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**AD HOC WORKING GROUP ON FURTHER COMMITMENTS  
FOR ANNEX I PARTIES UNDER THE KYOTO PROTOCOL**

**Eighth session**

**Bonn, 1–12 June 2009**

**Item 3 (b) of the provisional agenda**

**Consideration of further commitments for Annex I Parties under the Kyoto Protocol**

**Proposal by Parties on issues outlined in the work programme of the Ad Hoc Working Group on  
Further Commitments for Annex I Parties under the Kyoto Protocol**

**A text on other issues outlined in document FCCC/KP/AWG/2008/8**

**Note by the Chair\***

*Summary*

The Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol, at its seventh session, requested its Chair to prepare a text on other issues outlined in the report on its resumed sixth session. This document presents such a text in the form of decision language, covering the following issues: emissions trading and the project-based mechanisms; land use, land-use change and forestry; greenhouse gases, sectors and source categories; common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks; and methodological and other issues. Proposals for amendments to the Kyoto Protocol relating to some of these issues have been submitted by a number of Parties. These proposals are compiled, as submitted by Parties, in a separate annex.

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\* This document was submitted after the due date in view of the need to ensure full consideration of all textual proposals submitted by Parties.

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## Introduction

### A. Mandate

1. At its seventh session,<sup>1</sup> the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) requested its Chair to prepare a text on other issues outlined in the report on its resumed sixth session.<sup>2</sup>

2. At the same session, the AWG-KP invited Parties to submit to the secretariat, by 24 April 2009, further views and proposals on matters relating to the request referred to above.<sup>3</sup> It requested its Chair to consider these submissions, as well as work undertaken and other submissions invited during the seventh session of the AWG-KP, in responding to this request.<sup>4</sup>

### B. Scope of the note

3. This document addresses the following issues:

- Emissions trading and the project-based mechanisms (annex I);
- Land use, land-use change and forestry (LULUCF) (annex II);
- Greenhouse gases, sectors and source categories; common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks; and other methodological issues (annex III);
- Other issues (annex IV).

4. In accordance with the request to the Chair, the text contained in annexes I, III and IV is based on proposals by Parties, as presented in their submissions, as well as on work undertaken during the seventh session of the AWG-KP.

5. The Chair recalls the request by the AWG-KP<sup>5</sup> for the text on issues relating to LULUCF to be based on annex V to the report on the seventh session.<sup>6</sup> For this reason, annex II reflects, without any modification, the text contained in annex V to that report. Related proposals by Parties for amendments to the Kyoto Protocol are compiled in annex V to this document (see para. 9 below).

6. With a view to assisting Parties in forwarding the results of the work of the AWG-KP to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) for adoption at its fifth session, the text contained in annexes I–IV is presented in the form of decision text. These annexes specify action by the CMP required to adopt and implement the different proposals put forward by Parties. The text in the annexes could, at the appropriate time, be transformed into draft decisions for adoption by the CMP at its fifth session.

7. The Chair is conscious of reservations expressed by some Parties on the approach to developing this document, in particular with regard to proposals for amendments to the Kyoto Protocol beyond Annex B and any consequential amendments. At the same time, the Chair is also conscious of the

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<sup>1</sup> FCCC/KP/AWG/2009/5, paragraph 74 (b).

<sup>2</sup> FCCC/KP/AWG/2008/8, paragraph 49 (c).

<sup>3</sup> FCCC/KP/AWG/2009/5, paragraph 75.

<sup>4</sup> FCCC/KP/AWG/2009/5, paragraph 76.

<sup>5</sup> FCCC/KP/AWG/2009/5, paragraph 48.

<sup>6</sup> FCCC/KP/AWG/2009/5.

interest of other Parties in discussing such proposals. The Chair expects that Parties will be able to resolve their differences on the form and contents of the results of the work pursuant to decision 1/CMP.1 in the course of the year.

8. As noted in paragraph 6 above, annexes I–IV contain exclusively text in the form of decision language. These annexes, hence, cover only those proposals which Parties consider would not trigger amendments to the Kyoto Protocol.

9. Proposals for amendments to the Kyoto Protocol relating to the issues identified in paragraph 3 above have been submitted by 42 Parties. These proposals have not been incorporated into annexes I–IV but, rather, explicit textual proposals have been compiled in annex V, as submitted by Parties. If Parties wish these amendments to be considered for adoption by the CMP at its fifth session, they should note that, in accordance with Article 20, paragraph 2, of the Kyoto Protocol, the text for any proposed amendments shall be communicated to the Parties at least six months before the meeting at which it is proposed for adoption. If the CMP is to adopt any amendments at its fifth session, the text for any proposed amendments will need to be circulated by 17 June 2009.

**C. Possible action by the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol**

10. The AWG-KP may wish to consider the annexes to this document and advance work on the development of negotiating texts addressing the issues identified in paragraph 3 above. In particular, it may wish to consider the provisions contained in these annexes and narrow down the options in order to deal with the different proposals.

Annex I**Emissions trading and the project-based mechanisms***In relation to land use, land-use change and forestry activities under the clean development mechanism*

## Option 1:

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

## Option 2:

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

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

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

- (a) [Temporary certified emission reductions and long-term certified emission reductions;]
- (b) [The cancellation of units by the host Party on a voluntary basis;]
- (c) [Insurance for project activities to cover the cancellation of units;]
- (d) [The cancellation of units from buffers established to set aside units for such purposes;]
- (e) [The cancellation of units from credit reserves established to set aside quantities of units not retired at the end of a commitment period for such purposes;]
- (f) [Accounting for emissions from harvesting of forests established under the clean development mechanism where they occur;]
- (g) [Exemptions from modalities and procedures for addressing potential non-permanence in the case of low-risk project activities;]

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

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

Option 1:

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

Option 2:

5. *Decides* that activities relating to carbon dioxide capture and storage in geological formations<sup>1</sup> shall be eligible as project activities under the clean development mechanism in the second [and subsequent] commitment period[s][, provided that, for the second commitment period, no more than two projects per region shall be registered];

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

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

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

Option 1:

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

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<sup>1</sup> [Including saline aquifers and excluding ocean sequestration.]

Option 2:

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

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

(a) Specific requirements for eligible nuclear activities;

(b) [...];

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

Option 1:

No decision to be made with respect to this issue

Option 2:

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

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

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

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

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

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

12. *Agrees* that the criteria and standards by which credits issued for nationally appropriate mitigation actions need to be established, building on the current methodology for the clean development

mechanism under the Kyoto Protocol, and that it shall adopt a decision at its sixth meeting on the operation of this crediting mechanism, including in relation to:

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

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

Option 1:

No decision to be made with respect to this issue

Option 2:

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

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

- (a) [...];

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

- (a) Be established on the basis of:
  - (i) Option 1: similar project activities undertaken in the previous five years, in similar social, economic, environmental and technological circumstances, whose performance is among the top [10] [20] per cent of their category;
  - (ii) Option 2: top-performing installations or processes in the relevant sector, based on, inter alia, the performance of key technologies that are beyond common practice and technology penetration rates;
  - (iii) Option 3: the top [x] per cent of the current distribution of carbon intensity for specific types of project activities or within specific sectors;
  - (iv) Option 4: the current distribution of carbon intensity for specific types of project activities or within specific sectors;
- (b) [Reflect national circumstances] [Be regional, national or subnational in nature] and be [periodically] [annually] adjusted;

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



17. *Encourages* participants in clean development mechanism projects to apply the guidance of the Executive Board of the clean development mechanism on standardized baselines, where appropriate, in developing new baseline methodologies, including the application of standardized baselines developed by the Executive Board;

18. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the development of standardized, multi-project baselines under the clean development mechanism, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [sixth] [seventh] session, including modalities and procedures in relation to:

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

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

Option 1:

No decision to be made with respect to this issue

Option 2:

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

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

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

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

Option 1:

No decision to be made with respect to this issue

Option 2:

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

- (a) A higher threshold for small-scale project activities;
- (b) [Exemption from] [Further simplification of] requirements for the demonstration of additionality in relation to small-scale project activities;

- (c) The financing of the validation, verification and certification of project activities through the [clean development mechanism management plan] [financial mechanism of the Convention];
- (d) [...];

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

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

Option 1:

No decision to be made with respect to this issue

Option 2:

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

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

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

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

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

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

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

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

Option 1:

No decision to be made with respect to this issue

Option 2:

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

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

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

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

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

Option 1:

No decision to be made with respect to this issue

Option 2:

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

one or more sectors in which those projects are undertaken:

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

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

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

Option 1:

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

Option 2:

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

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

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

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

Option 1:

No decision to be made with respect to this issue

Option 2:

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

(a) [...];

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

(a) Technology transfer;

(b) Environmental services such as air pollution reduction, improvement of water quality, proper treatment and reduction of waste, conservation of biodiversity and management of hydrological resources;

(c) [...];

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

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

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

Option 1:

38. *Decides* that the current restrictions on the carry-over of Kyoto units to the subsequent commitment period shall be maintained;

Option 2:

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

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

(a) [...];

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

Option 1:

No decision to be made with respect to this issue

Option 2:

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

purpose of compliance with its emission commitment under Article 3, paragraph 1, of the Kyoto Protocol in the current commitment period;

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

*In relation to extending the share of proceeds*

Option 1:

No decision to be made with respect to this issue

Option 2:

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

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

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

Option 1:

No decision to be made with respect to this issue

Option 2:

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

*In relation to the commitment period reserve*

Option 1:

No decision to be made with respect to this issue

## Option 2:

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

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

Annex II**Land use, land-use change and forestry**

*Note: This section presents a proposal for a text on land use, land-use change and forestry on the basis of revisions to the annex to decision 16/CMP.1, as contained in annex V to the report on the seventh session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol.*

**A. Definitions**

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

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

Option 2: (replace (e) above with) **"Revegetation" is a direct human-induced activity to increase carbon stocks on sites through the establishment of vegetation that covers a minimum area of 0.05 hectares and does not meet the definitions of**

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<sup>1</sup> "Article" in this annex refers to an Article of the Kyoto Protocol, unless otherwise specified.



**afforestation and reforestation above. If elected, the activity includes accounting for direct human-induced activities that decrease carbon stocks on land which has been categorized as a revegetation area and does not met the definition of deforestation;]**

- (f) “Forest management” is a system of practices for stewardship and use of forest land aimed at fulfilling relevant ecological (including biological diversity), economic and social functions of the forest in a sustainable manner. **[Human-induced decrease in carbon stocks and/or increases in greenhouse gas emissions on forested land remaining forested land shall be included;]**
- (g) “Cropland management” is the system of practices on land on which agricultural crops are grown and on land that is set aside or temporarily not being used for crop production;
- (h) “Grazing land management” is the system of practices on land used for livestock production aimed at manipulating the amount and type of vegetation and livestock produced;
- [(h bis) Option 1: “Wetland restoration” is a direct human-induced activity to reduce emissions of greenhouse gases and thus limiting carbon stock degradation by restoring degraded wetlands. If elected, the activity includes emissions of greenhouse gases and reduction of carbon stocks resulting from human-induced drainage of wetlands;]**
- [(h ter) “Planted production forest” is a forest consisting of introduced species, which as at 1990 met all the following criteria: one or two species at plantation, even age class, and regular spacing. The “planted production forest” shall have been established by direct human-induced conversion of non-forest land to forest land by the planting and/or seeding provisions of an afforestation or reforestation activity;**
- (h qua) “Equivalent forest” means an area of forest that will achieve at least the same carbon stock over the same period as would have occurred had the area of harvested “planted production forest” been re-established;]**
- [(h quin) “Force majeure” means, for the purposes of this decision, an extraordinary event or circumstance that is beyond the control of Parties, and may include wildfire, severe pest outbreak, flooding, landslide, volcano, earthquake, or severe wind storm;**
- (h sex) “Time out” is a period of time where accounting for land has been suspended as a result of a force majeure;**
- (h sept) “Certified Sustainable Forest Management” is socially just and ecologically responsible management of forests that has been certified, and that such certification has been considered by the Subsidiary Body for Scientific and Technological Advice (SBSTA) and subsequently approved by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) and is based on the criteria provided for in this annex;**
- (h oct) “Harvested wood products” are carbon-based products derived from forests and include timber, wood, ply, chipboard, but do not include sawdust, cardboard, woodchips, paper or other short-lived wood-based products. It does not include combustible products used as fuel, such as fuel wood or other fuel types such as oils, hydrocarbons or alcohols derived from forest products;**

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

**(h dec) “Importing harvested wood products” is the system of practices associated with importing harvested wood products from non-Annex I Parties;**

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

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

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

3. For the purposes of determining the area of deforestation to come into the accounting system under Article 3, paragraph 3, each Party shall determine the forest area using the same spatial assessment unit as is used for the determination of afforestation and reforestation, but not larger than 1 hectare.

**[3 bis. In the case of “planted production forests” established before 1 January 1990 only, conversion of forested land to non-forest land shall be considered harvesting, and shall not be considered deforestation, where an “equivalent forest” is established elsewhere on non-forest land that would have qualified for afforestation or reforestation. “Equivalent forest” shall not be included in a Party’s assessment of emissions and removals from afforestation and reforestation activities and must be included in a Party’s accounting of forest management under Article 3, paragraph 4, if elected.]**

4. [Option 1: For the **second** commitment period, debits<sup>2</sup> resulting from harvesting during the second commitment period following afforestation and reforestation since 1990 shall not be greater than credits<sup>3</sup> accounted for on that unit of land.

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

Option 3: *Delete the paragraph.]*

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

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<sup>2</sup> ‘Debits’: where emissions are larger than removals on a unit of land.

<sup>3</sup> ‘Credits’: where removals are larger than emissions on a unit of land.

### C. Article 3, paragraph 4

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

**[6 bis. All Parties included in Annex I shall account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from the activity under Article 3, paragraph 4, forest management in the second commitment period.]** (*this implies deletion of forest management on paragraph 6 above*)

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

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

9. For the **second** commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from revegetation[, **devegetation**], cropland management, grazing land management **[and wetland restoration]** under Article 3, paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less **[five][X]** times the anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from these eligible activities in the base year of that Party, while avoiding double accounting.

**[9 bis. If a Party was a net sink in the base year for the elected activity of cropland management, grazing land management or revegetation, and it provides information that demonstrates that there is no net soil carbon stock change on land subject to the activity because the soil carbon has reached saturation, then the Party would report zero in its accounting. The Party would need to provide the information in its national inventory report. The information would be subject to expert review.]**

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

**Option 2:** *Delete the paragraph]*

11. For the **second** commitment period [only], additions to and subtractions from the assigned amount of a Party<sup>4</sup> resulting from forest management under Article 3, paragraph 4, [after the application of paragraph 10 above] and resulting from forest management project activities undertaken under Article 6, shall:

[Option 1: not exceed the value inscribed in the appendix [<sup>5</sup>] below, times [five][**x**].

Option 2: **be subject to the application of a [Y] discount factor [as inscribed in the appendix below].**

Option 3: **be subject to the application of a bar as inscribed in the appendix below.** *The bar could be established considering:*

- (a) *Agreed levels could be set by using the average removals or emissions from forest management for an agreed historical base year or period. Otherwise countries could propose an alternative removals or emissions level in the submissions mentioned below and provide relevant elements in support;*
- (b) *An alternative level could apply where national circumstances, particularly the legacy effects of age structure, lead to a declining sink in projected emissions even in the presence of sustainable forest management;*
- (c) *Continuity of the provision for accounting in the first commitment period.*

Option 4: *Accounting for forest management using a forward-looking baseline. The elements that would need to be reflected in a legal text to implement the proposal are the following:*

- (a) *Accounting for forest management is defined as being based on estimated forest management emissions and removals in the commitment period less the forest management reference level emissions and removals for the commitment period (the forward-looking business-as-usual baseline).*
- (b) *A Party that has elected to account for forest management would determine the forest management reference level emissions and removals considering current forest inventory information, actions already taken to reduce emissions and increase removals, historical data and forest management activities, business-as-usual forest management plans, and the relationship between historical and planned activity. The Intergovernmental Panel on Climate Change (IPCC) could be asked to provide guidance in relation to methodological issues for establishment of the reference level.*
- (c) *The Party would report a description and justification of the reference level and the information used to establish it. The reference level and the information would be subject to expert review. The mechanism and timing of the reporting and review, which would be prior to 2013, would need to be established.*

<sup>4</sup> In accordance with decision -/CMP.X (“Modalities for the accounting of assigned amounts”).

<sup>5</sup> [In arriving at the values in the appendix below, the Conference of the Parties was guided by the application of an 85 per cent discount factor to account for the removals identified in paragraph 1 (h) of decision 16/CMP.1 (“Land use, land-use change and forestry”) and a 3 per cent cap on forest management, using a combination of data provided by Parties and by the Food and Agriculture Organization of the United Nations.

Consideration was also given to national circumstances (including the degree of effort needed to meet Kyoto commitments and the forest management measures implemented). The accounting framework established in this paragraph shall not be construed as establishing any precedent for the second and subsequent commitment periods.]

- (d) *A Party could decide to exclude emissions and subsequent removals resulting from natural disturbance events from its estimate of forest management emissions and removals in the commitment period;*
- (e) *A Party that decided to exclude the emissions and removals resulting from natural disturbances would need to provide information on the natural disturbances in its national inventory report. This would include a demonstration that the natural disturbance events and the associated emissions and removals are non-anthropogenic and not direct human-induced. The information provided would be subject to review.]*

*Note: The appendix to the annex to decision 16/CMP.1 would be revised or deleted in accordance with the provisions above for the accounting of forest management under Article 3, paragraph 4.*

12. [A Party may request the Conference of the Parties (COP) to reconsider its numerical values as contained in paragraph 10 and in the appendix to paragraph 11, with a view to the COP recommending a decision for adoption by the CMP, no later than two years prior to the beginning of the first commitment period. Such a reconsideration shall be based upon country-specific data and the elements of guidance and consideration in footnote 4. These shall be submitted and reviewed in accordance with relevant decisions related to Articles 5, 7 and 8 of the Kyoto Protocol, and in accordance with the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories*, any future elaboration of these guidelines, or parts of them, and any good practice guidance on land use, land-use change and forestry (LULUCF) in accordance with the relevant decisions of the COP.](*consider deletion, due to specific need for the first commitment period*)

#### **D. Article 12**

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

13. The eligibility of LULUCF project activities under Article 12 is

[Option 1: limited to afforestation and reforestation.

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

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

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

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

15. [The treatment of LULUCF project activities under Article 12 in future commitment periods shall be decided as part of the negotiations on the **third** commitment period.] (*this paragraph could be further amended; the proposal for 15 bis is related*)

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

#### **E. General**

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

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

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

19. Once land is accounted for under Article 3, paragraphs 3 and 4, all anthropogenic greenhouse gas emissions by sources from and removals by sinks on this land must be accounted for throughout subsequent and contiguous commitment periods.

20. National inventory systems under Article 5, paragraph 1, shall ensure that **[information on the]** areas of land subject to LULUCF activities under Article 3, paragraphs 3 and 4, **[are identifiable, and information about these areas]** should be provided by each Party included in Annex I in their national inventories in accordance with Article 7. Such information will be reviewed in accordance with Article 8.

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

*With regards to adjusting for natural disturbances*

**21 bis.** *[Option 1: Removing natural disturbance impacts is optional, the information that needs to be provided about natural disturbance events, and the need for information demonstrating that the*

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

- (i) A Party would have the option of excluding the impact of natural disturbances from its accounting. Text would be needed on how emissions and subsequent removals resulting from natural disturbances would be removed from the accounting;*
- (ii) Principles will be needed to guide Parties in reporting on emissions and subsequent removals resulting from natural disturbance events on Article 3, paragraph 3, or Article 3, paragraph 4, lands. This may include provision of information on the natural disturbances in its national inventory report including a demonstration that the natural disturbance events and the associated emissions and removals are non-anthropogenic and not direct human-induced. This may include, inter alia:*
  - a. Information that identifies the location, cause and scale of impact of the natural disturbance events;*
  - b. Information that demonstrates that no land-use change has followed the natural disturbance events;*
  - c. Information on the emissions and removals that would be excluded;*
  - d. Information that demonstrates that the excluded emissions and removals are non-anthropogenic;*
  - e. Information on the carbon stocks prior to the natural disturbance events;*
  - f. Information on the monitoring and the recovery of the carbon stocks following the natural disturbance event;*
- (iii) The information provided would be subject to review. Guidance would need to be provided to support the review process;*
- (iv) Parties' may consider formulating a request to the IPCC to assist in defining methodological approaches related to how natural disturbance emissions and removals are excluded, and related to demonstrating that the natural disturbance events and the associated emissions and removals are non-anthropogenic and not direct human-induced. This would include methodological approaches already tabled.*

**Option 2: A Party included in Annex I may choose to carry-over to the next commitment period(s) the non-anthropogenic emissions resulting from natural disturbances.**

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

**(bis) In making a decision whether to approve a time out for a Party, the CMP shall take into consideration the following aspects: whether the force majeure fits the definition as prescribed in this decision; how the 'force majeure' was not human-induced; whether the Party can provide verifiable geo-referenced information on the land subject to the force majeure; whether the Party can provide a verifiable estimate of the carbon stocks on the affected land immediately prior to the**

**force majeure; whether the Party has provided an estimate of the time for the time out; and whether the Party is able to maintain an ongoing inventory and assessment of the recovery of carbon stocks until the end of the time out period.**

**(ter) Once land has been timed out it shall continue to be reported and accounted for during and beyond the second commitment period until such time as the land has recovered the carbon stocks to the state prior to the ‘force majeure’.]**

*With regards to harvested wood products*

**21 ter. [Option 1: Carbon removed in wood and other biomass from forests accounted for under the Kyoto Protocol under Articles 3, 6 and 12 shall be accounted for on the basis of default instantaneous oxidation or on the basis of estimates as to when emissions occur, provided verifiable data are available. Such carbon, including carbon in exported wood, may be transferred to a harvested wood products pool to be accounted for by the Party producing the wood.**

**Option 2: A Party included in Annex I shall account for importing of harvested wood products that have originated from a non-Annex I Party in a manner prescribed in paragraphs below.**

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

**(ter) A Party included in Annex I may also choose to account for the use of harvested wood products for such products derived from elected forest management activities elected in the first commitment period or elected forest management activities in the second commitment period.**

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

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

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

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

*Option 3: Include on a voluntary basis the harvested wood pool carbon stock changes from forests accounted for under the Kyoto Protocol, otherwise apply present provisions.]*



**[21 qua.** *Insert a provision to limit the use of the LULUCF sector for compliance with Annex I commitments.]*

*Note: The reporting and review guidelines need to be reviewed in accordance with the options chosen.*

*Note: Depending of the degree of detail on some proposals, it may be possible that the SBSTA will need to be requested to develop further modalities, for example in the case of harvested wood products. This may include further consideration of the construct of “managed lands” as it appears in the Good Practice Guidance for Land Use, Land-Use Change and Forestry in the light of the IPCC workshop held in May 2009.*

Annex III

**Greenhouse gases, sectors and source categories; common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks; and other methodological issues**

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

Option 1:

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

Option 2:

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

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

Option 1:

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

Option 2:

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

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

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

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

*Notes:*

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

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

*In relation to cross-cutting issues*

4. *Notes* the need to revise the “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual inventories”, contained in document FCCC/SBSTA/2006/9, to implement the provisions pursuant to paragraphs 1–3 above.
5. *Invites* the Conference of the Parties to revise the guidelines referred to in paragraph 4 above.
6. *Requests* the Subsidiary Body for Scientific and Technological Advice to prepare, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session, draft decisions incorporating the provisions pursuant to paragraphs 1–3 above into the following decisions:
  - (a) Decision 13/CMP.1 on the modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol;
  - (b) Decision 14/CMP.1 on a standard electronic format for reporting Kyoto Protocol units;
  - (c) Decision 15/CMP.1 on the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol;
  - (d) Decision 19/CMP.1 on the guidelines for national systems under Article 5, paragraph 1, of the Kyoto Protocol;
  - (e) Decision 21/CMP.1 on issues relating to adjustments under Article 5, paragraph 2, of the Kyoto Protocol;
  - (f) Decision 22/CMP.1 on the guidelines for review under Article 8 of the Kyoto Protocol;
  - (g) Decision 6/CMP.3 on good practice guidance for land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol.

Annex IV

**Other issues**

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

Option 1:

No decision to be made with respect to this issue

Option 2:

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

*In relation to decision 14/CP.7*

Option 1:

No decision to be made with respect to this issue

Option 2:

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

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

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

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

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

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

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

*This annex compiles proposals for amendments to the Kyoto Protocol as submitted by Parties. The text submitted by Parties has been extracted from the submissions without any modification, including footnotes and references.*

**I. Emissions trading and the project-based mechanisms**Article 3*Proposal by Australia*

- Insert new paragraph 12 [bis]:

“Any [name of REDD market mechanism credit] which a Party acquires from another Party in accordance with the provisions of Article 17 shall be added to the assigned amount for the acquiring Party.”

- Insert new paragraph 12 [ter]:

“Any [name of credit generated under Article XX<sup>1</sup>] which a Party acquires from another Party in accordance with the provisions of Article [XX] shall be added to the assigned amount for the acquiring Party.”

*Proposal by New Zealand*

- Insert new paragraph 12 [bis]:

“Any emission reductions or removals which a Party acquires from another Party in accordance with the provisions of [Article [X]<sup>2</sup>] and [Articles [Y]<sup>3</sup> to the Copenhagen agreement] shall be added to the assigned amount of the acquiring Party.”

Article 6*Proposal by the Czech Republic on behalf of the European Community and its member States (hereinafter referred to as the EU)*

- Insert new paragraph 2 [bis]:

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

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<sup>1</sup> ‘X’ refers to the article dealing with sectoral crediting of emission reductions below a previously established [no-lose] target.

<sup>2</sup> ‘X’ refers to the article dealing with NAMA crediting.

<sup>3</sup> ‘Y’ refers to the article dealing with REDD crediting.

*Proposal by Tuvalu*

- Insert new paragraph 5:

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

Article 7

*Proposal by Australia*

- Replace paragraph 4:

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

- Insert new paragraph 4 [bis]:

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

Article 12

*Proposal by the EU*

- Insert new paragraph 7 [bis]:

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

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

- Insert new paragraph 7 [ter]:

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

*Proposal by Japan*

- Replace paragraph 2:

“The purpose of the clean development mechanism shall be to promote nationally appropriate mitigation actions by Parties included in Annex C in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in meeting their quantified emission limitation and reduction commitments under Article 3, paragraph 1.”

- Replace paragraph 3 (a):

“Parties included in Annex C will benefit from project activities resulting in certified emission reductions.”

- Replace paragraph 3 (b):

“Parties included in Annex I may use the certified emission reductions accruing from such project activities to meet part of their quantified emission limitation and reduction commitments under Article 3, paragraph 1, as determined by the Conference of the Parties serving as the meeting of the Parties to this Protocol”.

- Replace paragraph 5 (c):

“Reductions in emissions that are additional to any that would occur in the absence of the certified project activity while adopting methodologies widely and efficiently applied to project activities”.

*Proposal by Colombia*

- Insert paragraph 8 [bis]:

“The Conference of The Parties serving as the Meeting of the Parties to this Protocol shall ensure that a share of the proceeds from certified project activities, as defined in article 12 paragraph 1 above (Clean Development Mechanism) and Article 6 of this Protocol (Joint Implementation); as well as those activities defined in Article 17 (emissions trading), is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.”

Article 17

*Proposal by Australia*

- Insert new paragraph:

“The Parties not included in Annex B may participate in emissions trading for the purpose of fulfilling their sectoral obligations inscribed in [X]. Any such trading shall be supplemental to domestic actions for the purpose of meeting sectoral obligations under [X].”

*Proposal by the EU*

## • Replace Article 17:

- “1. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall define the relevant principles, modalities, rules and guidelines, in particular for verification, reporting and accountability for emissions trading.
2. The Parties included in Annex B may participate in emissions trading for the purposes of fulfilling their commitments under Article 3, subject to paragraph 7 and meeting the requirements set out in paragraph 2 of the Annex to Decision 11/CMP1.
3. The Parties not included in Annex B that have sectoral emission targets and meet the requirements, *mutatis mutandis*, set out in paragraph 2 of the Annex to Decision 11/CMP1 may, subject to paragraph 8, participate in emissions trading.
4. Parties not included in Annex B may propose sectoral emission targets, as part of their low-carbon development strategy.
5. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall [at its Xth session] elaborate modalities and procedures for the:
  - (a) preparation, submission, review and approval of proposals for sectoral emission targets;
  - (b) monitoring, verification and reporting of emissions and accounting of units.
6. The modalities and procedures shall as a minimum ensure that:
  - (a) sectoral emission targets should deviate significantly from business as usual emissions and be established in a conservative manner taking into account, inter alia, the most efficient techniques, procedures, substitutes and alternative production processes;
  - (b) independently verified data and projected emissions in the relevant sector are taken into account;
  - (c) methodologies for estimating and accounting sectoral greenhouse gas emissions in a conservative manner are available;
  - (d) sectoral emissions are effectively monitored, reported and reviewed;
  - (e) there is a clear definition of sectoral boundaries;
  - (f) the trading period for [assigned amount/fungible units] shall be [X] years;
  - (g) sectoral emission targets are reviewed every [X] years;
  - (h) leakage is minimised to the extent possible;



- (i) revenue derived from sectoral emission reductions are additional to any other finance support for NAMAs.
- 6a. Conference of the Parties serving as the meeting of the Parties shall also consider possible modalities and procedures for the recognition of units created under mandatory emissions trading systems in non Annex B countries, thereby ensuring environmental integrity.
7. Any trading pursuant to paragraph 2 shall be supplemental to domestic actions for the purpose of meeting quantified emission limitation and reduction commitments under Article 3.
8. Any trading pursuant to paragraph 3 shall be supplemental to domestic actions for the purpose of meeting sectoral emission targets under paragraph 3.”

*Proposal by Japan*

- Replace Article:

“The Parties included in Annex I may transfer and/or acquire, through emissions trading, emission reduction units, certified emission reductions, assigned amount units or removal units for the purposes of fulfilling their commitments under Article 3, paragraph 1. The acquisition of emission reduction units, certified emission reductions, assigned amount units or removal units under [this article] shall be supplemental to domestic actions for the purpose of meeting commitments under Article 3, paragraph 1.”

*Proposal by Tuvalu*

- Insert new paragraph 2:

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

Other

*Proposal by Japan*

- Insert new Article:

“Article [X] – REDD

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

*Proposal by the EU*

- Insert new Article:

“Article [X] - Sectoral Crediting

1. A sectoral crediting mechanism is hereby defined.

2. The purpose of the sectoral crediting mechanism shall be to:
  - (a) enable Parties to strengthen their contribution to the ultimate objective of the Convention and to access carbon markets;
  - (b) assist Parties included in Annex I in achieving compliance with part of their quantified emission limitation and reduction commitments under Article 3;
  - (c) promote sustainable development.
3. The sectoral crediting mechanism shall be subject to the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to this Protocol and be supervised by [a body].
4. Parties not included in Annex I that have absolute sectoral emission thresholds and meet the requirements, mutatis mutandis, set out in paragraph 2 of the Annex to Decision 11/CMP1 may participate in sectoral crediting under this Article.
5. Parties not included in Annex I may propose absolute sectoral emission thresholds, as part of their low-carbon development strategy.
6. [Certified emissions reductions/other fungible units] may be issued [by a body] in respect of sectoral emissions reductions beyond the absolute emission threshold.
7. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, [at its Xth session], elaborate modalities and procedures for the:
  - (a) preparation, submission, review and approval of proposals for inscribing absolute sectoral emission thresholds;
  - (b) monitoring, verification and reporting of emissions and accounting of units.
8. The modalities and procedures shall as a minimum ensure that:
  - (a) Parties absolute emission thresholds for the relevant sectors should deviate significantly from business as usual emissions and be established in a conservative manner taking into account, inter alia, the most efficient techniques, procedures, substitutes and alternative production processes;
  - (b) independently verified data and projected emissions in the relevant sector are taken into account;
  - (c) methodologies for estimating and accounting sectoral greenhouse gas emissions in a conservative manner are available;
  - (d) sectoral emissions are effectively monitored, reported and reviewed;
  - (e) there is a clear definition of sectoral boundaries;
  - (f) the crediting period for [certified emission reductions/other fungible units] shall be [X] years;

- (g) absolute sectoral emissions thresholds are reviewed every [X] years;
- (h) leakage is minimised to the extent possible;
- (i) revenue derived from sectoral emission reductions are additional to any other financial support for nationally appropriate mitigation actions.”

- Insert new Article:

“Article [Y] – Transitional provisions and double counting in relation to mechanisms

1. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall [at its Xth session] define modalities and procedures which:
  - (a) prevent double counting between the mechanisms defined by Articles 6, 12, 12A and 17 and other support;
  - (b) provide for an orderly transition between mechanisms where the mechanisms in Articles 12A and 17(3) have been implemented by the Parties in the sectors where these mechanisms apply;
  - (c) ensure credits issued from clean development mechanism project activities registered before [XXXX] will continue to be issued [until XXXX];
  - (d) exclude new clean development mechanism projects in sectors for which absolute sectoral emission thresholds or targets are defined.”

## **II. Land use, land-use change and forestry**

### Article 1

*Proposal by the EU for an activity-based approach*

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

### Article 3

*Proposal by the EU for an activity-based approach*

- Insert paragraph 3 [bis]:

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

or

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

- Insert paragraph 4 [bis]:

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

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

- Insert paragraph 7 [bis]:

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

*Proposal by the EU for a land-based approach:*

- Insert subparagraph 1 [bis]:

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

or

- Insert new paragraph 2 [bis]:

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

(Deletion of Articles 3.3 and 3.4, and amendment of Annex A by inserting LULUCF categories)

*Other optional proposals by the EU*

- Insert paragraph 3 [ter]:

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

- Insert paragraph 4 [ter]:

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

- Insert paragraph 4 [qer]:

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

*Proposal by Japan*

- Replace paragraph 4:

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

- Insert new paragraph 4 [bis]:

“The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session, decide upon modalities, rules and guidelines related to the issues referred to in subparagraphs (i) and (ii) above, taking into account uncertainties, transparency in reporting, verifiability, the methodological work of the Intergovernmental Panel on Climate Change, the advice provided by the Subsidiary Body for Scientific and Technological Advice in accordance with Article 4 and the decisions of the Conference of the Parties.”

*Proposal by the Central African Republic, Ecuador, Ghana, Guyana, Honduras, Madagascar, Nicaragua, Panama, Papua New Guinea and Uganda:*

- Amend paragraph 1:

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

- Replace paragraph 3:

“Any Party included in Annex I should apply as reference level for the Agriculture, Forestry and Other Uses sector the average value of the annual anthropogenic carbon dioxide equivalent net emissions<sup>4</sup> of the greenhouse gases listed in Annex A in the period 2000 - 2005, for the purposes of the calculation referred to in paragraph 7 below. Taking into account national circumstances, any Party included in Annex I may apply different values providing relevant elements in support of such a deviance.”

- Delete paragraph 4
- Replace paragraph 7:

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

(The second sentence is deleted)

- Amend paragraph 13:

“If the **net** emissions of a Party included in Annex I in a commitment period are less than its assigned amount under this Article, this difference shall, on request of that Party, be added to the assigned amount for that Party for subsequent commitment periods.”

*Proposal by Colombia*

- Insert paragraph 3 [bis]:

“The net changes in greenhouse gas emissions by sources and removals by sinks resulting from direct human-induced land-use change and forestry activities, limited to afforestation, reforestation and deforestation since 1990, measurable as verifiable changes in carbon stocks in each commitment period, shall be used to meet the commitments under this article of each Party included in Annex I, but shall not exceed 2% of the accountable reductions for compliance purposes of each Party. The greenhouse gas

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<sup>4</sup> Net emissions is the amount resulting from the algebraic sum of anthropogenic GHGs emissions by sources and removals by sinks and it is expressed in CO<sub>2</sub> equivalent.

emissions by sources and removals by sinks associated with those activities shall be reported in a transparent and verifiable manner and reviewed in accordance with Articles 7 and 8.”

#### Article 4

*Proposal by the Central African Republic, Ecuador, Ghana, Guyana, Honduras, Madagascar, Nicaragua, Panama, Papua New Guinea and Uganda*

- Amend paragraph 1:

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

#### Annex A

*Proposal by the Central African Republic, Ecuador, Ghana, Guyana, Honduras, Madagascar, Nicaragua, Panama, Papua New Guinea and Uganda*

- Amend sectors and categories in Annex A

...  
**Sectors/~~source~~ categories**

...  
**Agriculture, Forestry and Other Land Uses**

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

**III. Greenhouse gases, sectors and source categories; common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks; and other methodological issues**

Article 3

*Proposal by the EU*

- Replace paragraph 8:

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

Article 5

*Proposal by Australia*

- Replace the last sentence of paragraph 2:

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

- Insert paragraph 2 [bis]:

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



Annex A*Proposal by Australia*

- Amend Annex A:

<b>Common name</b>	<b>Chemical formula</b>
Carbon dioxide	CO <sub>2</sub>
Methane	CH <sub>4</sub>
Nitrous Oxide	N <sub>2</sub> O
<b><i>Hydrofluorocarbons</i></b>	
HFC-23	CHF <sub>3</sub>
HFC-32	CH <sub>2</sub> F <sub>2</sub>
HFC-41	CH <sub>3</sub> F
HFC-125	CHF <sub>2</sub> CF <sub>3</sub>
HFC-134	CHF <sub>2</sub> CHF <sub>2</sub>
HFC-134a	CH <sub>2</sub> FCF <sub>3</sub>
HFC-143	CH <sub>2</sub> FCHF <sub>2</sub>
HFC-143a	CH <sub>3</sub> CF <sub>3</sub>
HFC-152 <sup>1</sup>	CH <sub>2</sub> FCH <sub>2</sub> F
HFC-152a	CH <sub>3</sub> CHF <sub>2</sub>
HFC-161 <sup>1</sup>	CH <sub>3</sub> CH <sub>2</sub> F
HFC-227ea	CF <sub>3</sub> CHFCF <sub>3</sub>
HFC-236cb <sup>1</sup>	CH <sub>2</sub> FCF <sub>2</sub> CF <sub>3</sub>
HFC-236ea <sup>1</sup>	CHF <sub>2</sub> CHF <sub>2</sub> CF <sub>3</sub>
HFC-236fa	CF <sub>3</sub> CH <sub>2</sub> CF <sub>3</sub>
HFC-245ca	CH <sub>2</sub> FCF <sub>2</sub> CHF <sub>2</sub>
HFC-245fa <sup>1</sup>	CHF <sub>2</sub> CH <sub>2</sub> CF <sub>3</sub>
HFC-365mfc <sup>1</sup>	CH <sub>3</sub> CF <sub>2</sub> CH <sub>2</sub> CF <sub>3</sub>
HFC-43-10mee	CF <sub>3</sub> CHFCHF <sub>2</sub> CF <sub>3</sub>
Nitrogen trifluoride <sup>1</sup>	NF <sub>3</sub>
<b><i>Perfluorocarbons</i></b>	
PFC-14	CF <sub>4</sub>
PFC-116	C <sub>2</sub> F <sub>6</sub>
PFC-218	C <sub>3</sub> F <sub>8</sub>
PFC-318	c-C <sub>4</sub> F <sub>8</sub>
PFC-3-1-10	C <sub>4</sub> F <sub>10</sub>
PFC-4-1-12	C <sub>5</sub> F <sub>12</sub>
PFC-5-1-14	C <sub>6</sub> F <sub>14</sub>
PFC-9-1-18 <sup>1</sup>	C <sub>10</sub> F <sub>18</sub>
Sulphur hexafluoride	SF <sub>6</sub>

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

*Proposal by the EU*

- Include the following gases:

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

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

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

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Perfluorinated Compounds

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

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

Hydrofluoroethers/ Fluorinated Ethers (HFEs)

Perfluoropolyethers (PFPMIE)

- Include the following sectors:

**Energy**

    Fuel combustion activities

        Energy industries

        Manufacturing industries and construction

        Transport

        Other sectors

        Non-Specified

    Fugitive emissions from fuels

        Solid fuels

        Oil and natural gas

        Other emissions from energy production

    Carbon Dioxide Transport and Storage

        Transport of CO<sub>2</sub>

        Injection and Storage

        Other

**Industrial processes and product use**

    Mineral industry

    Chemical industry

    Metal industry

    Non-energy products from fuels and solvent use

    Electronics Industry

    Fluorinated substitutes for ozone depleting substances

    Other Product Manufacture and Use

    Other

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

\***Note:** The bracketed text reflects the main changes introduced for this sector in the 2006 IPCC guidelines (LULUCF vs. AFOLU). The main difficulty at this point in time as regards the bracketed text is the lack of agreement on LULUCF accounting. The unbracketed parts are those categories that reflect

the agriculture categories currently included in Annex A with some small additions. Further work on this issue is necessary in the negotiating context.

Livestock

Enteric fermentation  
Manure management

[Land

Forest land  
Cropland  
Grassland  
Wetlands  
Settlements  
Other land]

Aggregate sources and non-CO<sub>2</sub> emissions sources on land

Greenhouse gas emissions from biomass burning  
Liming  
Urea application  
Direct N<sub>2</sub>O emissions from managed soils  
Indirect N<sub>2</sub>O emissions from managed soils  
Indirect N<sub>2</sub>O emissions from manure management  
Rice cultivation  
Other

[Other

Harvested wood products  
Other]

**Waste**

Solid waste disposal  
Biological treatment of solid waste  
Wastewater treatment and discharge  
Incineration and open burning of waste  
Other

Other

Indirect N<sub>2</sub>O emissions from the Atmospheric deposition of nitrogen in NO<sub>x</sub> and NH<sub>3</sub>  
Other

**IV. Other issues**

Article 2

*Proposal by the EU (emissions from international aviation and maritime bunker fuels)*

- Replace paragraph 2:

“Parties shall take the necessary action to achieve a reduction of emissions of greenhouse gases not controlled by the Montreal Protocol from international aviation and maritime transport.”

- Insert the following paragraphs after paragraph 2:

“2 bis. Global reduction targets for the emissions from international aviation shall be set equal to [X per cent] below 2005 levels in the commitment period [20XX to 20XX].

2 ter Supplemental to action on international aviation Parties may allow units from the mechanisms defined in Articles 6 and 12 [placeholder for new mechanisms] for the purposes of achieving the aforementioned targets.

2 qua Global reduction targets for the emissions from international maritime transport shall be set equal to [Y per cent] below XXXX levels in the commitment period [20XX to 20XX].

2 quin Supplemental to action on maritime transport Parties may allow units from the mechanisms defined in Articles 6, 12, and 17 [placeholder for new mechanisms] for the purposes of achieving the aforementioned targets.

2 sex Parties shall work through the International Civil Aviation Organization and the International Maritime Organization, to enable an effective international agreement to achieve international targets that do not lead to competitive distortions or carbon leakage to be approved by 2011 [or after 2 years from the entry into force of this Protocol]<sup>5</sup>. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall assess progress of the implementation of this paragraph, and shall take action to advance the implementation, as appropriate.”

*Proposal by Japan*

- Amend paragraph 2:

“The Parties shall pursue limitation or reduction of emissions of greenhouse gases not controlled by the Montreal Protocol from aviation and marine bunker fuels, working through the International Civil Aviation Organization and the International Maritime Organization, respectively.”

Article 21

*Proposal by the EU (simplification of procedures, option A)*

- Replace paragraph 4:

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

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<sup>5</sup> It would be alternatively necessary either to adopt a decision at COP/MOP5 (in Copenhagen, with immediate entry into force) to mirror the timeframe of 2011 or to provide for a flexibility option in case the Copenhagen agreement is not entered into force before 2011.

- Replace paragraph 5:

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

- Replace paragraph 7:

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

*Proposal by the EU (simplification of procedures, option B)*

- Replace paragraph 4:

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

- Replace paragraph 5:

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

*Proposal by Japan*

- Replace paragraph 6:

“Amendment to Annex A that has been adopted in accordance with paragraphs 3 and 4 above shall enter into force in accordance with the procedure set out in Article 20, paragraphs 4 and 5.”

- Replace paragraph 7:

“If the adoption of an annex or an amendment to an annex involves an amendment to this Protocol, that annex or amendment to an annex shall not enter into force until such time as the amendment to this Protocol enters into force.”

Other proposals

*Proposal by the EU*

- Insert new Article (*Privileges and immunities*):

**“Article [...]**

1. Individuals serving as members or alternate members of bodies constituted under this Protocol shall be accorded such immunities as are necessary for the independent exercise of their functions. These immunities shall only apply to activities in connection with the exercise of their official functions. They shall be accorded:
  - (a) In respect of words spoken or written and acts done by them in the course of the performance of their function, immunity from legal process of every kind. This immunity from legal process shall continue to be accorded notwithstanding that the persons concerned are no longer members or alternate members of bodies constituted under this Protocol;
  - (b) Inviolability for all papers and documents.
2. Immunities are granted to members and alternate members for the efficient performance of their official functions and not for the personal benefit of the individuals themselves. The Executive Secretary to the United Nations Framework Convention on Climate Change shall have the right and the duty to waive the immunity of any member or alternate member in any case where, in his or her opinion, the immunity would impede the course of justice and it can be waived without prejudice to the interests of the operation of this Protocol.
3. Constituted bodies referred to in paragraph 1 above are the Executive Board of the Clean Development Mechanism, the Joint Implementation Supervisory Committee, the compliance committee and the expert review teams established under Article 8 of the Kyoto Protocol.<sup>6</sup>”

*Proposal by Colombia*

- Insert Article 18 [bis]:

“The Conference of The Parties serving as the meeting of the Parties to this protocol shall, at the 16th session, ensure the consideration by the compliance body of new procedures and mechanisms, for review of reduction commitments from Annex I Parties in the following commitment periods. In particular, at the same session, the Conference of the Parties serving as the meeting of the Parties to this protocol, shall initiate consideration of appropriate and effective procedures and mechanisms: to determine and to address cases of non-compliance with the provisions of this Protocol, in accordance to article 3.15, including financial penalties to be determined on the basis of cause, type, degree and frequency of non-compliance. Those resources should assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.”

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<sup>6</sup> The EU is continuing its analysis on the issue of privileges and immunities and may provide additional views on the treaty arrangements at a later stage.

- Insert new Article (*Immunities for individuals serving on constituted bodies*):

Article [Y]

“1. Individuals serving as members or alternate members of bodies constituted under this Protocol shall be accorded such immunities as are necessary for the independent exercise of their functions. These immunities shall only apply to activities in connection with the exercise of their official functions. They shall be accorded:

(a) in respect of words spoken or written and acts done by them in the course of the performance of their function, immunity from legal process of every kind. This immunity from legal process shall continue to be accorded notwithstanding that the persons concerned are no longer members or alternate members of bodies constituted under this Protocol;

(b) inviolability for all papers and documents.”

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