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

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Item X of the provisional agenda

Documentation to facilitate negotiations among Parties

Note by the Chair

Addendum

Other proposed amendments to the Kyoto Protocol

This addendum is a compilation of proposals by Parties for other amendments to the Kyoto Protocol. It has been prepared by the Chair of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP), under his own responsibility, building on the work of the AWG-KP at its eighth session.

Proposals for Article 1¹

- Add the definitions contained in the annex to decision 16/CMP.1 and amend the text where necessary, for example for forest management, extreme disturbances and new activities.

Proposals for Article 2, paragraph 2

Option 1:

No amendments to Article 2, paragraph 2

Option 2:

- [Replace Article 2, paragraph 2, with:

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

Option 3:

- [Replace Article 2, paragraph 2, with:

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

- Insert the following paragraphs after Article 2, paragraph 2:

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

4. 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.

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

6. 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.

7. 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 two years after this Protocol enters into force]. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall assess the progress of the implementation of the provisions of this paragraph, and shall take action to advance the implementation, as appropriate.]

¹ Unless otherwise indicated, all references to Articles and paragraphs within the different proposals in this addendum relate to the Kyoto Protocol.

Proposals for Article 3, paragraph 1

- Replace Article 3, paragraph 1, with:

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

- Insert Article 3, paragraph 1 bis:

9. The Parties included in Annex I shall, individually or jointly, ensure 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 [...].

Proposals for Article 3, paragraph 2

- Insert Article 3, paragraph 2 bis:²

10. With a view to meeting its commitments for the second commitment period under this 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 from land use, land-use change and forestry as reported under the Convention by including these emissions and removals in the emissions from the base year [1990] [and all subsequent years].

Proposals for Article 3, paragraph 3

- Replace Article 3, paragraph 3, with:

11. Any Party included in Annex I should apply as the reference level for the agriculture, forestry and other land use sector the average value of the annual anthropogenic carbon dioxide equivalent net emissions³ of the greenhouse gases listed in Annex A in the period 2000 to 2005 for the purposes of the calculation referred to in Article 3, paragraph 7. Taking into account national circumstances, any Party included in Annex I may apply different values, providing relevant elements in support of such a deviance.

- Insert Article 3, paragraph 3 bis:

Option 1:

12. 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

² This insertion implies deletion of Article 3, paragraphs 3 and 4, and amendment of Annex A to include the land use, land-use change and forestry sector.

³ Net emissions is the amount of emissions resulting from the algebraic sum of anthropogenic greenhouse gas emissions by sources and removals by sinks and is expressed in carbon dioxide equivalent.

in each commitment period, shall be used to meet the commitments under this Article of each Party included in Annex I.

Option 2:

13. 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 of each Party included in Annex I under this Article, but shall not exceed 2 per cent of the accountable reductions of each Party for compliance purposes. The greenhouse gas emissions by sources and removals by sinks associated with these activities shall be reported in a transparent and verifiable manner and reviewed in accordance with Articles 7 and 8.

Option 3:

14. For the second commitment period a new option is proposed where afforestation, reforestation and deforestation referred to in Article 3, paragraph 3, and forest management activities referred to in Article 3, paragraph 4, are merged.

- Insert Article 3, paragraph 3 ter:

15. The following principles shall govern the treatment of land use, land-use change and forestry activities: *(insert the principles contained in paragraph 1 (a–h) of decision 16/CMP.1)*

Proposals for Article 3, paragraph 4

- Replace Article 3, paragraph 4, with:

16. 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 this Article of each Party included in Annex I, provided that these activities have taken place since 1990.

- Insert Article 3, paragraph 4 bis:

Option 1:

17. With a view to meeting its commitments for the second commitment period under this 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 I 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 the result of [a gross-net approach applying a [cap][discount factor]] [a net-net approach with a [base year] [base period]] [applying a bar [including a band]].

Option 2:

18. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its [XX] session, decide upon modalities, rules and guidelines related to the issues referred to in Article 3, paragraphs 3 and 4, taking into account uncertainties, transparency in reporting, verifiability, the methodological work of the Intergovernmental Panel on Climate Change and the advice provided by the Subsidiary Body for Scientific and Technological Advice, in accordance with Article 4 and the decisions of the Conference of the Parties.

- Insert Article 3, paragraph 4 ter:

19. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its [XX] session, adopt modalities and procedures to account emissions and subsequent removals in forest management resulting from extreme disturbances.

- Insert Article 3, paragraph 4 quater:

20. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its fifth session, adopt modalities and procedures to account for carbon stock changes associated with harvested wood products.

Proposals for Article 3, paragraph 7

- Replace Article 3, paragraph 7, with:

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

- Insert Article 3, paragraph 7 bis:

22. 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 Article 3, paragraph 5, 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] [the 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] [the base period] from land-use change for the purposes of calculating their assigned amount.]

Proposals for Article 3, paragraph 8

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

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

Proposals for Article 3, paragraph 10

- Replace Article 3, paragraph 10, with:

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

Proposals for Article 3, paragraph 11

- Replace Article 3, paragraph 11, with:

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

Proposals for Article 3, paragraph 12

- Insert Article 3, paragraph 12 bis:

26. Any [names of units generated from reducing emissions from deforestation and forest degradation in developing countries, nationally appropriate mitigation actions crediting and/or trading mechanisms and sectoral crediting and/or trading mechanisms] which a Party acquires from another Party in accordance with the provisions of [Article [A]⁴] [Article [B]⁵] and Article [C]⁶ shall be added to the assigned amount for the acquiring Party.

Proposals for Article 3, paragraph 13

- Replace Article 3, paragraph 13, with:

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

Proposals for Article 4, paragraph 1

- Replace Article 4, paragraph 1, with:

28. Any Parties included in Annex I that have reached an agreement to fulfil their commitments under Article 3 jointly shall be deemed to have met those commitments, provided that their total combined aggregate anthropogenic carbon dioxide equivalent net emissions of the greenhouse gases

⁴ “A” refers to the Article(s) of an agreement emerging from the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention regarding nationally appropriate mitigation actions crediting and/or trading and sectoral crediting and/or trading if such mechanism(s) is (are) established under that agreement.

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

⁶ “C” refers to the Article(s) of an agreement emerging from the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention regarding a mechanism for reducing emissions from deforestation and forest degradation in developing countries established under that agreement.

listed in Annex A do not exceed their assigned amounts calculated pursuant to their quantified emission limitation and reduction commitments inscribed in Annex B and in accordance with the provisions of Article 3. The respective emission level allocated to each of the Parties to the agreement shall be set out in that agreement.

Proposals for Article 5, paragraph 2

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

29. Any revision to methodologies or adjustments shall not be used for the purpose 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 Article 5, paragraph 2 bis:

30. 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 of the Conference of the Parties. Any revision to methodologies or adjustments shall be used only for the purpose of ascertaining compliance with commitments under Article 3 in respect of any commitment period adopted subsequent to that revision.

Proposals for Article 6, paragraph 2

- Insert Article 6, paragraph 2 bis:

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

Proposals for Article 6, paragraph 5

- Insert Article 6, paragraph 5:

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

Proposals for Article 7, paragraph 4

- Replace Article 7, paragraph 4, with:

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

- Insert Article 7, paragraph 4 bis:

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

Proposals for Article 12, paragraph 7

- Insert Article 12, paragraph 7 bis:

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

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

- Insert Article 12, paragraph 7 ter:

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

Proposals for Article 12, paragraph 11

- Insert Article 12, paragraph 11:

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

Proposals for Article 17

- Replace Article 17 with:

38. 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.
39. A Party included in Annex B that meets the requirements set out in decision 11/CMP.1, annex, paragraph 2, may participate in emissions trading for the purposes of fulfilling its commitments under Article 3, subject to paragraph [XX].⁷
40. A Party not included in Annex B that has one or more sectoral emission targets and meets the requirements, mutatis mutandis, set out in decision 11/CMP.1, annex, paragraph 2, may participate in emissions trading, subject to paragraph [XX].⁸
41. Parties not included in Annex B may propose sectoral emission targets as part of their low-carbon development strategy.
42. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its [XX] 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.
43. 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 sectors 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) Sectoral boundaries are clearly defined;
 - (f) The trading period for [assigned amount/fungible units] is [XX] years;
 - (g) Sectoral emission targets are reviewed every [XX] years;
 - (h) Leakage is minimized to the extent possible;
 - (i) Revenue derived from sectoral emission reductions is additional to any other finance support for nationally appropriate mitigation actions.
44. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its [XX] session or as soon as practicable thereafter, also consider possible modalities and procedures for the recognition of units created under mandatory emissions trading systems in Parties not included in Annex B, thereby ensuring environmental integrity.

⁷ XX refers to the paragraph of the Kyoto Protocol that would include the provisions of paragraph 45 of this addendum.

⁸ XX refers to the paragraph of the Kyoto Protocol that would include the provisions of paragraph 46 of this addendum.

45. Any trading undertaken pursuant to paragraph [XX]⁹ shall be supplemental to domestic actions undertaken for the purpose of meeting quantified emission limitation and reduction commitments under Article 3.

46. Any trading undertaken pursuant to paragraph [XX]¹⁰ shall be supplemental to domestic actions undertaken for the purpose of meeting sectoral emission targets under paragraph [XX].¹¹

- Rename the paragraph in Article 17 as paragraph 1 and insert Article 17, paragraph 2:

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

- Insert Article 17 bis:

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

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

49. Parties not included in Annex [I] [B] [C] may participate in emissions trading for the purpose of participating in or meeting their obligations, if any, under the mechanisms defined under this Protocol or any other legal instrument under the Convention, subject to the requirements specified in relation to those mechanisms. Any such trading shall be supplemental to domestic actions undertaken by those Parties for the purpose of participating in or meeting their obligations, if any, under such mechanisms.

Proposals for Article 18

- Rename the paragraph in Article 18 as paragraph 1 and insert Article 18, paragraph 2:

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

⁹ XX refers to the paragraph of the Kyoto Protocol that would include the provisions of paragraph 39 of this addendum.

¹⁰ XX refers to the paragraph of the Kyoto Protocol that would include the provisions of paragraph 40 of this addendum.

¹¹ XX refers to the paragraph of the Kyoto Protocol that would include the provisions of paragraph 41 of this addendum.

Proposals for Article 21

Option 1 – Adjustment procedure:

Sub-option 1.1:

- Replace Article 21, paragraph 4, with:

51. 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.

- Replace Article 21, paragraph 5, with:

52. 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 Depository 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 Depository, 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 Depository.

- Replace Article 21, paragraph 7, with:

53. 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 Depository to such Parties of the adoption of the annex or adoption of the amendment to the annex.

Sub-option 1.2:

- Replace Article 21, paragraph 7, with:

54. Amendments to Annexes A, B [or ...] to this Protocol that have been adopted under circumstances other than those pursuant to paragraph 7 bis¹² below shall enter into force in accordance with the procedure set out in Article 20.

- Insert Article 21, paragraph 7 bis:

55. If a Party proposes an amendment to Annex B [or ...] that stipulates a more stringent quantified emission limitation or reduction commitment for that Party than that inscribed for it in Annex B [or ...] or the Party proposes an amendment to Annex B [or ...] that stipulates for such Party's quantified emission limitation or reduction commitment, which has not been inscribed in Annex B [or ...], the adopted

¹² Refers to the paragraph of the Kyoto Protocol that would include the provisions of paragraph 55 of this addendum.

amendment shall enter into force for all Parties to this Protocol six months after the date of the communication by the Depositary to such Parties of the adoption of the amendment to the annex.

Option 2 (Opt-out procedure):

Sub-option 2.1:

- Replace Article 21, paragraph 4, with:

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

- Replace Article 21, paragraph 5, with:

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

Sub-option 2.2:

- Replace Article 21, paragraph 4, with:

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

- Replace Article 21, paragraph 5, with:

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

- Delete Article 21, paragraph 7

Proposals to insert new Articles

- Insert Article [XX] – Reducing emissions from deforestation and forest degradation in developing countries (REDD):

60. 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 reducing emissions from deforestation and forest degradation in Parties included in Annex C.

- Insert Article [XX] – Sectoral [no-lose] crediting:

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

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

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

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

64. Parties not included in Annex I that have absolute sectoral emission thresholds and meet the requirements, mutatis mutandis, set out in decision 11/CMP.1, annex, paragraph 2, may participate in sectoral [no-lose] crediting under this Article.

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

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

67. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its [XX] 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.

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

- (a) Absolute emission thresholds for 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 sectors 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) Sectoral boundaries are clearly defined;
- (f) The crediting period for [certified emission reductions/other fungible units] is [XX] years;
- (g) Absolute sectoral emissions thresholds are reviewed every [XX] years;
- (h) Leakage is minimized to the extent possible;
- (i) Revenue derived from sectoral emission reductions is additional to any other financial support for nationally appropriate mitigation actions.

- Insert Article [XX] – Nationally appropriate mitigation actions crediting mechanism:

69. A mechanism for crediting verifiable mitigation achieved by nationally appropriate mitigation actions by developing countries is hereby defined.

70. The purpose of the nationally appropriate mitigation actions crediting mechanism shall be to assist Parties in achieving sustainable development and contributing to global efforts to mitigate greenhouse gas emissions.

71. Nationally appropriate mitigation actions that are eligible for credits include:

- (a) Sustainable development policies and measures;
- (b) Economy-wide and/or sectoral mitigation activities;
- (c) Low-carbon development plans and programmes;
- (d) Actions under decision 1/CP.13, paragraph 1 (b) (iii);
- (e) Technology deployment programmes;
- (f) Relevant standards, laws, regulations and targets at a national or sectoral level.

72. The nationally appropriate mitigation actions 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 dedicated body constituted by the Conference of the Parties serving as the meeting of the Parties to this Protocol.

73. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its sixth session and appropriate subsequent sessions, define the relevant principles, modalities, rules and guidelines for the nationally appropriate mitigation actions crediting mechanism.

- Insert Article [XX] – Nationally appropriate mitigation actions crediting and trading mechanism:

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

75. The purpose of the mechanism shall be to assist Parties not included in Annex I in undertaking nationally appropriate mitigation actions that produce a net mitigation benefit to the atmosphere, to promote cost-effective global mitigation through the use of markets, and to assist Parties included in

Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3.

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

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

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

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

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

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

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

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

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

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

83. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall adopt the definitions, rules, modalities and guidance for the mechanism, including in relation to:

The determination of eligible sectors and sector boundaries;

Requirements for measurement, monitoring, reporting and verification;

Ensuring real, measurable and long-term benefits related to the mitigation of climate change;

The duration of crediting and trading periods;

The carry-over of units between periods;

Issuance and accounting of nationally appropriate mitigation actions units;

Treatment of potential leakage across sectors;

The consequences for not meeting a trading threshold including facilitative measures.

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

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

- (a) Prevent double counting between the mechanisms defined by Articles 6, 12, [XX (sectoral crediting)] and 17 and other support;
- (b) Provide for an orderly transition between mechanisms where the mechanisms defined in Article [XX (sectoral crediting)] and Article 17, paragraph 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 [XX] will continue to be issued [until XX];
- (d) Exclude new clean development mechanism projects in sectors for which absolute sectoral emission thresholds or targets are defined.

- Insert Article [XX] – No double counting:

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

Alternative proposal to merge Article 3, paragraphs 10–12, Article 6, Article 12, and Article 17 into a single Article

- Include Article 3, paragraphs 10 to 12, and insert the following paragraph thereafter:

86. The acquisition of emission reduction units, certified emission reductions, assigned amount units or removal units under paragraphs 2, 3 and 4¹³ below shall be supplemental to domestic actions for the purpose of meeting commitments under Article 3, paragraph 1.

- Include Article 6, while deleting its subparagraph 1(d) and paragraph 2
- Replace Article 17 with:

87. 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.

- Include Article 12, and make the following amendments:
 - (a) No changes to Article 12, paragraph 1;
 - (b) Replace Article 12, paragraph 2, with: The purpose of the clean development mechanism shall be to promote nationally appropriate mitigation actions by Parties included in Annex C and assist such Parties in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in meeting their quantified emission limitation and reduction commitments under Article 3, paragraph 1;
 - (c) Replace Article 12, paragraph 3, with: Under the clean development mechanism:
 - (i) Parties included in Annex C will benefit from project activities resulting in certified emission reductions; and
 - (ii) Parties included in Annex I may use the certified emission reductions accruing from such project activities to meet part of their quantified emission limitation and reduction commitments under Article 3, paragraph 1, as determined by the Conference of the Parties serving as the meeting of the Parties to this Protocol.
 - (d) No changes to Article 12, paragraph 4;
 - (e) Include Article 12, paragraph 5, while replacing its paragraph 5(c) with: Reductions in emissions that are additional to any that would occur in the absence of the certified project activity while adopting methodologies widely and efficiently applied to project activities;
 - (f) No changes to Article 12, paragraph 6;
 - (g) No changes to Article 12, paragraph 7;
 - (h) No changes to Article 12, paragraph 8;
 - (i) No changes to Article 12, paragraph 9.

¹³ Paragraphs 2, 3 and 4 refer, respectively, to the paragraphs of the Kyoto Protocol that would include the provisions relating to emissions trading, the clean development mechanism and joint implementation.

- Replace Article 12, paragraph 10, with:

88. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session or as soon as practicable thereafter, decide upon guidelines for the implementation of paragraphs 2, 3 and 4 above,¹⁴ including for verification and reporting, taking into account the characteristics of respective schemes.

Proposals for Annex A

Option 1:

- Amend sectors and categories in Annex A:

Sectors/~~source~~ categories

Agriculture, forestry and other land use

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

Option 2:

- Amend Annex A:

Greenhouse gases	
Common name	Chemical formula
Carbon dioxide	CO ₂
Methane	CH ₄
Nitrous oxide	N ₂ O
Hydrofluorocarbons	HFCs
HFC-23	CHF ₃
HFC-32	CH ₂ F ₂
HFC-41	CH ₃ F

¹⁴ Paragraphs 2, 3 and 4 refer, respectively, to the paragraphs of the Kyoto Protocol that would include the provisions relating to emissions trading, the clean development mechanism and joint implementation.

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

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

Option 3:

- Include the following gases:

Carbon dioxide (CO₂)

Methane (CH₄)

Nitrous oxide (N₂O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Perfluorinated compounds

 Sulphur hexafluoride (SF₆)

 Nitrogen trifluoride (NF₃)

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 CO₂
 - Injection and storage of CO₂
 - 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-CO₂ emissions sources on land]

Note: The bracketed text reflects the main changes introduced for this sector in the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* (e.g. the new agriculture, forestry and other land use sector). The main difficulty at this time as regards the bracketed text is the lack of agreement on land use, land-use change and forestry 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-CO₂ emissions sources on land

- Greenhouse gas emissions from biomass burning
- Liming
- Urea application
- Direct N₂O emissions from managed soils
- Indirect N₂O emissions from managed soils
- Indirect N₂O 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 N₂O emissions from the atmospheric deposition of nitrogen in NO_x and NH₃

Other
