interpreted in accordance with the annex above on modalities and procedures for a CDM [afforestation and reforestation CDM project activities]<sup>cr,eu,mx,af</sup> [for the first commitment period]<sup>eu</sup> [and shall demonstrate to be consistent with any IPCC Good Practice Guidance for land use, land-use change and forestry adopted by the COP/MOP]<sup>ch</sup>

2. The purpose of this appendix is to outline the information required in the project design document. A project activity shall be described in detail taking into account the [provisions for afforestation and reforestation CDM project activities under]<sup>bo,b1,cr,jp</sup> [provisions of the present annex on modalities and procedures for inclusion of afforestation and reforestation CDM project activities]<sup>eu,mx</sup> [for the first commitment period and the annex to decision 17/CP.7]<sup>eu</sup>, in particular, section G on validation and registration and section H on monitoring, in a project design document which shall include the following:

(a) A description of the project comprising the project purpose, [exact physical location of the CDM afforestation or reforestation project activity where the net anthropogenic removals of by sinks of carbon dioxide will be accounted for]<sup>br</sup>, a technical description of the project, including how [technology [and know-how]<sup>eu</sup> will be transferred [and adapted]<sup>eu</sup>]<sup>ca</sup>, if any, [a description and the timing of the planned management activities, including harvesting cycles,]<sup>eu</sup> and a description and justification of the project boundary;

*New sub-para: [Description of: Legal title to the land; rights of access to the sequestered carbon; attitudes of local stakeholders to the project; insurance cover of the project; environmental and social impact assessments; financial viability of the project; and status of the sequestered carbon;]<sup>lv</sup>.*

(b) A proposed baseline methodology in accordance with the annex on modalities and procedures for [afforestation and reforestation project activities under the]<sup>bo,ca,jp,mx</sup> CDM including, in the case of the:

- (i) Application of an approved methodology:
  - Statement of which approved methodology has been selected;
  - Description of how the approved methodology will be applied in the context of the project;
- (ii) Application of a new methodology:
  - Description of the baseline methodology and justification of choice, including an assessment of strengths and weaknesses of the methodology;
  - Description of key parameters, data sources and assumptions used in the baseline estimate, and assessment of uncertainties;
  - Projections of baseline [emissions by sources and removals by sinks]<sup>bo</sup> [net removals]<sup>b1</sup> [removals]<sup>br,jp</sup> [emissions and removals]<sup>my</sup> [removals by sinks and emissions by sources]<sup>ca</sup> [GHG removals by sinks, measured as estimated changes in carbon stocks in specified pools]<sup>co</sup> [net change in anthropogenic emissions by sources in GHGs and removals by sinks; measured as verifiable changes in carbon stocks]<sup>cr</sup> [net removals]<sup>eu</sup> [net emissions]<sup>af</sup>, [removals by sinks and emissions]<sup>mx</sup>;
  - *Option 1:* Description of how the baseline methodology addresses potential leakage;

*Option 2: [Description of how the baseline methodology addresses potential leakage: to include the methodology and data sources used, the magnitude, geographical extent and timing of leakage;]<sup>eu</sup>*

*Option 3: no provision to address leakage in the baseline methodology]<sup>br</sup>;*



- (iii) Other considerations, such as a description of how national and/or sectoral policies and circumstances have been taken into account and an explanation of how the baseline was established in a transparent and conservative manner;

*New sub-para. [Documentation on the analysis of the socio-economic impacts;]<sup>cn</sup>*

*New sub-para. [Identification of approaches and measures to minimize the key drivers of leakage;]<sup>eu</sup>*

- (c) *Option 1: Statement of the estimated operational lifetime of the project and which crediting period was selected*

*Option 2: No statement, as there is no choice for crediting period<sup>br,eu</sup>*

*New sub-para. [Statement of which approach for dealing with non-permanence was selected, and, when CER with insurance approach was selected, details of the insurance policy and insurance provider, including qualification of the insurance provider;]<sup>jp</sup>*

- (d) Description of how the...

*Option 1: [anthropogenic removals of GHG sinks are increased above]<sup>bo</sup> those that would have occurred in the absence of the registered [afforestation or reforestation]<sup>br,ca</sup> CDM project activity.*

*Option 2: [net removals of GHG by sinks, measured as changes in carbon stocks, are increased above]<sup>b1</sup> those that would have occurred in the absence of the registered [afforestation or reforestation]<sup>br,ca</sup> CDM project activity.*

*Option 3: [net anthropogenic removals by sinks of carbon dioxide are increased above those that would have occurred in the absence of the registered afforestation or reforestation CDM project activity.]<sup>br</sup>*

*Option 4: [anthropogenic removals by sinks are enhanced and how emissions by sources are reduced beyond those that would have occurred in the absence of the registered afforestation or reforestation CDM project activity.]<sup>ca</sup>*

*Option 5: [anthropogenic removals of GHG by sinks are enhanced above those that would have occurred in the absence of the registered CDM project activity.]<sup>jp</sup>*

*Option 6: [anthropogenic emissions of GHG by sources are reduced below and/or anthropogenic removals of GHG by sinks are increased above those that would have occurred in the absence of the registered CDM project activity.]<sup>my</sup>*

*Option 7: [carbon stocks in specified pools are increased above those levels that would have occurred in the absence of the registered CDM project activity.]<sup>co</sup>*

*Option 8: [net change in anthropogenic emissions by sources of GHGs and removals by sinks, measured as verifiable changes in carbon stocks, increased above those that would have occurred in the absence of the registered afforestation or reforestation CDM project activity.]<sup>ct</sup>*

*Option 9: [net removals are increased above those that would have occurred in the absence of the registered afforestation or reforestation CDM project activity, going beyond institutional and regulatory requirements and common practice in the region.]<sup>eu</sup>*

*Option 10: [anthropogenic removals of GHG by sinks are increased below those that would have occurred in the absence of the registered CDM project activity]<sup>af</sup>.*

*Option 11: [removals by sinks are increased and, if applicable, how anthropogenic emissions of GHG by sources are reduced below those that would have occurred in the absence of the registered CDM project activity]<sup>mx</sup>*

*New sub-para. [Statement of the carbon stock accounting approach selected for the present crediting period]<sup>mx</sup>;*

- (e) *[Socio-economic and]<sup>b1,br,co,eu,jp,ch,af</sup> environmental impacts:*
- (i) *Documentation on the analysis of the [socio-economic and]<sup>bo,b1,br,co,eu,jp,ch</sup> environmental impacts, [in particular the biological biodiversity aspects,]<sup>af</sup> including transboundary impacts [, addressing the topics listed in appendix E below]<sup>eu</sup> [, taking into account the commitments of a host country under relevant international agreements]<sup>jp</sup> [, demonstrating that all applicable indicators of environmental and socio-economic impact assessment as listed in appendix E have been addressed]<sup>ch</sup>;*
- (ii) *If [any]<sup>eu</sup> [environmental]<sup>bo,b1,br</sup> impacts are considered significant by the project participants or the host Party: conclusions and all references to support documentation of an [social and]<sup>eu</sup> [a socio-economic impact assessment] and/or]<sup>jp,ch,af</sup> environmental impact assessment [or, where applicable, the development of a forest management plan]<sup>bo,b1</sup> that has been undertaken in accordance with the procedures as required by the host Party;*

*[New sub sub-para. Statement on how the topics listed in Appendix E below are addressed, based on the results of the analysis and/or the assessments referred to in paragraph 2 (e) (i) and 2 (e) (ii) above, and including a description of planned monitoring and remedial measures to address significant impacts;]<sup>eu</sup>*

*[New sub-sub para. Documentation on the analysis of socioeconomic impacts of the project activity, in particular the benefits for local communities or indigenous people;]<sup>af</sup>*

*[New sub-sub para. If applicable, documentation demonstrating that the guidelines for addressing socioeconomic and environmental impacts established by the host country have been fulfilled;]<sup>mx</sup>*

(f) *Information on sources of public funding for the project activity from Parties included in Annex I which shall provide an affirmation that such funding does not result in a diversion of official development assistance and is separate from and is not counted towards the financial obligations of those Parties;*

(g) *Stakeholder comments, including a brief description of [the process][their participation in the process of national validation of the project]<sup>af</sup>, [how local stakeholders were involved at an early stage in the project design, how identified concerns were dealt with,]<sup>eu</sup> a summary of the comments received, and a report on how due account was taken of any comments received;*

- (h) *Monitoring plan:*
- (i) *Identification of data needs and data quality with regard to accuracy, comparability, completeness and validity;*

- (ii) Methodologies to be used for data collection and monitoring including quality assurance and quality control provisions for monitoring, collecting and reporting;
- (iii) In the case of a new monitoring methodology [*which does not comply with the methodologies specified in the IPCC Good Practice Guidance for land use, land-use change and forestry*]<sup>jp</sup>, provide a description of the methodology, including an assessment of strengths and weaknesses of the methodology and whether or not it has been applied successfully elsewhere;

*New sub-sub para. [The monitoring of implementation of socioeconomic and environmental statements of the project activity have to be considered by the designated operational entities;]*<sup>af</sup>

- (i) Calculations:

- (i) Description of formulae used to calculate and estimate

*Option 1: net anthropogenic removals by sinks of GHGs of the*<sup>bo</sup>

*Option 2: net removals by sinks of GHGs of the*<sup>b1</sup>

*Option 3: net anthropogenic removals by sinks of carbon dioxide from the*<sup>br</sup>

*Option 4: anthropogenic GHG removals by sinks and emissions by sources of the*<sup>ca</sup>

*Option 5: increases in removals, measured as verified changes in carbon stocks in specified pools during specific periods, of the*<sup>co</sup>

*Option 6: net change in anthropogenic emissions by sources of GHGs and removals by sinks, measured as verifiable changes in carbon stocks of the*<sup>cr</sup>

*Option 7: net removals of the*<sup>eu</sup>

*Option 8: anthropogenic removals by sinks of GHGs of the*<sup>jp,af</sup>

*Option 9: net changes in carbon stocks and non-CO<sub>2</sub> GHGs as a result of the*<sup>my</sup>

*Option 10: removals by sinks, and if applicable, anthropogenic emissions by sources of GHG of the*<sup>mx</sup>

*....CDM [afforestation or reforestation]<sup>ca,eu,af</sup> project activity within the project boundary[, measured as verifiable changes in carbon stocks in the designated pools, and taking into account both emissions and removals]<sup>bo,b1</sup> [since the start of the crediting period]<sup>eu</sup>*

- (ii) Description of formulae used to calculate and to project [*the baseline net removals since the start of the crediting period*]<sup>eu</sup> and to project leakage, defined as:

*Option 1: [the net change of anthropogenic emissions by sources and removals by sinks of GHGs, which occurs outside the CDM project activity boundary, and that is measurable and attributable to the CDM project activity;]*<sup>bo</sup>

*Option 2: [the net change of anthropogenic emissions by sources of GHGs which occurs outside the afforestation or reforestation CDM project activity boundary, and that is measurable and attributable to the CDM project activity, but not including emissions associated with a previous activity shifted elsewhere;]<sup>br</sup>*

*Option 3: [the change of net anthropogenic removals, calculated as removals by sinks minus emissions by sources, which occurs outside the CDM afforestation or reforestation project activity boundary and that is measurable and attributable to the CDM project activity;]<sup>ca</sup>*

*Option 4: [the net change of GHGs removals by sinks, measured as verified net changes in carbon stocks, which occurs outside the project boundary, and that is measurable and attributable to the afforestation or reforestation CDM project;]<sup>co</sup>*

*Option 5: [the net change in anthropogenic emissions by sources and removals by sinks of GHGs, measured as verifiable changes in carbon stocks, which occurs outside the CDM project activity boundary and that is measurable and attributable to the CDM project activity;]<sup>cr</sup>*

*Option 6: [net change of anthropogenic removals by sinks and/or emissions by sources of GHGs which occurs outside the CDM project activity boundary, and that is measurable and attributable to the CDM project activity;]<sup>jp</sup>*

*Option 7: [the net emissions by sources and/or removals by sinks of GHGs which occurs outside the CDM project activity boundary, and that is measurable and attributable to the CDM project activity;]<sup>my</sup>*

*Option 8: [ the net increase of anthropogenic removals by sinks of greenhouse gases which occurs outside the CDM project activity boundary, and that is measurable and attributable to the CDM project activity;]<sup>af</sup>*

*Option 9: [net change of removals by sinks and anthropogenic emissions by sources of greenhouse gases which occurs outside the CDM project activity boundary, and that is measurable and directly attributable to the CDM project activity;]<sup>mx</sup>*

(iii) The sum [difference]<sup>eu</sup> of (i) and (ii) above representing the [afforestation or reforestation]<sup>cr,eu,my</sup> CDM project activity;

*Option 1: [net removals;]<sup>bo</sup>*

*Option 2: [removal;]<sup>af,br,my,</sup>*

*Option 3: [increases in removals by sinks, measured as verified net changes in carbon stocks;]<sup>co</sup>*

*Option 4: [net change of anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable changes in carbon stocks;]<sup>cr</sup>*

*Option 5: [net removals above the baseline since the start of the crediting period;]<sup>eu</sup>*

*Option 6: [removals and/or emissions;]<sup>jp</sup>*

*Option 7:[ removals by sinks and, if applicable, emissions;]<sup>mx</sup>*

- (iv) Description of formulae used to calculate and to project the

*Option 1: [ anthropogenic emissions by sources and removals by sinks of GHGs of the baseline; ]<sup>bo,my</sup>*

*Option 2: [ anthropogenic removals by sinks of GHGs; ]<sup>jp</sup>*

*Option 3: [ removals by sinks, measured as changes in carbon stocks, which occur outside the CDM project activity boundary, including carbon stock loss or gain in other land uses and/or forests that is measurable and reasonably attributable to the CDM project activity; ]<sup>b1</sup>*

*Option 4: [ anthropogenic removal by sinks of carbon dioxide of the baseline; ]<sup>br</sup>*

*Option 5: [ changes of GHG removals by sinks, measured as estimated net changes in carbon stocks, of the baseline; ]<sup>co</sup>*

*Option 6: [ net change in anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable changes in carbon stocks of the baseline; ]<sup>cr</sup>*

*Option 7: [ removals by sinks and anthropogenic emissions by sources of greenhouse gases of the baseline; ]<sup>mx</sup>*

- (v) *Option 1: Description of formulae used to calculate and to project [ estimate ]<sup>eu</sup> leakage [ since the start of the crediting period ]<sup>eu</sup>*

*Option 2: No description of formulae used to calculate and to project leakage.<sup>br</sup>*

- (vi) *Option 1: The sum of (iv) and (v) above representing the baseline [ emissions by sources and/or removals by sinks ]<sup>bo</sup> [ net removals ]<sup>b1</sup> [ removals and/or emissions ]<sup>jp,my</sup> [ scenario ]<sup>co</sup> [ net change in anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable changes in carbon stocks ]<sup>cr</sup>*

*Option 2: No provision needed as no need for description of leakage formulae.<sup>br</sup>*

- (vii) *Difference between [(vi) and (iii)] [(iii) and (iv)]<sup>br</sup> [(iii) and (v)]<sup>eu</sup> above representing the...*

*Option 1: [ net removals by sinks of the; ]<sup>bo,b1</sup>*

*Option 2: [ removal enhancements; ]<sup>jp</sup>*

*Option 3: [ increase in net anthropogenic removals of the afforestation or reforestation; ]<sup>br</sup>*

*Option 4: [ total GHG benefit of the afforestation or reforestation; ]<sup>my</sup>*

*Option 5: [ increases in removals by sinks, measured as verified net changes in carbon stocks, due to the; ]<sup>co</sup>*

*Option 6: [ net change in anthropogenic emission by sources of GHGs and removals by sinks measured as verifiable changes in carbon stocks increase of the afforestation or reforestation; ]<sup>cr</sup>*

*Option 7: [net removals of the afforestation or reforestation;]<sup>eu</sup>*

*Option 8: [GHG removals of the;]<sup>af</sup>*

*Option 9: [the removals by sinks and emission reductions of the;]<sup>mx</sup>*

...CDM project activity [above the baseline adjusted for leakage since the start of the crediting period;]<sup>eu</sup>;

New sub-para. *[Description of how the risk of non-permanence will be addressed;]<sup>ca</sup>*

New sub-para. *[Documentation on the analysis of the environmental impacts, including impacts on biodiversity and natural ecosystems;]<sup>cn</sup>*

New sub-para. *[Description of how to factor out the indirect effect of CO<sub>2</sub> fertilization and nitrogen decomposition;]<sup>cn</sup>*

New sub-para. *[Description of the measures to minimize all potential uncertainties;]<sup>cn</sup>*

New sub-para. *[Description of the treatment of uncertainties in the calculation of net profits;]<sup>cn</sup>*

New sub-para. *[Description of the measures to minimize the risks, including non-permanence, negative socio-economic and environmental impacts, and financial viability.]<sup>cn</sup>*

(j) References to support the above, if any.

## APPENDIX C

### Terms of reference for establishing guidelines

on baselines and monitoring methodologies [for afforestation and reforestation project activities]<sup>lv</sup>

1. The Executive Board, drawing on experts in accordance with the modalities and procedures for a CDM, shall develop and recommend to the COP/MOP, *inter alia*:

(a) General guidance on methodologies relating to baselines and monitoring consistent with the principles set out in those modalities and procedures in order to:

- (i) Elaborate the provisions relating to baseline and monitoring methodologies contained in [decision 17/CP.7] [decision X/CP9]<sup>b1,br,ca,eu,af</sup> [decisions 17/CP.7 and X/CP.9,]<sup>cl</sup>, the annex above and relevant decisions of the COP/MOP;
- (ii) Promote consistency, transparency and predictability;
- (iii) Provide rigour to ensure that net...

*Option 1: [net]<sup>af</sup> [increases in anthropogenic removals;]<sup>bo,cl,af</sup>*

*Option 2: [enhancements in anthropogenic removals;]<sup>jp</sup>*

*Option 3: [increase of removals in specified pools;]<sup>b1</sup>*

*Option 4: [anthropogenic removals by sinks;]<sup>br</sup>*

*Option 5: [anthropogenic removals, calculated as removals by sinks minus emission by sources, attributed to afforestation and reforestation CDM project activities;]<sup>ca</sup>*

*Option 6: [changes in carbon stocks in specified pools;]<sup>co</sup>*

*Option 7: [ net change of anthropogenic emissions by sources of GHGs and removals by sinks measured as verifiable carbon stocks increase;]<sup>cr</sup>*

*Option 8: [ removals above the baseline adjusted for leakage since the start of the crediting period;]<sup>eu</sup>*

*Option 9: [net removals by sinks;]<sup>my,mx</sup>*

*Option 10: [net reductions in anthropogenic removals;]<sup>tv</sup>*

...are real and measurable, and an accurate reflection of what has occurred within the project boundary [the afforestation or reforestation CDM project activity]<sup>eu</sup>;

- (iv) Ensure applicability in different geographical regions

*Option 1: [and to those project categories which are eligible in accordance with decision 17/CP.7 and relevant decisions of the COP/MOP;]*

*Option 2: [ and to afforestation and reforestation project activities as eligible activities in accordance with decision 17/CP.7 and relevant decisions of the COP/MOP;]<sup>my</sup>*

*Option 3: [and to those project categories which are eligible in accordance with decision 17/CP.7, decision X/CP.9, and relevant decisions of the COP/MOP;]<sup>cl</sup>*

*Option 4: [and to those project categories which are eligible in accordance with decision X/CP.9, and relevant decisions of the COP/MOP;]<sup>eu</sup>*

- (v) Address the additionality requirement of Article 12, paragraph 5(c), and paragraph 43 of the above annex;

- (b) Specific guidance in the following areas:

- (i) Definition of ...

*Option 1: [project categories (e.g. based on sector, subsector, project type, geographic area)]<sup>bo,jp</sup>*

*Option 2: [project categories]<sup>br</sup>*

*Option 3: [project categories (e.g. based on sector, subsector, project type, current practices, geographic area)]<sup>cr</sup>*

*Option 4: [afforestation and reforestation project activities]<sup>my</sup>*

*Option 5: [project categories (e.g. based on project type, geographic area)<sup>af,mx</sup> [and land use practices)]<sup>af</sup>*

...that show common methodological characteristics for baseline setting, and/or monitoring, including guidance on the level of geographic aggregation, taking into account data availability;

(ii) Baseline methodologies deemed to reasonably represent what would have occurred in the absence of a project activity;

(iii) Monitoring methodologies that provide an accurate measure of

*Option 1: [actual increases in anthropogenic removals]<sup>bo,cl</sup>*

*Option 2: [actual enhancements in anthropogenic removals]<sup>jp</sup>*

*Option 3: [removals of GHGs]<sup>my</sup>*

*Option 4: [the increase of removals above the baseline, adjusted for leakage, as a result of the project activity]<sup>b1</sup>*

*Option 5: [actual increases in net anthropogenic removals by sinks of carbon dioxide as a result of the afforestation or reforestation CDM project activity]<sup>br</sup>*

*Option 6: [actual changes in carbon stocks in specified pools as a result of the project activity]<sup>co</sup>*

*Option 7: [actual net change of anthropogenic emissions by sources in GHGs and removals by sinks measured as verifiable carbon stocks increase as a result of the project activity]<sup>cr</sup>*

*Option 8: [net removals above the baseline adjusted for leakage since the start of the crediting period as a result of the project activity]<sup>eu</sup>*

*Option 9: [actual removals by sinks, and, if applicable, and reductions in anthropogenic emissions as a result of the project activity]<sup>mx</sup>*

*Option 10: [actual increase in anthropogenic GHG removals as a result of the project activity]<sup>af</sup>*

...taking into account the need for consistency and cost-effectiveness;

(iv) Decision trees and other methodological tools, where appropriate, to guide choices in order to ensure that the most appropriate methodologies are selected, taking into account relevant circumstances;

(v) The appropriate level of standardization of methodologies to allow a reasonable estimation of what would have occurred in the absence of a [an afforestation or reforestation]<sup>eu</sup> project activity wherever possible and appropriate. Standardization should be conservative in order to prevent any overestimation of...

*Option 1: [increases in anthropogenic removals;]<sup>bo,cl,af</sup>*

*Option 2: [increases of removals by sinks of GHGs measured as changes in carbon stocks;]<sup>b1</sup>*

*Option 3: [removals by sinks;]<sup>ca</sup>*

*Option 4: [changes in carbon stocks in specified pools;]<sup>co</sup>*



*Option 5: [net change of anthropogenic emissions by sources in GHGs and removals by sinks measured as verifiable carbon stocks increase;]<sup>ct</sup>*

*Option 6: [net removals above the baseline adjusted for leakage since the start of the crediting period;]<sup>eu</sup>*

*Option 7: [enhancements in anthropogenic removals;]<sup>jp</sup>*

*Option 8:[ removals of GHGs by a project activity;]<sup>my</sup>;*

- (vi) Determination of project boundaries including accounting for *[removals by sinks of carbon dioxide]<sup>br</sup> [all GHGs and sinks]<sup>ca</sup> [all carbon pools]<sup>co</sup> [all GHGs and all carbon pools]<sup>eu</sup> [geo-referencing and all GHGs]<sup>lv</sup>* that should be included as a part of the baseline, and monitoring. Relevance of *[sinks]<sup>lv</sup> leakage* [, *recommendations of approaches and measures to minimise the key drivers of leakage]<sup>eu</sup>* and recommendations for establishing appropriate project boundaries and methods for the ex post evaluation of the level of *[sinks]<sup>lv</sup> leakage*;
- (vii) Accounting for applicable national policies *[plans and circumstances, including national forest programmes,]<sup>eu</sup>* and specific national or regional circumstances,...

*Option 1: [such as forest sector management plans, and the economic situation in the forest sector relevant to the project activity;]<sup>bo,b1</sup>*

*Option 2: [such as sectoral reform initiatives, and the economic situation in the sector relevant to the project activity;]<sup>ca,af</sup>*

*Option 3: [such as sectoral reform initiatives, and the economic situation in the agriculture and forestry sector;]<sup>eu</sup>*

*Option 4: [such as national/regional forest management plans, the climate category and natural vegetation of the project site, and the economic situation in the sector relevant to the project activity;]<sup>jp</sup>*

*Option 5: [such as sectoral reform initiatives, historical land uses, practices and trends, cultural traditions, changes in socio-economic conditions and the economic situation in the sector relevant to the afforestation or reforestation project activity;]<sup>my,mx</sup>*

*Option 6: [such as sectoral reform initiatives, forestry sector expansion plans, and the economic situation in the sector relevant to the project activity;]<sup>lv</sup>*

(viii) *Option 1: [The breadth of the baseline;]<sup>jp</sup>*

*Option 2: [The breadth of the baseline, e.g. how the baseline makes comparisons between land use change activities and other activities in the sector;]<sup>ct</sup>*

*Option 3: [The breadth of the baseline, how the baseline makes comparisons between the land use introduced by the project activity and other land uses in the sector;]<sup>mx</sup>*

*Option 4: [The breadth of the baseline, e.g. how the baseline makes comparisons between land practices used;]<sup>af</sup>*

*Option 5: No text on breadth of the baseline.*<sup>b1,bo,br,cl,co,eu,my</sup>

*New sub-para. [Accounting for the legal status of the land, including levels of approval by local stakeholders;]<sup>tv</sup>*

*New sub-para. [Accounting for environmental and social impacts consistent with the standards prescribed in Appendix E;]<sup>tv</sup>*

*New sub-para. [Regular accounting of the status of the sequestered carbon.]<sup>tv</sup>*

(c) In developing the guidance in (a) and (b) above, the Executive Board shall take into account:

- (i) Current practices in the host country or an appropriate region, and observed trends;
- (ii) *Option 1: [Least cost technology for the activity or][Least cost land use alternative for the activity or]<sup>mx</sup> project category;*

*New sub-sub para. [Relevant information contained in the IPCC Good Practice Guidance for land use, land-use change and forestry]<sup>jp</sup> as adopted by COP/MOP.]*

#### APPENDIX D

##### Clean development mechanism registry requirements [*Registry requirements for afforestation reforestation CDM project activities*]<sup>tk</sup>

*(Note: Chile proposed a separate afforestation and reforestation CDM registry. All other submissions proposed to use the existing CDM registry and national registries of Annex I Parties. The text below reflects only additional guidance to the existing CDM registry relating to the implications of afforestation and reforestation CDM project activities.)*

1. The CDM registry established and maintained by the Executive Board shall be used to<sup>tk</sup> ensure the accurate accounting of the issuance, holding, transfer and acquisition of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> by Parties not included in Annex I. The Executive Board shall identify a registry administrator to maintain the registry under its authority.

2. The CDM registry shall contain, *inter alia*, common data elements relevant to the issuance, holding, transfer and acquisition of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup>.

3. For the purposes of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> the CDM registry shall have the following accounts:

(a) Option 1: One pending account for the Executive Board, into which [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> are issued before being transferred to other accounts;

*Option 2: [One pending retirement account for, each Party included in Annex I, for the purpose of holding and transferring RMUs converted from CERs from afforestation and reforestation CDM project activities that were temporarily retired for use towards meeting its commitments under*

Article 3, paragraph 1, in accordance with paragraph 13 of the annex to draft decision -/CMP.1 (Modalities for the accounting of assigned amounts)]<sup>br</sup>;

(b) At least one holding account for each Party not included in Annex I hosting a CDM project activity or requesting an account;

(c) At least one account for the purpose of cancelling ERUs, AAUs and RMUs equal to excess [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> issued, as determined by the Executive Board, where the accreditation of a designated operational entity has been withdrawn or suspended;

*New sub-para. [At least one account for the purpose of cancelling ERUs, CERs, AAUs and RMUs equal to the number of [CERs]<sup>co</sup> [TCRs]<sup>cl</sup> from afforestation and reforestation CDM project activities retired and/or cancelled in previous commitment periods;]<sup>cl,co</sup>*

*New sub-para. [At least one account for the purpose of canceling ERUs, CERs, TCCRs, AAUs and/or RMUs equal to the number of TCCRs which have already been used to demonstrate the compliance of a Party with its commitment under Article 3, paragraph 1;]<sup>cn</sup>*

*New sub-para. [At least one account for the purpose of canceling expired TCCRs which have not been used to demonstrate the compliance of a Party with its commitment under Article 3, paragraph 1;]<sup>cn</sup>*

(d) At least one account for the purpose of holding and transferring [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> corresponding to the share of proceeds to cover administrative expenses and to assist in meeting costs of adaptation in accordance with Article 12, paragraph 8. Such an account may not otherwise acquire [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>my,af,eu,ch</sup> [TRECERs]<sup>tv</sup>.

4. Each [CERs] [CERs or TCERs]<sup>cr,mx</sup> /RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> shall be held in only one account in one registry at a given time.

5. Each account within the CDM registry shall have a unique account number comprising the following elements:

(a) Party/organization identifier: the Party for which the account is maintained, using the two-letter country code defined by the International Organization for Standardization (ISO 3166), or, in the cases of the pending account and an account for managing the [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> corresponding to the share of proceeds, the Executive Board or another appropriate organization;

(b) A unique number: a number unique to that account for the Party or organization for which the account is maintained.

6. Upon being instructed by the Executive Board to issue [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCER]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> for a [an afforestation or reforestation]<sup>br,cl,co</sup> CDM project activity, the registry administrator shall, in accordance with the transaction procedures set out in decision -/CMP.1 (Modalities for the accounting of assigned amounts):

(a) Issue the specified quantity of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>my,af,eu,ch</sup> [TRECERs]<sup>tv</sup> into a pending account of the Executive Board;

(b) Forward the quantity of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCER]<sup>af,ch,eu,my</sup> [TRECERs]<sup>tv</sup> corresponding to the share of proceeds to cover administrative expenses and to assist in meeting costs of adaptation, in accordance with Article 12, paragraph 8, to the appropriate

accounts in the [afforestation and reforestation]<sup>b1,cl</sup> CDM registry for holding and transferring such [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCER]<sup>af, ch, eu, my</sup> [TRECERs]<sup>lv</sup> ;

(c) *Option 1:* Forward the remaining [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCER]<sup>af, ch, eu, my</sup> [TRECERs]<sup>lv</sup> to the registry accounts of project participants and Parties involved, in accordance with their request.

*Option 2:* [Convert the remaining CERs from afforestation and reforestation CDM project activities into RMUs. A CER shall be converted into a RMU by adding a type of activity identifier (CDM afforestation or reforestation project activity) to the serial number and changing the type indicator in the serial number to indicate a RMU. Other elements of the serial number of the CER shall remain unchanged.

*Forward the remaining RMUs converted from CERs from afforestation and reforestation CDM project activities to the registry accounts of Parties and project participants involved, in accordance with their request.]<sup>br</sup>*

7. Each [CER] [CER or TCER]<sup>cr,mx</sup> [TCR]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCER]<sup>af, ch, eu, my</sup> [TRECER]<sup>lv</sup> shall have a unique serial number comprising the following elements:

(a) *Commitment period:* the commitment period for which the [CER] [CER or TCER]<sup>cr,mx</sup> [TCR]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCER]<sup>af, ch, eu, my</sup> [TRECER]<sup>lv</sup> is issued;

(b) *Party of origin:* the Party which hosted the [afforestation or reforestation]<sup>b1,cl</sup> CDM project activity, using the two letter country code defined by ISO 3166;

(c) *Type:* this shall identify the unit as a [CER] [CER or TCER]<sup>cr,mx</sup> [TCR]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCER]<sup>af, ch, eu, my</sup> [TRECER]<sup>lv</sup> [coming from an afforestation or reforestation project activity, and its characteristic of having an expiration date or being permanent by alternative procedures]<sup>bo</sup> [coming from an afforestation or reforestation project activity, and its characteristics]<sup>b1</sup> [of an afforestation or reforestation project activity]<sup>co</sup>;

(d) *Unit:* a number unique to the [CER] [CER or TCER]<sup>cr,mx</sup> [TCR]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCER]<sup>af, ch, eu, my</sup> [TRECER]<sup>lv</sup> for the identified commitment period and Party of origin;

(e) *Project identifier:* a number unique to the [afforestation or reforestation]<sup>b1,cl</sup> CDM project activity for the Party of origin.

*New sub-para: Option 1:* [Expiry date]<sup>af, cn</sup> [the exact date after which the TCCR will be invalid.]<sup>cn</sup>

*Option 2:* Expiry date: Month and year in which the unit expires. The expiry date shall be the end of the 60th month after the month in which the tCER was issued.<sup>eu</sup>

*Option 3:* Expiration date: the date on which the TCER shall be cancelled.<sup>mx</sup>

8. Where the accreditation of a designated operational entity has been withdrawn or suspended, ERUs, CERs, AAUs and/or RMUs equal to the excess [CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af, ch, eu, my</sup> [TRECERs]<sup>lv</sup> issued, as determined by the Executive Board, shall be transferred to a cancellation account in the CDM registry. Such ERUs, CERs, [CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af, ch, eu, my</sup> [TRECERs]<sup>lv</sup> AAUs and RMUs [relating to activities under Article 3, paragraph 3, and or elected activities under Article 3, paragraph 4 shall]<sup>br</sup> not be further transferred or used for the purpose of demonstrating the compliance of a Party with its commitment under Article 3, paragraph 1.

9. For the purposes of *[CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af, ch, eu, my</sup> [TRECERs]<sup>iv</sup>* the CDM registry shall make non-confidential information publicly available and provide a publicly accessible user interface through the Internet that allows interested persons to query and view it.

10. The information referred to in paragraph 9 above shall include up-to-date information, for each account number in the registry, on the following:

(a) Account name: the holder of the account;

(b) Representative identifier: the representative of the account holder, using the Party/organization identifier (the two-letter country code defined by ISO 3166) and a number unique to that representative for that Party or organization;

(c) Representative name and contact information: the full name, mailing address, telephone number, facsimile number and e-mail address of the representative of the account holder.

11. The information referred to in paragraph 9 above shall include the following *[afforestation or reforestation]<sup>b1,cl</sup>* CDM project activity information, for each project identifier against which the *[CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af, ch, eu, my</sup> [TRECERs]<sup>iv</sup>* have been issued:

(a) Project name: a unique name for the *[afforestation or reforestation]<sup>cl</sup>* CDM project activity;

(b) Project location: the Party and town or region in which the *[afforestation or reforestation]<sup>cl</sup>* CDM project activity is located;

(c) Years of *[CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af, ch, eu, my</sup> [TRECERs]<sup>iv</sup>* issuance: the years in which *[CERs] [CERs or TCERs]<sup>cr,mx</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af, ch, eu, my</sup> [TRECERs]<sup>iv</sup>* have been issued as a result of the *[afforestation or reforestation]<sup>br,cl</sup>* CDM project activity *[and their validity period]<sup>bo</sup>*;

(d) Operational entities: the operational entities involved in the validation, verification and certification of the *[afforestation or reforestation]<sup>br,cl</sup>* CDM project activity;

(e) Reports: downloadable electronic versions of documentation to be made publicly available in accordance with the provisions of the present annex.

12. The information referred to in paragraph 9 above shall include the following holding and transaction information relevant to the *[afforestation and reforestation]<sup>b1,cl</sup>* CDM registry, by serial number, for each calendar year (defined according to Greenwich Mean Time):

(a) The total quantity of *[[CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af, ch, eu, my</sup> [TRECERs]<sup>iv</sup>* in each account at the beginning of the year *[and at the end of each commitment period]<sup>br</sup> [by type]<sup>bo</sup>*;

(b) The total quantity of *[CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af, ch, eu, my</sup> [TRECERs]<sup>iv</sup>* issued;

(c) The total quantity of *[CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af, ch, eu, my</sup> [TRECERs]<sup>iv</sup>* transferred and the identity of the acquiring accounts and registries;

(d) The total quantity of [ERUs, CERs, AAUs and RMUs] [CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>iv</sup> cancelled in accordance with paragraph 8 above;

(e) Current holdings of [CERs] [CERs or TCERs]<sup>cr,mx</sup> [RMUs converted from CERs from afforestation and reforestation CDM project activities]<sup>br</sup> [TCRs]<sup>cl</sup> [TCCR]<sup>cn</sup> [tCERs]<sup>af,ch,eu,my</sup> [TRECERs]<sup>iv</sup> in each account.

## APPENDIX E

### **Option 1: [Socio-economic and environmental impacts of afforestation and reforestation CDM project activities**

1. For the purposes of the paragraph 37 (c) of the present annex, the following topics shall be addressed:

- (a) Tenure and land-use rights;
- (b) The special needs of indigenous and forest-dwelling people;
- (c) Stakeholders' involvement, access to information and public participation in accordance with Article 6 of the Convention;
- (d) Benefit-sharing, taking into consideration local communities;
- (e) Definition of responsibilities including those of primary stakeholders, project developers and host country authorities;
- (f) Planning and management tools available for the project including tools for mitigating fire and pests;
- (g) Control of any negative impacts of the project on soil and water resources, biodiversity, ecosystem integrity, and human health, including the potentially negative impacts of pesticides and fertilizers;
- (h) Inclusion of social and human impacts and context of the project, including capacity-building, awareness raising and safety procedures;
- (i) Synergy between the potential of the project to mitigate climate change and its potential to positively affect biological diversity, landscape amenity and local living conditions;
- (j) Impacts on employment, market access, livelihoods of local communities and food production.]<sup>eu</sup>

### **Option 2: [Socio-economic and environmental impacts of afforestation and reforestation activities]<sup>no</sup>**

1. The purpose of this appendix is to outline common issues to be addressed in the analysis of socio-economic and environmental impacts of afforestation and reforestation project activities, as required under paragraph 37 (c), including transboundary impacts.]<sup>no</sup>

2. A management plan for the project shall be provided, describing the timeframe of planned project activities, forestry practices such as rotation age and harvesting intensity, and monitoring. The management plan should take into account information collected in connection with the analysis of socio-economic and environmental impacts.

3. For the analysis of environmental impacts of an afforestation or reforestation CDM project activity, the following items should be addressed:

- (a) Environmental status of the project area:
  - (i) Information on the present environmental status of the land area planned to be included in the project, including a description of ecosystems and habitat types and their respective coverage of the area in question, including a description of rare/endangered vegetation types present;
  - (ii) Information on neighbouring ecosystem types likely to be exposed to transboundary impacts;
  - (iii) Information on the presence of rare and/or endangered species as described in national and/or global Red Lists in accordance with the classification from the World Conservation Union (IUCN), both in the project area and in neighbouring ecosystems;
- (b) Project activities:
  - (i) Planned land-use changes in addition to the actual planting, including the construction of roads and fences, changes in watercourses and irrigation, including potential environmental impacts of these activities;
  - (ii) Planned use of pesticides and fertilizers, including their potential negative impacts on the environment;
  - (iii) Planning and management tools available for the project including tools for mitigating fire and pests and monitoring environmental impacts;
  - (iv) Potential negative impacts of the project and its activities on soil and water resources, biodiversity (including expected changes in species composition in the project area), ecosystem functioning, and human health;

4. For the analysis of socio-economic impacts, the following items should be addressed:

- (a) Current use of land areas planned to be included in the project, and expected impacts on access to and future use of those land areas for indigenous and local communities;
- (b) Special needs of indigenous and forest-dwelling people;
- (c) Synergy between the potential of the project to mitigate climate change and its potential to positively impact on local living conditions;
- (d) Impacts on employment, market access, livelihood of local communities and food production;<sup>no</sup>

**Option 3: [Indicators of environmental and socio-economic impact assessment]**

[For the purpose of paragraphs 37 (c) and 2 (e) of Appendix B the following applicable indicators are to be addressed:

- 1. Environmental indicators:
  - (a) Increase or at least preservation of diversity;

- (b) *Increase or at least preservation of soil fertility;*
- (c) *Planting of non-genetically-modified organisms;*
- (d) *Planting of indigenous, species;*
- (e) *Establishment of multi-species culture or at least big diversity at the landscape level (“ecosystem approach”);*
- (f) *Sustainable soil preparation;*
- (g) *Sustainable silviculture;*
- (h) *Minimal leakage (no displacement of demand, e.g. for agricultural land or fuel wood);*
- (i) *Agroforestry approaches complying with forest definitions as contained in the annex to decision 11/CP.7*

2. *Socio-economic indicators:*

- (a) *Improvement of living conditions and local livelihoods;*
- (b) *Development meets sustainability criteria;*
- (c) *Reducing rural emigration;*
- (d) *Avoidance or minimization of land-use conflicts;*
- (e) *Clear land tenure and legal entitlement of land ownership of all involved groups (project developers, local stakeholders, host country);*
- (f) *Involvement and integration of local stakeholders in decision and management processes;*
- (g) *Project acceptance among local stakeholders (relevant only for validation);*
- (h) *No deterioration in equitable income distribution among local stakeholders.]<sup>ch</sup>*

**Option 4: [I. Standard information for environmental impact assessment**

1. *The purpose of this annex is to outline the standard set of information required to be considered for the purposes of an environmental impact assessment of each afforestation or reforestation project activity. An environmental impact assessment of each afforestation or reforestation project activity shall be undertaken for the purposes of validation and registration of a project. Environmental impact assessment shall be an ongoing process and shall be included as part of the monitoring process. Methodologies for undertaking the environmental impact assessment shall be included in the project design document.*

2. *The environmental impact assessment shall be based on a description of the environmental conditions before the start of the project activity, both within the project boundary and in areas outside the project boundary likely to be affected by the project, and the likely changes according to, inter alia, the following potential effects:*

- (a) *Land forms and soils:*
  - (i) *Slope, bank all shore instability;*
  - (ii) *Real, gully or shore erosion;*



- (iii) *Loss of nutrients and organic matter*
  - (iv) *Decrease or alteration of microflora and fauna*
  - (v) *Decrease in cation-exchange capacity*
  - (vi) *Soil compaction*
  - (vii) *Laterization*
  - (viii) *Rutting and swamping of soils*
  - (ix) *Burial of downslope soils as a result of excessive erosion and sedimentation]<sup>iv</sup>*
- (b) *Water resources*
- (i) *Decreased infiltration and groundwater recharge;*
  - (ii) *Increased storm run-off;*
  - (iii) *Decreased base flow, lose dependable year-round discharge;*
  - (iv) *Local ponding of water;*
  - (v) *Increased turbidity*
  - (vi) *Accelerated eutrophication*
  - (vii) *Contamination of waters with hydrocarbons, biocides and wood preservatives;*
  - (viii) *Increased sediment loads, with a detrimental effects on channel stability, waterlife, useful reservoir life, navigation.*
  - (ix) *If plantations are fertilized, the loss of excess fertilizer may accelerate the eutrophication*
  - (x) *Return water from irrigated plantations may be saline*
  - (xi) *Tree roots from shelter belts may invade adjacent crop land, clog drainage tiles and withdraw water from irrigation ditches*
- (c) *Climate and air quality:*
- (i) *Higher ground temperatures*
  - (ii) *Local and regional desiccation of the climate*
  - (iii) *Release of duet and fumes*
  - (iv) *Release of CO<sub>2</sub>*
- (d) *Vegetation:*
- (i) *High forest may not regenerate itself;*
  - (ii) *Whole species may become extinct or depleted;*
  - (iii) *Genetic erosion as a result of selective cutting of superior trees;*
  - (iv) *Undesirable secondary forest growth*

- (v) *Influx of persistent weeds;*
  - (vi) *Seed trees may not survive mechanical damage and "isolation shock"*
  - (vii) *Adjacent and cut forest may be damaged by machinery, wind throw, fires, illegal felling, sedimentation, hydrologic changes and intensified shifting cultivation;*
  - (viii) *Regeneration may be affected by changes in the populations of animals that act as pollinators or seed vectors*
- (e) *Wildlife and fisheries*
- (i) *Entire rare and endemic species may be eliminated or depleted;*
  - (ii) *Some animals may be killed outright;*
  - (iii) *Nesting sites, including hollow trees, may be eliminated or damaged;*
  - (iv) *Feeding and breeding grounds may be eliminated;*
  - (v) *Spawning and nursery areas and bottom organisms (benthos) may be damaged or destroyed by logging debris;*
  - (vi) *Animals may be displaced by noise and human presence;*
  - (vii) *Displaced animals can induce reproductive and other stress in existing animal populations in uncut forest;*
  - (viii) *Some animals can be favoured by new browse and habitats created by logging; however, some of these animals can become pests or disease vectors*
  - (ix) *Some herbivores can be displaced and made dependent on agricultural crops*
  - (x) *May damage aquatic habitats with improper disposal of sawdust and other wastes*
  - (xi) *Fires from clearing and other operations may kill species and destroy or harm important ecological communities*
  - (xii) *May serve as new access routes, thereby increasing hunting pressure, poaching, illegal felling and shifting cultivation*
- (f) *Protected areas:*
- (i) *Damage to existing conservation areas (parks, game reserves, protection forests, etc.) either directly or indirectly by affecting the buffer zones around these areas*
  - (ii) *Damage to conservation areas that have vague legal statue or that are poorly demarcated on the ground*
  - (iii) *Disruption of conservation plans by affecting areas that have not yet been legally or administratively set aside.*

## **II. Standard information for social impact assessment**

1. *The purpose of this annex is to outline the standard set of information required to be considered for the purposes of a social impact assessment of each afforestation or reforestation project activity. A social impact assessment of each afforestation or reforestation project activity shall be undertaken for*

*the purposes of validation and registration of a project. Social impact assessments shall be an ongoing process and shall be included as part of the monitoring process. Methodologies for undertaking the social impact assessment shall be included in the project design document.*

2. *The social impact assessment shall be based on a description of the social conditions before the project activity begins, both within the project boundary and areas outside the project boundary likely to be affected by the project, and the likely changes according to, inter alia, the following potential effects:*

- (a) *General amenity*
  - (i) *Reduction in the amenity value of a region through adverse visual effects*
  - (ii) *May serve as axis for new unplanned settlements*
  - (iii) *May be unsightly if poorly maintained or abandoned without proper clean-up*
  - (iv) *May cause dust or other particulate emissions*
  - (v) *Generates solid waste*
  - (vi) *Noise*
  - (vii) *Fire hazards*
  - (viii) *Source of accidents*
  - (ix) *May interfere with local traffic*
- (b) *Traditional cultures and subsistence economy*
  - (i) *Traditional shelter, food and other resources of forest dwellers could be reduced or eliminated*
  - (ii) *In remote areas, "culture shock, and attendant social unrest could occur*
  - (iii) *Damage to or destruction of sites of religious or other heritage value*
  - (iv) *Disruption of local non-cash economy*
  - (v) *May accelerate the erosion of traditional cultural values*
  - (vi) *Long-term decrease in fuelwood supply*
  - (vii) *Conflict over job opportunities or lack thereof in the forestry sector*
  - (viii) *Harassment or illegal hunting of local wildlife used for subsistence by local population*
  - (ix) *May cause land use conflicts*
  - (x) *Can be source of friction with local residents*
- (c) *Epidemiology*
  - (i) *Higher incidence of malaria (exposure of stagnant water) and other diseases*
  - (ii) *More contact between vectors of arbovirus diseases and man*

- (iii) *Creation of habitats for potential animal vectors of diseases (mainly grasslands invaded by rodents)*
- (iv) *Introduction of diseases by forestry workers]<sup>iv</sup>*

[Annex II]<sup>1k</sup>**PROPOSED CHANGES TO OTHER DECISIONS**

*(Note: In order to address non-permanence, some Parties have proposed changes to the annex to draft decision -/CMP.1 (Modalities rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol); to the annex to draft decision -/CMP.1 (Modalities for the accounting of assigned amounts); to the appendix to decision 22/CP.7 (Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol; and to Appendix I to decision 23/CP.7 (Guidelines for review under Article 8 of the Kyoto Protocol). Only proposed changes are reflected in this Annex.*

*For the purposes of the afforestation and reforestation project activities only the paragraphs written below should be kept. All the remaining paragraphs in the original annexes should be deleted in the present, mutatis mutandis).*

**Modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol** *(Annex to draft decision -/CMP.1 (Modalities for the accounting of assigned amounts)*

**I. MODALITIES***Option 1:*

*[Paragraphs 1 through 69 of the annex to decision 19/CP.7 on the modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol apply with the following changes:*

*Add “TRECERs” to the following paragraphs 12 (d)-(f), 13, 14, 15, 20, 21 (b)-(e), 30, 32-37, 40, 41, 41(b), 43 (b), 47(a), (d), (f), (h)-(j), (l), 48, 49, 49(a),(b), 51, 53, 58(a),(b),(g),(h),(i),(j), 59(b),62(b),(d).*

*2(bis) A “temporary removal equivalent to a certified emission reduction” or “TRECER” is a unit issued pursuant to Article 12 and requirements thereunder, as well as the relevant provisions in both annexes 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.*

*11 (b) (bis) Acquisitions of TRECERs in accordance with Article 12;*

*15 (b) Any CERs held in its national registry, which is not a TRECER and which has not been retired for that commitment period or cancelled, to a maximum of 2.5 per cent of the assigned amount pursuant to Article 3, paragraphs 7 and 8, of that Party;*

*15 (bis) TRECERs may not be carried over to the subsequent commitment period.*

*17. add “TRECERs” to the first list of units but not the second.*

*19 add “TRECERs” to the first list of units but not the second*

*31. Change “CERs” to TRECERs”*

*38. add “TRECERs” to the first list of units but not the second*

*39 (second sentence) The Executive Board of the CDM shall initiate issuance of CERs and/or TRECERs by directing the CDM registry to issue CERs and/or TRECERs into it pending account in accordance*

*with the requirements of Article 12 and requirements thereunder, as well as the relevant provisions in both annexes to decision –CMP.1 (Article 12)*

*39 (last sentence) add “TRECERs” to the first list of units.*

*42 (c) replace “CERs” with “TRECERs”*

*52 (b) replace “CERs” with “TRECERs”*

*58 (c) replace “CERs” with “TRECERs”]<sup>iv</sup>*

*Option 2:*

**D. Additions to, and subtractions from, assigned amount pursuant to Article 3, paragraphs 7 and 8, for the accounting of the compliance assessment**

*11. [At the end of the additional period for fulfilling commitments, the acquisition by the Annex I Party of RMUs converted from CERs from afforestation and reforestation CDM project activities shall be added to the assigned amount pursuant to Article 3, paragraphs 7 and 8, in accordance with Article 3, paragraph 12, for the accounting of the compliance assessment for the commitment period.]<sup>br</sup>*

*12. [At the end of the additional period for fulfilling commitments, the following subtractions from the assigned amount pursuant to Article 3, paragraphs 7 and 8, of a Party shall be made in accordance with Article 3, paragraphs 3, 4 and 11, for the accounting of the compliance assessment for the commitment period:*

*New para (e bis) Cancellation by the Party of ERUs, CERs, AAUs and/or RMUs following the retirement of CERs from afforestation and reforestation activities in the previous commitment period.]<sup>co</sup>*

**E. Basis for the compliance assessment**

*13. [Each Party included in Annex I shall retire, temporarily, RMUs converted from CERs from afforestation and reforestation CDM project activities for the purpose of demonstrating its compliance with its commitment under Article 3, paragraph 1.]<sup>br</sup>*

*New para.13bis. [RMUs converted from CERs from afforestation and reforestation activities are valid only temporarily. They may be used for compliance only in the commitment period they were issued. The RMUs converted from CERs from afforestation and reforestation CDM project activities used for compliance expire and shall be replaced by any other valid unit, including RMUs converted from CERs from afforestation and reforestation CDM project activities, at the end of the additional period for fulfilling commitments of the subsequent commitment period.]<sup>br</sup>*

*New para. 14 bis. [The assessment, after the expiration of the additional period for fulfilling commitments, of the compliance of a Party included in Annex I with its commitment to replace CERs for an afforestation or reforestation CDM project activity retired or cancelled in previous commitment periods, shall be based on the comparison of the number of CERs from afforestation and reforestation CDM project activities that have been retired in previous commitment periods, with the number of ERUs, CERs, AAUs and/or RMUs transferred into the relevant cancellation account.]<sup>co</sup>*

**F. Carry-over**

*16. [RMUs converted from CERs from afforestation and reforestation CDM project activities shall not be carried over to the subsequent commitment period.]<sup>br</sup>*

## II. REGISTRY REQUIREMENTS

### C. Transfer, acquisition, cancellation, retirement and carry-over

21. *[Each national registry shall have the following accounts:*
- (a) At least one holding account for the Party;*
  - (b) At least one holding account for each legal entity authorized by the Party to hold ERUs, CERs, AAUs and/or RMUs under its responsibility;*
  - (c) At least one cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph X(d) above;*
  - (d) Option 1: One cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph X(e) above;*
  - (e) At least one cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph X(f) above;*
  - (f) One retirement account for each commitment period.*
  - (g) One cancellation account for each commitment period for the purpose of replacing ERUs, CERs, AAUs and RMUs equal to CERs from afforestation and reforestation CDM project activities that have been retired or cancelled in previous commitment periods under paragraph 12 (e bis) above.]<sup>co</sup>*
30. *[RMUs converted from CERs from afforestation and reforestation CDM project activities may be transferred between registries in accordance with decisions -/CMP.1 (Article 12), -/CMP.1 (Article 17) and -/CMP.1 (Land use, land-use change and forestry), and may be transferred within registries.*
31. *Each Party included in Annex I shall ensure that its net acquisitions of RMUs converted from CERs from afforestation and reforestation CDM project activities for the first commitment period do not exceed the limits established for that Party as set out in draft decision -/CMP.1 (Land use, land-use change and forestry).*
33. *Each Party included in Annex I may cancel RMUs converted from CERs from afforestation and reforestation CDM project activities so they cannot be used in fulfillment of commitments under Article 3, paragraph 1, in accordance with paragraph 12 (f) in the annex of decision -/CMP.1 (Modalities for the accounting of assigned amount), by transferring them to a cancellation account in its national registry. Legal entities, where authorized by the Party, may also transfer RMUs converted from CERs from afforestation and reforestation CDM project activities into a cancellation account.*
34. *Prior to the end of the additional period for fulfilling commitments, each Party included in Annex I shall temporarily retire RMUs converted from CERs from afforestation and reforestation CDM project activities valid for that commitment period for use towards meeting its commitments under Article 3, paragraph 1, in accordance with paragraph 13 above, by transferring them to the pending retirement account for that commitment period in the CDM registry.]<sup>br</sup>*
- New para. 34 bis. [Before the end of the additional period for fulfilling commitments, each Party included in Annex I shall cancel ERUs, CERs, AAUs and/or RMUs equal to the number of CERs from afforestation and reforestation CDM project activities retired and/or cancelled in previous commitment periods.]<sup>co</sup>*

35. *[RMUs converted from CERs from afforestation and reforestation CDM project activities transferred to cancellation accounts in the CDM registry or in the national registry of the Party included in Annex I or transferred to its pending retirement account in the CDM registry for a commitment period may not be further transferred or carried over to the subsequent commitment period. RMUs converted from CERs from afforestation and reforestation CDM project activities transferred to cancellation accounts in any registry may not be used for the purpose of demonstrating the compliance of a Party with its commitment under Article 3, paragraph 1.*

36. *[Expired RMUs converted from CERs from afforestation and reforestation CDM project activities of any previous commitment period held in the pending retirement account in the CDM registry of a Party included in Annex I which have been used for temporary retirement in any commitment period shall be cancelled in accordance with paragraph 12(f) in the annex of decision -/CMP.1 (Modalities for the accounting of assigned amount) by the end of the commitment period by transferring them to the cancellation account in the national registry of the Party included in Annex I and by transferring an equivalent amount of ERUs, CERs, AAUs and/or RMUs relating to activities under Article 3, paragraph 3, and or elected activities under Article 3, paragraph 4 to the pending retirement account for the Party included in Annex I for the commitment period in question in the CDM registry or, alternatively, by transferring an equivalent amount of RMUs converted from CERs from afforestation and reforestation CDM project activities issued for the commitment period to the pending retirement account for the Party included in Annex I for the previous commitment period in question in the CDM registry.*

*New para. 36bis RMUs converted from CERs from afforestation and reforestation CDM project activities may only be transferred to the pending retirement account of a Party included in Annex I in the CDM registry for:*

*(a) Use towards meeting its commitments under Article 3, paragraph 1 of the commitment period on which they were issued, in accordance with paragraphs 13 and 13bis above, or*

*(b) Use towards replacing expired RMUs converted from CERs from afforestation and reforestation CDM project activities.*

*(b bis) the replacement of the retired RMUs referred to in subparagraph (b) above is allowed only until the [eight] immediately preceding commitment periods to the one where the RMUs were issued.*

37. *Where the compliance committee determines that the Party is not in compliance with its commitment under Article 3, paragraph 1, for any commitment period because of holding of expired RMUs converted from CERs from afforestation and reforestation CDM project activities from the previous commitment period, the Party shall transfer the quantity of ERUs, CERs, AAUs and/or RMUs relating to activities under Article 3, paragraph 3, and or elected activities under Article 3, paragraph 4 calculated in accordance with decision 24/CP.7 into the relevant cancellation account of the national registry of the Party included in Annex I, in accordance with paragraph 12(e) in the annex of decision -/CMP.1 (Modalities for the accounting of assigned amount).]<sup>br</sup>*

#### **D. Transaction procedures**

38. *[The secretariat shall establish and maintain an independent transaction log to verify the validity of transactions, including issuance, transfer and acquisition between registries, cancellation and retirement of RMUs converted from CERs from afforestation and reforestation CDM project activities.*

39. *The Executive Board of the CDM shall initiate issuance of RMUs from afforestation and reforestation CDM project activities by directing the CDM registry to convert CERs issued into its pending account in accordance with the requirements in Article 12 and requirements thereunder, as well as the relevant provisions in the annex to decision -/CMP.1 (Article 12). Subject to notification by the transaction log that there are no discrepancies pertaining to the issuance, the issuance shall be*



completed when specific RMUs converted from CERs from afforestation and reforestation CDM project activities are recorded in the specified account.

40. A Party included in Annex I shall initiate any transfer of RMUs converted from CERs from afforestation and reforestation CDM project activities, including those to cancellation in its national registry and pending retirement accounts in the CDM registry, by directing its national registry to transfer specified RMUs converted from CERs from afforestation and reforestation CDM project activities to a specific account within that registry or another registry. The Executive Board of the CDM shall initiate any transfer of RMUs converted from CERs from afforestation and reforestation CDM project activities held in the CDM registry by directing it to transfer specified RMUs converted from CERs from afforestation and reforestation CDM project activities to a specific account within that registry or another registry. Subject to notification by the transaction log, where applicable, that there are no discrepancies pertaining to the transfer, the transfer shall be completed when the specified RMUs converted from CERs from afforestation and reforestation CDM project activities are removed from the transferring account and are recorded in the acquiring account.

42. Upon receipt of the record, the transaction log shall conduct an automated check to verify that there is no discrepancy, with regard to:

(c) In the case of acquisitions of RMUs converted from CERs from afforestation and reforestation CDM project activities: infringement of the limits contained in draft decision -/CMP.1 (Land use, land-use change and forestry);

(d) In the case of a retirement of RMUs converted from CERs from afforestation and reforestation CDM project activities:

- (i) the eligibility of the Party included in Annex I involved to use RMUs converted from CERs from afforestation and reforestation CDM project activities to contribute to its compliance under Article 3, paragraph 1; and
- (ii) the units previously expired held in its pending retirement account in any of the [eight] preceding commitment periods in the CDM registry, in accordance with paragraph 36bis above;

43. Upon completion of the automated check, the transaction log shall notify the initiating and, in the case of transfers to another registry, the acquiring registry of the results of the automated check. Depending on the outcome of the check, the following procedures shall apply:

(b) In the event of a failure by the initiating registry to terminate the transaction, the RMUs converted from CERs from afforestation and reforestation CDM project activities involved in the transaction shall not be valid for use towards compliance with commitments under Article 3, paragraph 1, until the problem has been corrected and any questions of implementation pertaining to the transaction have been resolved. Upon resolution of a question of implementation pertaining to a Party's transactions, that Party shall perform any necessary corrective action within 30 days;]<sup>br</sup>

#### **E. Publicly accessible information**

47. [The information referred to in paragraph 44 in the Annex of decision -/CMP.1 (Modalities for the accounting of assigned amount) shall include the following holding and transaction information relevant to the national registry, by serial number, for each calendar year (defined according to Greenwich Mean Time):

(a) The total quantity of RMUs converted from CERs from afforestation and reforestation CDM project activities in each account at the beginning of the year;

(d) *The total quantity of RMUs converted from CERs from afforestation and reforestation CDM project activities acquired from other registries and the identity of the transferring accounts and registries;*

(f) *The total quantity of RMUs converted from CERs from afforestation and reforestation CDM project activities transferred to other registries and the identity of the acquiring accounts and registries;*

(g) *The total quantity of RMUs converted from CERs from afforestation and reforestation CDM project activities cancelled;*

(h) *The total quantity of RMUs converted from CERs from afforestation and reforestation CDM project activities cancelled following determination by the compliance committee that the Party is not in compliance with its commitment under Article 3, paragraph 1;*

(j) *The total quantity of RMUs converted from CERs from afforestation and reforestation CDM project activities pending retirement for each commitment period;]<sup>br</sup>*

*New para (j) bis. [The total number of ERUs, CERs, AAUs and RMUs cancelled to replace CERs from afforestation and reforestation project activities retired or cancelled in previous commitment periods.]<sup>co</sup>*

(l) *[Current holdings of RMUs converted from CERs from afforestation and reforestation CDM project activities in each account.*

48. *The information referred to in paragraph 44 above shall include a list of legal entities authorized by the Party to hold RMUs converted from CERs from afforestation and reforestation CDM project activities under its responsibility.]<sup>br</sup>*

### **III. COMPILATION AND ACCOUNTING OF EMISSION INVENTORIES AND ASSIGNED AMOUNTS**

#### **A. Report upon expiration of the additional period for fulfilling commitments**

49. *Option 1: [Upon expiration of an additional period for fulfilling commitments, each Party included in Annex I shall report to the secretariat and make available to the public, in a standard electronic format, the following information on RMUs converted from CERs from afforestation and reforestation CDM project activities valid for the commitment period in question:*

(a) *The total quantities of the categories of RMUs converted from CERs from afforestation and reforestation CDM project activities listed in paragraph 47(a) to (j) above, for the current calendar year until the end of the additional period for fulfilling commitments (defined according to Greenwich Mean Time);*

(b) *The total quantity and serial numbers of RMUs converted from CERs from afforestation and reforestation CDM project activities held in its pending retirement account in the CDM registry;]<sup>br</sup>*

*Option 2: Upon expiration of an additional period for fulfilling commitments, each Party in included Annex I shall report to the secretariat and make available to the public, in a standard electronic format, the following information. This information shall only include ERUs, CERs, AAUs and RMUs valid for the commitment period in question:*

(a) *The total numbers of the categories of ERUs, CERs, AAUs and RMUs listed in paragraph 47(a) to (j) above, for the current calendar year until the end of the additional period for fulfilling commitments (defined according to Greenwich Mean Time);*

(b) *The total number and serial numbers of ERUs, CERs, AAUs and RMUs in its retirement accounts and CERs cancellation account;*

(c) *The total number and serial numbers of ERUs, CERs and AAUs which the Party requests to be carried over to the subsequent commitment period.]<sup>co</sup>*

### **B. Compilation and accounting database**

51. *[A separate record shall be maintained in the database for each Party included in Annex I for each commitment period. Information on RMUs converted from CERs from afforestation and reforestation CDM project activities shall only include units valid for the commitment period in question*

52. *The secretariat shall record in the database for each Party included in Annex I the following information:*

(b) *For the first commitment period, limits on net acquisitions of RMUs converted from CERs from afforestation and reforestation CDM project activities pursuant to decision -/CMP.1 (Land use, land-use change and forestry).*

*New sub-para. ((b)bis) Units used for temporary retirement in the [eight] previous commitment periods in the CDM registry and these units shall be recorded separately for each type of unit.*

53. *The secretariat shall record in the database, for each Party included in Annex I, whether it is eligible to transfer and/or acquire RMUs converted from CERs from afforestation and reforestation CDM project activities pursuant to decisions -/CMP.1 (Article 17) and to use RMUs converted from CERs from afforestation and reforestation CDM project activities to contribute to its compliance under Article 3, paragraph 1, pursuant to decision -/CMP.1 (Article 12).]<sup>br</sup>*

58. *[The secretariat shall annually record in the database for each Party included in Annex I the following information related to transactions, for the previous calendar year and to date for the commitment period, following completion of the annual review under Article 8, including the application of any corrections, and resolution of any relevant questions of implementation:*

(a) *Total transfers of RMUs converted from CERs from afforestation and reforestation CDM project activities;*

(b) *Total acquisitions of RMUs converted from CERs from afforestation and reforestation CDM project activities;*

(c) *Net acquisitions of RMUs converted from CERs resulting from afforestation and reforestation CDM project activities;*

(g) *Total cancellations of RMUs converted from CERs from afforestation and reforestation CDM project activities;*

(h) *Total cancellations of RMUs converted from CERs from afforestation and reforestation CDM project activities following determination by the compliance committee that the Party is not in compliance with its commitment under Article 3, paragraph 1;*

(i) *Total of any other cancellations of RMUs converted from CERs from afforestation and reforestation CDM project activities;*

(j) *Total of RMUs converted from CERs from afforestation and reforestation CDM project activities transferred to the pending retirement account for each Party included in Annex I in the CDM registry for the commitment period and for the [eight] previous commitment periods.]<sup>br</sup>*

*New sub-para. [Total cancellations of ERUs, CERs, AAUs and RMUs used to replace CERs for afforestation and reforestation project activities retired or cancelled in previous commitment periods.]<sup>co</sup>*

59. *[Upon expiration of the additional period for the fulfillment of commitments, and following review under Article 8 of the report submitted by the Party included in Annex I under paragraph 49 above, including the application of any corrections, and the resolution of any relevant questions of implementation, the secretariat shall record in the database the following information for each Party included in Annex I:*

*(a) For RMUs converted from CERs from afforestation and reforestation CDM project activities the total additions to the assigned amount pursuant to Article 3, paragraphs 7 and 8, for the accounting of the compliance assessment, in accordance with paragraph 11 above;*

*(b) The total quantity of RMUs converted from CERs from afforestation and reforestation CDM project activities in its pending retirement account for any commitment period in the CDM registry.]<sup>br</sup>*

### **C. Compilation and accounting reports**

62. *[After the commitment period and the additional period for fulfilling commitments, the secretariat shall publish a final compilation and accounting report for each Party included in Annex I and forward it to the COP/MOP, the compliance committee and the Party concerned, indicating:*

*(b) The total quantity of RMUs converted from CERs from afforestation and reforestation CDM project activities in pending retirement account of the Party included in Annex I for any commitment period in the CDM registry, as recorded under paragraph 59 (b) above;]<sup>br</sup>*

**Modalities for the calculation of the commitment period reserve** *(Annex to draft decision -/CMP.1 (Modalities rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol)*

*Option 1:*

7. *[Holdings of RMUs converted from CERs from afforestation and reforestation CDM project activities shall not be used for the commitment period reserve for the relevant commitment period]<sup>br</sup>*

*Option 2:*

*[Paragraphs 1 through 10 of the annex to decision -/CMP.1 on the modalities, rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol shall apply with the following changes:*

*add "TRECERs" to paragraphs 7 and 9]<sup>lv</sup>*

**Reporting of supplementary information under Article 7, paragraph 1 and 2, of the Kyoto Protocol** *(Appendix to decision 22/CP.7 (Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol))*

*[Paragraphs 1 through 3 of the Appendix to decision 22/CP.7 on guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol shall apply with the following changes:*

*add "TRECERs" to paragraphs 1(a),(c),(d),(f),(g),(h),(i),(k) and 3 (d) (i),(ii),(iii),(iv),(v)]<sup>lv</sup>*

**Review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, emission reductions units, certified emission reductions, assigned amount and removals units** (*Appendix I to decision 23/CP.7 (Guidelines for review under Article 8 of the Kyoto Protocol)*)

[Paragraphs 1 through 15 of Appendix I to decision 23/CP.7 on guidelines for review under Article 8 of the Kyoto Protocol shall apply with the following changes:

add “TRECERS” to paragraphs 1, 2, 5 (c) and 12 (e).]<sup>iv</sup>

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