



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

**Report of the Conference of the Parties serving as the
meeting of the Parties to the Kyoto Protocol on its
seventh session, held in Durban from
28 November to 11 December 2011**

Addendum

**Part Two: Action taken by the Conference of the Parties
serving as the meeting of the Parties to the Kyoto
Protocol at its seventh session**

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the meeting of the Parties to the Kyoto Protocol**

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Decision 6/CMP.7

Report of the Adaptation Fund Board

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

Recalling Article 12, paragraph 8, of the Kyoto Protocol,

Also recalling decisions 1/CMP.3, 1/CMP.4, 1/CMP.5 and 1/CMP.6,

Taking note of the report of the Adaptation Fund Board,¹

Noting the current low market prices of certified emission reductions,

1. *Takes note with appreciation* of the efforts of the Adaptation Fund Board to promote the accreditation of national implementing entities and the direct access to the Adaptation Fund resources;
2. *Also takes note* of the workshops to accredit national implementing entities organized by the UNFCCC secretariat, in collaboration with the Adaptation Fund Board and its secretariat, held in Mbour, Senegal, from 5 to 6 September 2011 for the Africa region and in Panama City, Panama, from 10 to 12 November 2011 for the Latin America and the Caribbean region;
3. *Looks forward* to the organization of the two other regional workshops to assist in the accreditation of national implementing entities, planned for the Asia and the Pacific regions during the first half of 2012;
4. *Welcomes* the financial contributions provided by the Governments of Japan, Norway, Spain, Switzerland and the United Kingdom of Great Britain and Northern Ireland and the support provided by the Governments of Panama and Senegal and the United Nations Development Programme and the United Nations Environment Programme for the organization of regional workshops to accredit national implementing entities;
5. *Continues to encourage* Parties included in Annex I to the Convention and international organizations to provide funding to the Adaptation Fund, which will be additional to the share of proceeds from clean development mechanism project activities;
6. *Takes note* of the following actions and decisions taken by the Adaptation Fund Board in accordance with decisions 1/CMP.4, paragraph 10, and 4/CMP.5, paragraph 3:
 - (a) Accreditation of six national implementing entities, including three during the reporting period, that can access resources directly from the Adaptation Fund;
 - (b) Approval of funding decisions on adaptation projects and programmes amounting to USD 70.2 million, including USD 56 million during the reporting period;
 - (c) Approval of a revised version of the operational policies and guidelines and related templates to access resources from the Adaptation Fund Board;
 - (d) The development of an accreditation toolkit and presentations to Parties on the process for accreditation of the national implementing entities;

¹ FCCC/KP/CMP/2011/6.

7. *Also takes note* of the enactment by the host country of legislation conferring legal capacity on the Adaptation Fund Board on 8 February 2011;²
8. *Further takes note* of the approval by the Board of Directors of the International Bank for Reconstruction and Development (the World Bank) of the extension of the Terms and Conditions of Services to be provided by the World Bank;
9. *Takes note* that the accrual of proceeds from the monetization of certified emission reductions reached USD 166 million as at 31 August 2011; cumulative contributions from donors reached USD 86 million; and cumulative cash transfers to implementing entities were USD 12 million.

*10th plenary meeting
9 December 2011*

² Act to establish the legal capacity of the Adaptation Fund Board in Germany published in the Bundesgesetzblatt, Teil II, 8 February 2011, number 4, page 145.

Decision 7/CMP.7

Review of the Adaptation Fund

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

Recalling decisions 5/CMP.2, 1/CMP.3, 1/CMP.4, 5/CMP.5 and 6/CMP.6,

Taking note of the report of the Adaptation Fund Board,¹

Noting the report on the review of the interim arrangements of the Adaptation Fund,²

1. *Requests* the Adaptation Fund Board to submit to the secretariat, as soon as possible after its first meeting in March 2012, its views on the report on the review of the interim arrangements of the Adaptation Fund for inclusion in an information document;
2. *Also requests* the Subsidiary Body for Implementation to consider the initial review of the Adaptation Fund at its thirty-sixth session, taking into account the inputs requested in paragraph 1 above and the inputs listed in paragraph 5(a–d) of the annex to decision 6/CMP.6, with a view to recommending a draft decision for adoption by the eighth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
3. *Decides* to complete, at its eighth session, the initial review of the Adaptation Fund.

*10th plenary meeting
9 December 2011*

¹ FCCC/KP/CMP/2011/6.

² FCCC/KP/CMP/2011/6/Add.1.

Decision 8/CMP.7

Further guidance relating to the clean development mechanism

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

Recalling the provisions of Articles 3 and 12 of the Kyoto Protocol and decision 1/CMP.6,

Cognizant of decisions 3/CMP.1, 7/CMP.1, 1/CMP.2, 2/CMP.3, 2/CMP.4, 2/CMP.5 and 3/CMP.6,

I. General

1. *Takes note* of the annual report for 2010–2011 of the Executive Board of the clean development mechanism;¹
2. *Commends* the Executive Board for the substantial work undertaken over the past year;
3. *Welcomes* the launch of the clean development mechanism policy dialogue by the Executive Board;
4. *Designates* as operational entities those entities that have been accredited, and provisionally designated, as operational entities by the Executive Board to carry out the sector-specific validation functions and/or sector-specific verification functions listed in the annex to this decision;
5. *Requests* the Executive Board to continue its work and develop appropriate voluntary measures to highlight the co-benefits brought about by clean development mechanism project activities and programmes of activities, while maintaining the prerogative of Parties to define their sustainable development criteria;
6. *Also requests* the secretariat to make information materials available to stakeholders, operational entities and project participants on ongoing improvements and changes to, inter alia, modalities, rules, guidelines and approved methodologies under the clean development mechanism, through the existing stakeholder engagement process;
7. *Expresses its appreciation* to the Governments of Morocco and Ecuador for hosting meetings of the Executive Board and to the Government of the Gambia for hosting a meeting of the Small-Scale Working Group;
8. *Requests* the Executive Board to continue its work to improve the procedures on programmes of activities;

II. Governance

9. *Commends* the work undertaken by the Executive Board to consolidate and improve a broad range of standards and procedures, to simplify regulations relating to programmes of activities and to clarify timelines to be followed;

¹ FCCC/KP/CMP/2011/3 (Parts I and II).

10. *Requests* the Executive Board to continue its work to further improve the consistency, efficiency and transparency of its decision-making;
11. *Encourages* the Executive Board to make the technical reports that it uses in its decision-making process publicly available, as appropriate, taking into account the confidentiality provisions contained in decision 3/CMP.1;
12. *Welcomes* the work undertaken by the Executive Board to address liability in the context of the draft procedure on significant deficiencies in validation, verification and certification reports;
13. *Requests* the secretariat and the Executive Board to further investigate the impact of potential approaches to address significant deficiencies in validation, verification and certification reports and to prepare a report on its findings;
14. *Also requests* the Executive Board, in consultation with stakeholders, to revise the draft procedure based on its findings, taking into account conclusions, if any, on the appeals process under consideration of the Subsidiary Body for Implementation, with the aim of avoiding duplication and promoting efficiency, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session;
15. *Further requests* the Executive Board to review its code of conduct, if appropriate;

III. Baseline and monitoring methodologies and additionality

16. *Welcomes* the work undertaken by the Executive Board to adopt guidelines on the use of “first-of-its-kind”, the assessment of common practice and suppressed demand;
17. *Encourages* the Executive Board to extend the simplified modalities for the demonstration of additionality to a wider scope of project activities, inter alia energy-efficiency project activities and renewable energy based electrification in areas without grid connection, and to develop simplified baseline methodologies for such project activities;
18. *Requests* the Executive Board to continue ensuring environmental integrity when developing and revising baseline and monitoring methodologies and methodological tools, in particular by considering possible ways of improving the current approach to the assessment of additionality, in order to provide clarity to encourage project activities in the private sector and the public sector;
19. *Also requests* the Executive Board to further improve the guidelines on the use of “first-of-its-kind” and the assessment of common practice, on the basis of the application of those guidelines to project activities;
20. *Further requests* the Executive Board and the secretariat to take action to reduce the time required to process methodologies and to revise, on a priority basis, the methodologies that it has put on hold;
21. *Requests* the Executive Board to consider the possible impact upon project implementation when existing methodologies are put on hold;
22. *Also requests* the Executive Board to conduct further work to develop simplified top-down baseline and monitoring methodologies, tools and standardized baselines, as appropriate, and in consultation with relevant designated national authorities, for use in countries and for project activity types underrepresented in the clean development mechanism, and to expand the scopes covered by the guidelines for the establishment of sector-specific standardized baselines;

23. *Further requests* the Executive Board to accelerate the implementation of guidelines on suppressed demand in baselines and monitoring methodologies, prioritizing those that are more applicable to the least developed countries, small island developing States, African countries and countries underrepresented in the clean development mechanism;

24. *Requests* the Executive Board to ensure its readiness to process submissions of standardized baselines;

IV. Registration of clean development mechanism project activities and issuance of certified emission reductions

25. *Welcomes* the implementation by the Executive Board of its revised procedures for the registration of clean development mechanism project activities and the issuance of certified emission reductions, which have resulted in a reduction in waiting time for project participants;

26. *Requests* the secretariat to implement further measures during 2012 to improve the efficiency of the project cycle, such as the digitization of validation and verification activities and the reporting of the status of implementation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session;

27. *Urges* the Executive Board and the secretariat to continue taking measures to ensure that the average waiting time between the receipt of submissions for registration and issuance and the commencement of completeness checks is less than 15 calendar days;

28. *Requests* the administrator of the clean development mechanism registry to provide for accounts in the registry to allow for the cancellation of units for administrative and other purposes;

29. *Also requests* the Executive Board to assess the implications of the withdrawal or suspension of letters of approval and make recommendations to be considered by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session;

V. Regional and subregional distribution and capacity-building

30. *Requests* the Executive Board to continue promoting the equitable distribution of project activities;

31. *Also requests* the secretariat, in consultation with the Executive Board, including through working with the Designated National Authorities Forum and the partner agencies of the Nairobi Framework,² to enhance its support for countries underrepresented in the clean development mechanism, in particular the least developed countries, small island developing States and African countries, by providing support, subject to workload and the availability of financial resources, for, inter alia, the following:

(a) Skills enhancement and training to assist designated national authorities, applicant and designated operational entities and project participants with regard to technical matters related to the clean development mechanism;

² <cdm.unfccc.int/Nairobi_Framework/index.html>.

(b) Institutional strengthening through, inter alia, support to designated national authorities in the development and submission of standardized baselines and microscale renewable energy technologies that are automatically defined as additional;

(c) Activities of designated national authorities and stakeholders in the implementation of the guidelines on standardized baselines and suppressed demand through system development and application;

32. *Requests* the Executive Board to allocate funds to support the activities of the secretariat referred in paragraph 31 above;

33. *Also requests* the secretariat to accelerate the operationalization of the loan scheme and to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session on these arrangements and its oversight of the implementing agency.

Annex

Entities accredited and provisionally designated by the Executive Board of the clean development mechanism and recommended for designation by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for validation and verification/certification for specific sectoral scopes

<i>Name of entity</i>	<i>Provisionally designated and recommended for designation for sectoral scopes</i>	
	<i>Project validation</i>	<i>Emission reduction verification</i>
Colombian Institute for Technical Standards and Certification	7	7
China Classification Society Certification Company	1–10 and 13	1–10 and 13
Indian Council of Forestry Research and Education	14	14
Hong Kong Quality Assurance Agency	1	1
Japan Consulting Institute		4, 5 and 10
KBS Certification Services Pvt Ltd	1, 3, 4, 5, 7, 12, 13 and 15	1, 3, 4, 5, 7, 12, 13 and 15
Carbon Check (Pty) Ltd	1–5, 8–10 and 13	1–5, 8–10 and 13
China Environmental United Certification Center Co. Ltd	4–7, 9 and 11–15	4–7, 9 and 11–15

Note: The numbers 1 to 15 indicate sectoral scopes as determined by the Executive Board. For details, see <<http://cdm.unfccc.int/DOE/scopelst.pdf>>. For the entities for which the scope of accreditation was extended, only the new sectoral scopes are indicated.

*10th plenary meeting
11 December 2011*

Decision 9/CMP.7

Materiality standard under the clean development mechanism

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

Recalling the provisions of Articles 3 and 12 of the Kyoto Protocol,

Recalling also decision 3/CMP.6,

Recognizing that applying the concept of materiality could simplify processes under the clean development mechanism but should not adversely affect environmental integrity,

Noting that the concept of materiality is already applied to some extent in approved baseline and monitoring methodologies and in the assessment of project activities,

1. *Decides* that the concept of materiality should be applied in a consistent manner under the clean development mechanism;
2. *Defines* material information as a piece of information the omission, misstatement or erroneous reporting of which could change a decision by the Executive Board of the clean development mechanism;
3. *Decides* that the scope of materiality initially covers:
 - (a) The stage of verification by designated operational entities;
 - (b) The assessment of requests for issuance by the Executive Board of the clean development mechanism and its support structure;
 - (c) Non-prescriptive and prescriptive requirements;
 - (d) Quantitative information;
4. *Also decides* that information related to a clean development mechanism project activity shall be considered material if its omission, misstatement or the non-compliance with a requirement might lead, at an aggregated level, to an overestimation of the total emission reductions or removals achieved by a clean development mechanism project activity equal to or higher than:
 - (a) 0.5 per cent of the emission reductions or removals for project activities achieving a total emission reduction or removal of equal to or more than 500,000 tonnes of carbon dioxide equivalent per year;
 - (b) 1 per cent of the emission reductions or removals for project activities achieving a total emission reduction or removal between 300,000 and 500,000 tonnes of carbon dioxide equivalent per year;
 - (c) 2 per cent of the emission reductions or removals for large-scale project activities achieving a total emission reduction or removal of 300,000 tonnes of carbon dioxide equivalent per year or less;
 - (d) 5 per cent of the emission reductions or removals for small-scale project activities other than project activities covered under paragraph 4(e) below;
 - (e) 10 per cent of the emission reductions or removals for the type of project activities that are referred to in decision 3/CMP.6, paragraph 38;

5. *Further decides* that the scope of the concept of materiality, as referred to in paragraph 3 above, and the materiality thresholds, shall be reviewed, based on data reported, by the Executive Board of the clean development mechanism no later than one year after their implementation;
6. *Decides* that the designated operational entity conducting the verification shall use a reasonable level of assurance in considering whether or not the information is material;
7. *Requests* the Executive Board of the clean development mechanism:
 - (a) To implement the concept of materiality, adhering to the principles established in paragraphs 1–5 above, and to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its eighth session, on the experience with the implementation of the concept of materiality;
 - (b) To increase its interaction with designated operational entities in order to facilitate a uniform interpretation and application of the concept of materiality by developing guidance, inter alia, on how to calculate the thresholds and on what should be done if the materiality thresholds are surpassed, with the overall view of increasing transparency and efficiency and reducing costs;
 - (c) To address the issue of uncertainties of measurements in baseline and monitoring methodologies, so that these types of uncertainties do not need to be considered in addressing materiality.

*10th plenary meeting
11 December 2011*

Decision 10/CMP.7

Modalities and procedures for carbon dioxide capture and storage in geological formations as clean development mechanism project activities

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

Recalling the provisions of Articles 3 and 12 of the Kyoto Protocol,

Also recalling decisions 3/CMP.1, 2/CMP.5 and 7/CMP.6,

1. *Adopts* the modalities and procedures for carbon dioxide capture and storage in geological formations as clean development mechanism project activities contained in the annex to this decision;
2. *Decides* to periodically review the modalities and procedures for carbon dioxide capture and storage in geological formations as clean development mechanism project activities and that the first review shall be carried out no later than five years after the adoption of this decision, on the basis of recommendations made by the Executive Board of the clean development mechanism and by the Subsidiary Body for Implementation, and drawing on technical advice provided by the Subsidiary Body for Scientific and Technological Advice, as needed;
3. *Also decides* that any revision of the modalities and procedures contained in the annex to this decision shall not affect clean development mechanism project activities already registered in accordance with these modalities and procedures or any project activities registered in accordance with the modalities and procedures contained in the annex to decision 3/CMP.1 or the annex to decision 5/CMP.1;
4. *Agrees* to consider, at its eighth session:
 - (a) The eligibility of carbon dioxide capture and storage project activities which involve the transport of carbon dioxide from one country to another or which involve geological storage sites that are located in more than one country;
 - (b) The establishment of a global reserve of certified emission reduction units for carbon dioxide capture and storage project activities, in addition to the reserve referred to in paragraph 21(b) of the annex to this decision;
5. *Requests* the Subsidiary Body for Scientific and Technological Advice to consider, at its thirty-sixth session, provisions for the type of project activities referred to in paragraph 4(a) above, including a possible dispute resolution mechanism, and for the global reserve of certified emission reduction units referred to in paragraph 4(b) above, with a view to forwarding a draft decision on these matters for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session;
6. *Invites* Parties and admitted observer organizations to submit to the secretariat, by 5 March 2012, their views on the issues referred to in paragraph 4(a) and (b) above and requests the secretariat to compile the submissions into a miscellaneous document.

Annex

Modalities and procedures for carbon dioxide capture and storage in geological formations under the clean development mechanism

A. Definitions

1. For the purpose of this annex, the definitions contained in the annex to decision 3/CMP.1 shall apply mutatis mutandis to carbon dioxide capture and storage project activities under the clean development mechanism (CDM). In addition, the following definitions shall apply:

(a) “Carbon dioxide capture and storage” (CCS) means the capture and transport of carbon dioxide from anthropogenic sources of emissions, and the injection of the captured carbon dioxide into an underground geological storage site for long-term isolation from the atmosphere;

(b) A “geological storage site” means a paired geological formation, or a series of such formations, consisting of an injection formation of relatively high porosity and permeability into which carbon dioxide can be injected, coupled with an overlying cap rock formation of low porosity and permeability and sufficient thickness which can prevent the upward movement of carbon dioxide from the storage formation;

(c) The “operational phase” means the period that begins when carbon dioxide injection commences and ends when carbon dioxide injection permanently ceases;

(d) The “closure phase” means the phase that follows the operational phase and is the period that begins when carbon dioxide injection permanently ceases and ends when the geological storage site has been closed;

(e) The “closure” of a geological storage site means the completion of the sealing of the geological storage site, including the appropriate plugging of wells relating to the geological storage site;

(f) The “post-closure phase” means the phase that follows the closure phase and is the period that begins when the geological storage site has been closed;

(g) “Seepage” is defined as a transfer of carbon dioxide from beneath the ground surface or seabed ultimately to the atmosphere or ocean;

(h) The “site development and management plan” is the documented description of how a geological storage site will be operated and managed;

(i) “History matching” means the process of comparing observed results from the monitoring and measurement of a geological storage site with the results of the predictive numerical modelling of the behaviour of carbon dioxide injected into the geological storage site, and the use of the observed results to calibrate and update numerical models and modelling results. It can involve multiple iterations;

(j) “Liability” means the legal responsibility arising from the CCS project activity or the relevant geological storage site, with the exception of the obligations arising from a net reversal of storage as set out in section K below but including all obligations related to the operation of the storage site (e.g. monitoring, remedial measures, etc.), to compensate for or remedy any significant damages, including damage to the environment, such as ecosystem damage, other material damages or personal injury;

(k) “Remedial measures” means actions and measures intended to stop or control any unintended physical leakage or seepage of carbon dioxide, to restore the integrity of a geological storage site, or to restore long-term environmental quality significantly affected by a CCS project activity;

(l) A “net reversal of storage” of carbon dioxide means that:

(i) For a verification period during the crediting period, the accumulated verified reductions in anthropogenic emissions by sources of greenhouse gases (GHGs) that have occurred as a result of a registered CDM project activity are negative (i.e. the seepage from the geological storage site of the CCS project activity exceeds the remainder of the emission reductions achieved by the CCS project activity);

(ii) For a verification period after the end of the last crediting period, seepage has occurred from the geological storage site of the CCS project activity.

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

2. The provisions of section B of the modalities and procedures for a clean development mechanism, contained in the annex to decision 3/CMP.1 (hereinafter referred to as the CDM modalities and procedures), shall apply mutatis mutandis to CCS project activities under the CDM.

C. Executive Board

3. The provisions of section C of the CDM modalities and procedures shall apply mutatis mutandis to CCS project activities under the CDM, with the exception of the provisions of paragraph 5(e) on recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) relating to simplified modalities, procedures and definitions for small-scale project activities.

4. In addition, the Executive Board of the clean development mechanism (hereinafter referred to as the Executive Board) shall adopt relevant documents as defined in the hierarchy of documents of the Executive Board, drawing on technical and legal expertise and striving to ensure a high degree of conservativeness, including, inter alia, with regard to:

(a) A project design document for CCS project activities, taking into account appendix B to the annex to decision 3/CMP.1;

(b) The selection and characterization of geological storage sites, as specified in appendix B to this annex;

(c) The risk and safety assessment, as referred to in paragraph 10(c) below and specified in appendix B to this annex;

(d) The environmental and socio-economic impact assessments, as referred to in paragraph 10(d) below;

(e) Monitoring requirements, as specified in appendix B to this annex;

(f) Requirements for financial provision, as referred to in paragraph 10(g) below and specified in appendix B to this annex;

(g) The site development and management plan, as specified in appendix B to this annex;

(h) Specific criteria tailored for the accreditation of designated operational entities (DOEs) that guarantee a high level of their expertise, competencies and independence.

D. Accreditation and designation of operational entities

5. The provisions of section D of the CDM modalities and procedures shall apply *mutatis mutandis* to CCS project activities under the CDM. In addition, DOEs responsible for validation and verification of CCS project activities must have all appropriate experience relevant to CCS, as required by the Executive Board.

E. Designated operational entities

6. The provisions of section E of the CDM modalities and procedures shall apply *mutatis mutandis* to CCS project activities under the CDM.

F. Participation requirements

7. The provisions of section F of the CDM modalities and procedures shall apply *mutatis mutandis* to CCS project activities under the CDM. In addition, the provisions of paragraph 8 below shall apply to CCS project activities.

8. A Party not included in Annex I to the Convention may only host a CCS project activity under the CDM if it has submitted an expression of its agreement to the UNFCCC secretariat to allow the implementation of CCS project activities in its territory and provided that it has established laws or regulations which:

(a) Set procedures that include provisions for the appropriate selection, characterization and development of geological storage sites, recognizing the project requirements for CCS project activities under the CDM set out in appendix B to this annex;

(b) Define means by which rights to store carbon dioxide in, and gain access to, subsurface pore space can be conferred to project participants;

(c) Provide for timely and effective redress for affected entities, individuals and communities for any significant damages, such as environmental damage, including damage to ecosystems, other material damages or personal injury, caused by the project activity, including in the post-closure phase;

(d) Provide for timely and effective remedial measures to stop or control any unintended seepage of carbon dioxide, to restore the integrity of a geological storage site, and to restore long-term environmental quality significantly affected by a CCS project activity;

(e) Establish means for addressing liability arrangements for carbon dioxide geological storage sites, taking into account the provisions set out in paragraphs 22 to 25 of appendix B to this annex;

(f) For a host Party that accepts the obligation to address a net reversal of storage in the situation referred to in paragraph 26 below, establish measures to fulfil such an obligation.

G. Validation and registration

9. The provisions of section G of the CDM modalities and procedures shall apply *mutatis mutandis* to CCS project activities under the CDM, with the exception of paragraph 37(c). In addition, the provisions of paragraphs 10 to 13 below shall apply to CCS project activities.

10. In addition to the requirements contained in paragraph 37 of the CDM modalities and procedures, the DOE shall also confirm that the following requirements are met:

- (a) The participation requirements set out in paragraph 8 above are satisfied;
- (b) The geological storage site has been characterized and selected in accordance with paragraphs 1 to 5 of appendix B to this annex and the conditions set out in paragraph 1 to 3 of appendix B to this annex are fulfilled;
- (c) A risk and safety assessment has been carried out, in accordance with the laws and regulations of the host Party and the provisions set out in paragraphs 6 to 9 of appendix B to this annex;
- (d) Environmental and socio-economic impact assessments have been carried out in accordance with the laws and regulations of the host Party and in accordance with the provisions set out in paragraphs 26 to 29 of appendix B to this annex, including with regard to potential transboundary impacts, drawing upon the risk and safety assessment referred to in paragraph 10(c) above. Such assessments shall also include a detailed description of the planned monitoring and remedial measures to address any environmental and socio-economic impacts identified, and be compiled in accordance with procedures as required by the host Party;
- (e) The results of the assessments referred to in paragraphs 10(c) and (d) above confirm the technical and environmental viability of the proposed CCS project activity;
- (f) Provisions for liability have been agreed in accordance with the laws and regulations of the host Party and the provisions set out in paragraphs 22 to 25 of appendix B to this annex;
- (g) Financial provisions have been put in place by the project participants in accordance with the requirements set out in paragraphs 18 to 21 of appendix B to this annex;
- (h) The provisions in the project design document for monitoring, including the monitoring plan, are in accordance with this annex and appendix B to this annex;
- (i) The project participants have provided a description and analysis of the environmental conditions in the area of the geological storage site prior to any storage of carbon dioxide, including a description of the following:
 - (i) The hydrology, aquifer and groundwater properties, such as acidity and dissolved gases;
 - (ii) Where appropriate, the soils and soil gas properties, such as a carbon dioxide isotope analysis and carbon dioxide flux rate;
 - (iii) The ecosystems and the possible presence of rare or endangered or sensitive species and their habitats;
 - (iv) Climatic data;

(j) The proposed project activity conforms to all other requirements for CCS project activities set out in the present decision and other relevant decisions adopted by the CMP or the Executive Board.

11. In addition to the requirements contained in paragraph 40 of the CDM modalities and procedures, the DOE shall, prior to the submission of the validation report to the Executive Board, have received from the project participants written confirmation by the designated national authority of the host Party of the following:

(a) That the right to store carbon dioxide in, and gain access to, the proposed geological storage site has been conferred to the relevant project participants;

(b) That the host Party agrees to the financial provision, in accordance with paragraphs 18 to 21 of appendix B to this annex, described in the project design document;

(c) That the host Party accepts the allocation of liability as proposed in the project design document and the transfer of liability referred to in paragraph 25 of appendix B to this annex;

(d) Whether or not the host Party accepts the obligation to address a net reversal of storage in the situation referred to in paragraph 26 below.

12. The project boundary of a CCS project activity shall include all above-ground components, including, where applicable, the following:

(a) The installation where the carbon dioxide is captured;

(b) Any treatment facilities;

(c) Transportation equipment, including pipelines and booster stations along a pipeline, or offloading facilities in the case of transportation by ship, rail or road tanker;

(d) Any reception facilities or holding tanks at the injection site;

(e) The injection facility;

(f) Subsurface components, including the geological storage site and all potential sources of seepage, as determined during the characterization and selection of the geological storage site, carried out in accordance with appendix B to this annex.

13. The project boundary shall also encompass the vertical and lateral limits of the carbon dioxide geological storage site that are expected when the carbon dioxide plume stabilizes over the long term during the closure phase and the post-closure phase.

H. Monitoring

14. The provisions of section H of the CDM modalities and procedures shall apply *mutatis mutandis* to CCS project activities under the CDM. In addition, the provisions for monitoring set out in appendix B to this annex shall apply to CCS project activities.

I. Verification and certification

15. The provisions of section I of the CDM modalities and procedures shall apply *mutatis mutandis* to CCS project activities under the CDM. In addition, the provisions of paragraph 16 below shall apply to CCS project activities.

16. In addition to the provisions contained in paragraph 62 of the CDM modalities and procedures, the DOE contracted by the project participants to perform the verification shall:

- (a) Determine whether monitoring was conducted in accordance with the monitoring plan and the provisions for monitoring set out in paragraphs 10 to 17 of appendix B to this annex;
- (b) Determine whether the site development and management plan is being adhered to;
- (c) Determine whether significant deviations were observed during history matching and whether, in such a case, a recharacterization of the geological storage site, an update of the risk and safety assessment, an update of the environmental and socio-economic impact assessments, a revision to the project boundary, and a revision to the monitoring plan have been conducted, as necessary, in accordance with the provisions set out in appendix B to this annex;
- (d) Determine whether seepage occurred from the geological storage site of the CCS project activity during the verification period;
- (e) In the case that such seepage occurred:
 - (i) Determine whether the remedial measures and plans described in the risk and safety assessment were implemented and effective;
 - (ii) Determine whether a net reversal of storage occurred as a result of the seepage;
- (f) In the case that a net reversal of storage occurred, quantify the amount of the net reversal of storage that occurred as a result of the seepage;
- (g) Determine whether there have been any unintentional transboundary effects;
- (h) Where applicable, determine whether the geological storage site has been successfully closed.

17. The initial verification and certification of a CCS project activity may be undertaken at a time selected by the project participants. Subsequent verification and certification reports shall be submitted to the Executive Board not later than five years after the end of the previous verification period. Verification and certification shall continue beyond the end of the last crediting period of the proposed CCS project activity and shall only cease after the monitoring of the geological storage site has been terminated in accordance with the conditions for the termination of monitoring, as set out in paragraph 16 of appendix B to this annex.

J. Issuance of certified emission reductions

18. The provisions of paragraph 65 of the CDM modalities and procedures shall apply *mutatis mutandis* to CCS project activities under the CDM. In addition, the provisions in paragraphs 19 to 23 below shall apply to CCS project activities.

19. A certification report submitted for a verification period during the crediting period shall constitute a request to the Executive Board for issuance of certified emission reductions (CERs) equal to the verified reductions in anthropogenic emissions by sources of GHGs that have occurred as a result of the registered CCS project activity.

20. A certification report submitted for a verification period after the end of the last crediting period shall not constitute a request for issuance but shall provide, where applicable, information on the amount of any net reversal of storage that occurred during the verification period as a result of seepage from the geological storage site of a CCS

project activity, in accordance with these modalities and procedures and any decisions of the Executive Board.

21. Upon submission of a certification report for a verification period during the crediting period and upon finalization of the consideration of the certification report by the Executive Board, the CDM Registry Administrator, working under the authority of the Executive Board, shall, promptly, issue the specified quantity of CERs into the pending account of the Executive Board in the CDM registry, in accordance with appendix D to the annex to decision 3/CMP.1. Upon such issuance, the CDM Registry Administrator shall promptly:

(a) Forward the quantity of CERs corresponding to the share of proceeds to cover administrative expenses and to assist in meeting the costs of adaptation, respectively, in accordance with Article 12, paragraph 8, of the Kyoto Protocol, to the appropriate accounts in the CDM registry for the management of the share of proceeds;

(b) Forward 5 per cent of the CERs issued to a reserve account of the CDM registry, established for the CCS project activity for the purpose of accounting for any net reversal of storage, as referred to in paragraph 3(a) of appendix A to this annex;

(c) Forward the remaining CERs to the registry accounts of the Parties and project participants involved, in accordance with their request.

22. The last certification report, submitted after the monitoring of the geological storage site has been terminated in accordance with the conditions for the termination of monitoring, as set out in paragraph 16 of appendix B to this annex, may constitute a request to forward any remaining CERs in the reserve account established for the purpose of accounting for any net reversal of storage to the registry accounts of the Parties and project participants involved.

23. Upon submission of the last certification report, referred to in paragraph 22 above, and upon finalization of the consideration of the certification report by the Executive Board, the CDM Registry Administrator shall, promptly, forward any CERs remaining in the reserve account established for the purpose of accounting for any net reversal of storage to the registry accounts of the Parties and project participants involved, in accordance with their request.

K. Addressing non-permanence

24. Where a verification report determines that a net reversal of storage occurred during the verification period as a result of seepage from the geological storage site of a CCS project activity, the Executive Board shall:

(a) Notify the CDM Registry Administrator to cancel, up to the amount of the net reversal of storage, the CERs issued for the CCS project activity held in the CDM registry:

(i) Firstly, from the reserve account established for the purpose of accounting for any net reversal of storage, as referred to in paragraph 3(a) of appendix A to this annex;

(ii) Secondly, from the pending account;

(iii) Finally, from the holding accounts of the project participants, proportional to the amount of CERs for the CCS project activity held in each holding account;

(b) Determine any outstanding amount of the net reversal of storage for which no units were cancelled under paragraph 24(a) above and, where such an amount is

outstanding, request the project participants to transfer, within 30 days after the notification, an amount of assigned amount units (AAUs), CERs, emission reductions units (ERUs) or removal units (RMUs) equivalent to the outstanding amount to a cancellation account of the CDM registry established for this purpose, as referred to in paragraph 3(b) of appendix A to this annex, or a cancellation account of the national registry of any Party.

25. Where a verification report is not submitted within the time frame specified in paragraph 17 above, the Executive Board shall forthwith notify the project participants to provide the outstanding verification report. If the verification report is not received within six months of the receipt of the notification by the project participants, the Executive Board shall:

(a) Notify the CDM Registry Administrator to cancel all CERs that were issued for the CCS project activity and are being held in the CDM registry;

(b) Subsequently request the project participants to cancel, within one year after the notification, an amount of AAUs, CERs, ERUs or RMUs equivalent to the amount of CERs issued from the start of the CCS project activity:

(i) Minus any AAUs, CERs, ERUs or RMUs that were transferred to a cancellation account for the purpose of compensating for a net reversal of storage, prior to the notification of the CDM Registry Administrator referred to in paragraph 25(a) above;

(ii) Minus any CERs issued for the CCS project activity that were cancelled in accordance with paragraph 25(a) above.

26. If the project participants do not comply, fully or partially, with the requirements set out in paragraphs 24 or 25(b) above, the outstanding amount of units shall be transferred to a cancellation account of the national registry of a Party included in Annex I to the Convention (Annex I Party) or the CDM registry, within one year of the notification by the Executive Board, by:

(a) The host Party, if the host Party has accepted the obligation to address a net reversal of storage in such a situation in its letter of approval;

(b) The Annex I Parties which hold CERs issued for the CCS project activity in accounts of their national registries, if the host Party has not accepted the obligation to address a net reversal of storage in such a situation in its letter of approval.

27. If the host Party has accepted the obligation to address a net reversal of storage in such a situation in its letter of approval, the Executive Board shall determine the outstanding amount of units that must be cancelled and notify the host Party concerned of the requirement for cancellation. To meet this requirement, the host Party shall transfer an amount of AAUs, CERs, ERUs or RMUs equivalent to the outstanding amount to the cancellation account established for this purpose in the CDM registry or a cancellation account of the national registry of any Party.

28. If the host Party has not accepted the obligation to address a net reversal of storage in such a situation in its letter of approval, the Executive Board shall:

(a) Determine the outstanding amount of units that must be cancelled;

(b) Request the international transaction log administrator to identify the quantity of CERs issued for the CCS project activity held in each national registry, distinguishing between units in holding accounts and other accounts, for the current and previous commitment periods;

(c) Immediately notify the international transaction log that, in accordance with these modalities and procedures, the CERs identified as being in holding accounts are

ineligible for transfers other than for the purpose of the requirement set out in paragraph 26 above. When the requirement for cancellation, as set out in paragraph 26 above, has been satisfied, the CERs issued for the CCS project activity in holding accounts shall be again eligible for transfer;

(d) Determine the outstanding amount of units that must be cancelled by each Annex I Party proportionally, by dividing the amount identified in paragraph 28(b) above by the total outstanding amount;

(e) Notify each Annex I Party which holds CERs issued for the CCS project activity in accounts of its national registry of the requirement for cancellation, as determined in paragraph 28(d) above. To meet this requirement, the relevant Annex I Parties shall transfer an amount of AAUs, CERs, ERUs or RMUs equivalent to the outstanding amount to the cancellation account established for this purpose in the CDM registry or a cancellation account of their national registries.

Appendix A

Additional requirements for the clean development mechanism registry to address carbon dioxide capture and storage project activities under the clean development mechanism

1. The provisions of appendix D to the modalities and procedures for a clean development mechanism, contained in the annex to decision 3/CMP.1 (hereinafter referred to as the CDM modalities and procedures), shall apply mutatis mutandis to carbon dioxide capture and storage (CCS) project activities under the clean development mechanism (CDM). In addition, the provisions of this appendix shall apply to CCS project activities.
2. The CDM registry, established and maintained by the Executive Board of the CDM, shall be used to ensure the accurate accounting of the issuance, holding, transfer, acquisition and cancellation of certified emission reductions (CERs) from CCS project activities under the CDM.
3. In addition to the registry accounts specified in paragraph 3 of appendix D to the CDM modalities and procedures, the CDM registry shall have:
 - (a) A reserve account for each CCS project activity, where the CDM Registry Administrator holds CERs for the purpose of accounting for any net reversal of storage;
 - (b) A cancellation account to which CERs from CCS project activities are transferred to account for any net reversal of storage, in accordance with the provisions set out in the annex above.
4. Upon the request of the project participants, the CDM Registry Administrator shall, after the end of a commitment period, carry over any CERs held in a reserve account for a CCS project activity to the subsequent commitment period.

Appendix B

Additional requirements for carbon dioxide capture and storage project activities under the clean development mechanism

1. Selection and characterization of the geological storage site

1. Geological storage sites shall only be used to store carbon dioxide as project activities under the clean development mechanism (CDM) if, under the proposed conditions of use, there is no significant risk of seepage, no significant environmental or health risks exist, and the geological storage site will comply with all laws and regulations of the host Party.

2. The geological storage site is not located in international waters.

3. The following shall be evaluated when determining whether geological storage sites shall be used to store carbon dioxide as project activities under the CDM consistent with paragraph 1 of this appendix:

(a) All available evidence, such as data, analysis and history matching, indicates that the injected carbon dioxide will be completely and permanently stored such that, under the proposed or actual conditions of use, no significant risk of seepage or risk to human health or the environment exists;

(b) Whether the geological storage site is suitable for potable water supply.

4. For the purpose of determining whether the requirements set out in paragraph 1 to 3 above are met, the project participants shall take the following steps to characterize the proposed geological storage site:

(a) Step 1: data and information collection, compilation and evaluation. This step shall involve the collection of sufficient data and information to characterize the geological storage site and determine potential seepage pathways. The collected data and information shall be evaluated in order to make a preliminary assessment of the site's storage capacity and to assess the viability of monitoring. The data and information shall be evaluated for its quality and, where required, new data shall be collected;

(b) Step 2: characterization of the geological storage site architecture and surrounding domains. This step shall involve the assessment of known and inferred structures within the injection formation(s) and cap rock formation(s) that would act as barriers to, or facilitators of, the migration of injected carbon dioxide. This step shall involve the compilation of (a) numerical three-dimensional static earth model(s) of the geological storage site. The uncertainty associated with key parameters used to build the model shall be assessed. The model shall be used to characterise, inter alia:

(i) The structure of the geological containment;

(ii) All relevant geological properties of the injection formation(s);

(iii) The cap rock formation(s) and overburden;

(iv) The fracture system;

(v) The areal and vertical extent of the geological storage site (e.g. the injection formation, the cap rock formation, overburden, secondary containment zones and surrounding domains);

(vi) The storage capacity in the injection formation(s);

(vii) The fluid distribution and physical properties;

(viii) Other relevant characteristics;

(c) Step 3: characterization of dynamic behaviour, sensitivity characterization and risk assessment. This step shall involve an assessment of how the injected carbon dioxide can be expected to behave within the geological storage site architecture and surrounding domains, with a particular focus on the risk of seepage. This step shall utilize numerical dynamic modelling of the injected carbon dioxide using the static model developed in step 2 above to assess coupled processes (i.e. the interaction between each single process in the model), and, where possible, reactive processes (e.g. the interaction of injected carbon dioxide with in situ minerals in the numerical model), and short- and long-term simulations. Such numerical modelling shall be used to provide insight into the pressure and extent of carbon dioxide in the geological storage site over time, the risk of fracturing the cap rock formation(s) and the risk of seepage. Multiple simulations shall be conducted to identify the sensitivity of the assessments to assumptions made. The simulations carried out in this step shall form the basis for risk and safety assessments, detailed in paragraphs 6 to 9 below;

(d) Step 4: establishment of a site development and management plan. Drawing on steps 1–3 above, a site development and management plan shall be established. The plan shall address the proposed conditions of use for the geological storage site and include, inter alia, descriptions of:

- (i) The preparation of the site;
- (ii) Well construction, such as materials and techniques used, and the location, trajectory and depth of the well;
- (iii) Injection rates and the maximum allowable near-wellbore pressure;
- (iv) Operating and maintenance programmes and protocols;
- (v) The timing and management of the closure phase of the proposed carbon dioxide capture and storage (CCS) project, including site closure and related activities.

5. A wide range of data and information shall be used in performing the characterization and selection of the geological storage site, including, inter alia:

(a) Geological information, such as descriptions of the overburden and cap rock formation(s) and injection formation(s), locations of mapped faults, subsurface well and wellbore information, permeability and porosity, which are important in determining the injectivity of the injection formation, and the cap rock formation containment capacity, and information about regional tectonics, including the stress field and historical seismic activity;

(b) Geophysical information, such as the thickness and lateral extent of the storage and cap rock formation(s), pressure, temperature, the existence of faults, and reservoir heterogeneity. Sources of data may include, inter alia, well logs, sonic logs and seismic surveys;

(c) Geomechanical information, such as the stress state and the rock fracture pressure within the injection formation(s) and the cap rock formation(s). Sources of data include borehole data, such as breakouts inferred from caliper and televiwer logs, minifrac results, information about anisotropy within the reservoir, and mud loss events;

(d) Geochemical information, such as information on rock and fluid properties and mineralogy. Fluid properties, such as the brine salinity, should also be used to determine dissolution trapping rates;

(e) Hydrogeological information, such as aquifer characteristics and aquifer flow direction and rates within the geological storage site, the overburden and surrounding domains.

2. Risk and safety assessment

6. A comprehensive and thorough risk and safety assessment shall be carried out in order to assess the integrity of the geological storage site and potential impacts on human health and ecosystems in proximity to the proposed CCS project activity. The risk and safety assessment shall also be used to inform environmental and socio-economic impact assessments.

7. The risk and safety assessment shall consider the following:

(a) Specific risks associated with containment failure resulting in emissions of greenhouse gases from above-ground installations and seepage from subsurface installations, and the potential effects on, inter alia:

- (i) The contamination of underground sources of drinking water;
- (ii) The chemical properties of seawater;
- (iii) Human health and ecosystems (e.g. as a result of carbon dioxide accumulations at dangerous levels in non-turbulent air);

(b) The risk of continuous slow seepage from a geological storage site. This type of event can arise due to, inter alia:

- (i) Seepage along (an) injection well(s) or abandoned well(s);
- (ii) Seepage along a fault or fracture;
- (iii) Seepage through the cap rock formation;

(c) The risk of sudden mass release of carbon dioxide from surface CCS installations, for example due to pipeline rupture.

8. The risk and safety assessment shall:

(a) Cover the full chain of carbon CCS, including surrounding environments;

(b) Provide assurance of safe operational integrity regarding the containment of carbon dioxide, based on site-specific information about the geological storage site, potential seepage pathways, and secondary effects of storing carbon dioxide in the geological storage site, such as brine migration;

(c) Be used to determine operational data for the application of the site development and management plan, such as to set the appropriate maximums of injection pressure that will not compromise the confining cap rock formation(s) and the overburden of the geological storage site;

(d) Take account of the effects of potential induced seismicity or other geological impacts, as well as any other potential consequences for the environment, including on local ecosystems, property and public health, and global environmental effects on the climate directly attributable to the CCS project activity, including effects due to seepage;

(e) Be used to help prioritize locations and approaches for enhanced monitoring activities;

(f) Provide a basis for remedial measures, including plans for responses that can stop or control any unintended emissions from surface CCS installations and seepage of

carbon dioxide, restore the integrity of a geological storage site, and restore long-term environmental quality significantly affected by a CCS project activity. Such measures and plans shall accompany monitoring plans;

(g) Include a communication plan.

9. In order to assess the potential risks of carbon dioxide capture, transportation and storage in a geological storage site, the project participants shall take the following steps:

(a) Step 1: hazard characterization. This shall include an analysis the following:

(i) Potential hazards resulting from the capture, transportation and injection of carbon dioxide;

(ii) Potential seepage pathways from the geological storage site;

(iii) The magnitude of potential seepage for identified potential seepage pathways;

(iv) Critical parameters affecting potential seepage, such as the maximums of injection formation pressure, injection rates and temperature;

(v) The sensitivity to various assumptions made during numerical modelling;

(vi) Any other factors which could pose a hazard to human health and the environment;

(b) Step 2: exposure assessment. This shall be based on the characteristics of surrounding populations and ecosystems, the potential fate and behaviour of any seeped carbon dioxide, and other factors;

(c) Step 3: effects assessment. This shall be based on the sensitivity of species, communities or habitats linked to potential seepage events identified during the hazard characterization and the effects of elevated carbon dioxide concentrations in the atmosphere, biosphere and hydrosphere;

(d) Step 4: risk characterization. This shall comprise an assessment of the safety and integrity of the geological storage site in the short-, medium- and long-term, including an assessment of the risk of seepage under the proposed conditions of use set out in the site development and management plan;

(e) Step 5: contingency plan for large incidents, including seepage. This shall comprise all the necessary plans to be put in place in case of large incidents, including availability of trained personnel, materials and equipment and financial means to mitigate adverse impacts of the incident and teams prepared to act as swiftly as possible.

3. Monitoring

10. Monitoring of CCS project activities under the CDM shall be undertaken to meet the following objectives:

(a) To provide assurance of the environmental integrity and safety of the geological storage site;

(b) To confirm that the injected carbon dioxide is contained within the geological storage site and within the project boundary;

(c) To ensure that injected carbon dioxide is behaving as predicted in order to minimize the risk of any seepage or other adverse impacts;

(d) To ensure that good site management is taking place, taking account of the proposed conditions of use set out in the site development and management plan, established in accordance with paragraph 4(d) above;

(e) To detect and estimate the flux rate and total mass of carbon dioxide from any seepage;

(f) To determine whether timely and appropriate remedial measures have been carried out in the event of seepage;

(g) To determine the reductions in anthropogenic emissions by sources of greenhouse gases that have occurred as a result of the registered CCS project activity.

11. In order to meet the objectives outlined in paragraph 10 above, the monitoring plan for the proposed CCS project activity shall, in addition to the requirements set out in paragraph 53 of the modalities and procedures for a CDM, contained in the annex to decision 3/CMP.1 (hereinafter referred to as the CDM modalities and procedures), during the operational phase, closure phase and post-closure phase:

(a) Reflect the principles and criteria of international good practice for the monitoring of geological storage sites and consider the range of technologies described in the relevant sections of the Intergovernmental Panel on Climate Change (IPCC) *2006 IPCC Guidelines for National Greenhouse Gas Inventories* and other good practice guidance;

(b) Transparently specify which parameters and information will be monitored and collected, and the location and frequency of application of different monitoring techniques during the operational phase, closure phase and post-closure phase;

(c) Provide for specific techniques and methods that can:

(i) Detect and estimate the quantity of the carbon dioxide stored in the geological storage site;

(ii) Detect potential seepage via pathways in the cap rock formation(s) and in the overburden and surrounding domains in the geological storage site;

(iii) Estimate the flux rate and total mass of carbon dioxide from any seepage;

(d) Include provisions for history matching, by using the monitoring results to calibrate and update the numerical models that were used to characterize the geological storage site;

(e) Provide for measurement of the carbon dioxide stream and composition, including impurities, at various points in the carbon dioxide capture, transportation and storage chain, including at the point(s) of injection into the geological storage site, at an appropriate frequency;

(f) Provide for measurement of the temperature and pressure at the top and bottom of the injection well(s) and observation well(s), at an appropriate frequency;

(g) Provide for the monitoring and measurement of various geological, geochemical and geomechanical parameters, such as fluid pressures, displaced fluid characteristics, fluxes and microseismicity, at an appropriate frequency;

(h) Provide for the monitoring and measurement of relevant parameters in the overburden and surrounding domains of the geological storage site, such as the monitoring of groundwater properties, soil gas measurements and measurements of the surface concentrations of carbon dioxide in the air, which shall be calibrated to detect signs of seepage, at an appropriate frequency;

(i) Provide for the detection of corrosion or degradation of the transport and injection facilities;

(j) Provide for an assessment of the effectiveness of any remedial measures taken in the event of seepage.

12. The project participants shall, for each verification period, carry out history matching and, where necessary, update the numerical models used to characterize the geological storage site by conducting new simulations using the monitored data and information. The numerical models shall be adjusted in the event of significant deviations between observed and predicted behaviour.

13. Where significant deviations are observed during history matching or when requesting a renewal of the crediting period, the project participants shall, as appropriate:

(a) Recharacterize the geological storage site, in accordance with paragraphs 1 to 5 above;

(b) Revise the project boundary;

(c) Update the risk and safety assessment, in accordance with paragraphs 6 to 9 above;

(d) Update the environmental and socio-economic impact assessments, referred to in paragraph 10(d) of the annex above;

(e) Revise the monitoring plan, in order to improve the accuracy and/or completeness of data and information, taking into account observed deviations determined during history matching, changes to the project boundary, changes to the risk and safety assessment, changes to the environmental and socio-economic impact assessments, new scientific knowledge and improvements in the best available technology;

(f) Update the site development and management plan, taking account of the results of the activities described in paragraph 13(a–e) above, where appropriate.

14. Where the information prepared in accordance with paragraph 13 above indicates that the geological storage site no longer meets the requirements set out in paragraphs 1 to 3 above, the issuance of certified emission reduction units (CERs) shall cease.

15. Any seepage that occurs during the crediting period(s) of a CCS project activity shall be accounted for as project or leakage emissions in the calculation of the monitored reductions in anthropogenic emissions by sources of greenhouse gases that have occurred as a result of the registered CDM project activity. Any seepage that occurs after the end of the last crediting period shall be quantified and reported in monitoring reports.

16. The monitoring of the geological storage site shall:

(a) Begin before injection activities commence, to ensure adequate time for the collection of any required baseline data;

(b) Be conducted at an appropriate frequency during and beyond the crediting period(s) of the proposed project activity;

(c) Not be terminated earlier than 20 years after the end of the last crediting period of the CDM project activity or after the issuance of CERs has ceased, whichever occurs first;

(d) Only be terminated if no seepage has been observed at any time in the past 10 years and if all available evidence from observations and modelling indicates that the stored carbon dioxide will be completely isolated from the atmosphere in the long term. This may be demonstrated through the following evidence:

(i) History matching confirms that there is agreement between the numerical modelling of the carbon dioxide plume distribution in the geological storage site and the monitored behaviour of the carbon dioxide plume;

(ii) Numerical modelling and observations confirm that no future seepage can be expected from the geological storage site.

17. The monitoring of the geological storage site shall be conducted by the entity or Party that is liable for the geological storage site, or by an entity that is under contractual arrangement with the liable entity or Party.

4. Requirements for financial provision

18. The project participants shall establish financial provision:

(a) To meet all obligations in accordance with the laws and regulations of the host Party arising from the establishment and operation of the proposed CCS project activity;

(b) To allow for the ongoing safe operation of the geological storage site in accordance with the laws and regulations of the host Party;

(c) To address the risk of project participant insolvency in accordance with the laws and regulations of the host Party;

(d) To offer a means of redress for affected communities and ecosystems in the event of seepage from a geological storage site of a CCS project activity in accordance with the laws and regulations of the host Party;

(e) To enable the host Party to discharge its obligations arising in connection with the transfer of liability in accordance with paragraph 11(c) of the annex above and paragraph 25 below.

19. The financial provision shall cover:

(a) The cost of ongoing monitoring, at an appropriate frequency, of the geological storage site and of verification and certification by a designated operational entity for at least 20 years after the end of the last crediting period of the CDM project activity or after the issuance of CERs has ceased, whichever occurs first;

(b) In the event of seepage, the cost associated with the obligations set out in paragraphs 24 to 28 of the annex above;

(c) The cost of any remedial measures required by laws and regulations of the host Party;

(d) Any other requirements determined by the host Party that are agreed at the time of the host Party approval and described in the project design document.

20. The type and level of the financial provision shall be described in the project design document.

21. The financial provision shall, in accordance with the laws and regulations of the host Party, be transferable to the host Party upon fulfilment of all obligations of the project participants in accordance with these modalities and procedures and the laws and regulations of the host Party or upon insolvency of the project participant.

5. Liability

22. The project participants shall clearly document in the project design document how the liability obligations arising from the proposed CCS project activity or its geological

storage site, as defined in paragraph 1(j) of the annex above, are allocated during the operational phase, closure phase and post-closure phase in accordance with this decision.

23. Relevant provisions of laws and regulations of the host Party, including those referred to in paragraph 8 of the annex above, shall apply to matters related to liability.

24. During the operational phase and any time thereafter until a transfer of liability to the host Party has been effected in accordance with paragraph 25 below, liability, as defined in paragraph 1(j) of the annex above, shall reside with the project participants.

25. A transfer of liability from the project participants to the host Party shall be effected after:

(a) The monitoring of the geological storage site has been terminated in accordance with the conditions for the termination of monitoring, as set out in paragraph 16 above;

(b) The host Party has established that the conditions set out by the designated national authority in its letter of approval, referred to in paragraph 11 of the annex above, and those set out in the relevant laws and regulations applicable to the geological storage site have been complied with.

6. Environmental and socio-economic impact assessments

26. For CCS project activities, as a minimum, the comprehensive environmental and socio-economic impact assessments shall analyse thoroughly and exhaustively air emissions (nitrogen oxides, sulphur oxides, dust, mercury, polycyclic aromatic hydrocarbons, etc.), solid waste generation, and water use associated with current CCS technologies.

27. In all cases, in conducting the environmental and socio-economic impact assessments, best available techniques will be applied in order to facilitate a high level of protection for the environment as a whole and for communities.

28. The environmental and socio-economic impact assessments shall include at least a comprehensive analysis of the environmental and socio-economic impacts.

29. The designated operational entity selected by the project participants to validate a project activity, being under a contractual arrangement with them, shall review the project design document and any supporting documentation to confirm that comments from local stakeholders have been invited, a summary of the comments received has been provided, and a report to the designated operational entity on how due account was taken of any comments has been received.

*10th plenary meeting
9 December 2011*

Decision 11/CMP.7

Guidance on the implementation of Article 6 of the Kyoto Protocol

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

Mindful of the objective of the Convention as set out in its Article 2,

Recalling the provisions of Articles 3 and 6 of the Kyoto Protocol,

Cognizant of decisions 2/CMP.1, 9/CMP.1 and its annex (joint implementation guidelines), 10/CMP.1, 2/CMP.2, 3/CMP.2, 3/CMP.3, 5/CMP.4, 3/CMP.5 and 4/CMP.6,

Recalling decision 1/CMP.6, paragraph 6(b),

Expressing its deep appreciation to the Parties that have contributed to funding the work on joint implementation,

Stressing the importance of constituencies nominating members and alternate members to the Joint Implementation Supervisory Committee who have the required qualifications, sufficient time and the commitment to serve on the Committee and perform their functions, in order to ensure that the Committee has the necessary expertise in, inter alia, financial, environmental and joint implementation regulatory matters and executive decision-making, and works in an effective manner,

Noting with appreciation the information presented on the UNFCCC joint implementation website¹ regarding decisions of the Joint Implementation Supervisory Committee and on the status of work undertaken by the Committee,

I. General

1. *Invites* Parties wishing to be involved in joint implementation projects to provide the secretariat with information in accordance with paragraph 20 of the joint implementation guidelines,² if this information has not been previously provided;

2. *Takes note with appreciation* of the annual report of the Joint Implementation Supervisory Committee, including the achievements of and challenges faced by the Committee in its supervision of the joint implementation mechanism, information on the work done by the committee during the reporting period, and its financial status and resources, and of the actions taken;³

3. *Notes with appreciation* that 291 project design documents, one programme of activities design document, 39 determinations regarding project design documents, 62 monitoring reports and 57 verifications of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks have been made publicly available in accordance with paragraphs 32, 34, 36 and 38 of the joint implementation guidelines, and that 15 independent entities have applied for accreditation and that there are currently 11 accredited independent entities;

¹ <<http://ji.unfccc.int/index.html>>.

² Decision 9/CMP.1, annex.

³ FCCC/KP/CMP/2011/4.

4. *Commends* the Joint Implementation Supervisory Committee for the efficient implementation and operation of the verification procedure under the Committee;
5. *Encourages* the Joint Implementation Supervisory Committee to continue to streamline the process of accrediting independent entities, including efforts to align the joint implementation accreditation process with the clean development mechanism accreditation process;
6. *Also encourages* the Joint Implementation Supervisory Committee to continue enhancing the implementation of the verification procedure under the Committee, taking into account the distinct characteristics of joint implementation under Article 6 of the Kyoto Protocol, to continue to promote transparency and to emphasize in its interaction with designated focal points, independent entities, project participants and stakeholders that approaches specific to joint implementation are available;
7. *Acknowledges with appreciation* that the Joint Implementation Supervisory Committee has kept its regulatory documents under review and continues to improve the clarity of the provisions and guidelines established regarding the verification procedure under the Committee, setting time limits in the joint implementation project cycle, making use of electronic decision-making, in particular in relation to reviews, and encouraging and supporting project-based innovative methodological approaches;
8. *Also acknowledges with appreciation* that the Joint Implementation Supervisory Committee has continued its efforts to enhance the transparency and efficiency of the accreditation process, in particular in the revision of the accreditation procedure;
9. *Recalls* its request to the Joint Implementation Supervisory Committee to continue to enhance its regulatory documents regarding the verification procedure under the Committee with a view to accelerating the timelines contained in the procedure without undermining its credibility;
10. *Agrees* to consider, at its eighth session, the issue of issuance of emission reduction units pursuant to decision 4/CMP.6, paragraph 11, for projects considered by the Joint Implementation Supervisory Committee in accordance with paragraph 10 of the same decision;
11. *Takes note* of the recommendations on options for building on the approach embodied in joint implementation,⁴ with key recommendations on the first review of the joint implementation guidelines in accordance with decision 9/CMP.1, paragraph 8;
12. *Also takes note* of the view of the Joint Implementation Supervisory Committee, as presented in the document referred to in paragraph 11 above, on the need for clarification regarding the treatment of emission reductions and removals that occur after the first commitment period of the Kyoto Protocol, on the process for review of the joint implementation guidelines, and on the recommendations relating to the evolution of joint implementation;
13. *Recalls* its decision to initiate the first review of the joint implementation guidelines, as contained in decision 4/CMP.6, paragraph 15;
14. *Invites* all Parties, intergovernmental organizations and admitted observer organizations to submit to the secretariat, by 16 April 2012, their views on the revision of the joint implementation guidelines, taking into account, as appropriate, their experience of implementing the mechanisms under the Kyoto Protocol, including national guidelines, and the recommendations referred to in paragraph 11 above;

⁴ FCCC/KP/CMP/2011/9.

15. *Requests* the secretariat to compile those submissions into a synthesis report, for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session, and to make the report publicly available by 31 July 2012;
16. *Also requests* the Joint Implementation Supervisory Committee to draft a revised set of key attributes and transitional measures dealing with the possible changes to the joint implementation guidelines, considering the recommendations referred to in paragraph 11 above as well as the submissions received and the synthesis report referred to in paragraphs 14 and 15 above, and to present them for discussion to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session, with a view to developing revised joint implementation guidelines for adoption at its ninth session;
17. *Decides* to further consider the issue arising from the recommendation contained in document FCCC/KP/CMP/2011/9, paragraph 26(a), at the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session, with a view to making a decision and requests the Joint Implementation Supervisory Committee to prepare further input for such consideration, taking into account the work being carried out by the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol;
18. *Takes note with appreciation* of the satisfaction expressed by the Joint Implementation Supervisory Committee with regard to the high quality of work achieved by its support structure, including secretariat staff;

II. Governance

19. *Commends* the Joint Implementation Supervisory Committee for maintaining a joint implementation management plan, pursuant to the provisions in decision 10/CMP.1, paragraph 2(g), decision 3/CMP.2, paragraph 5, decision 3/CMP.3, paragraph 6(a), decision 5/CMP.4, paragraph 10(a), decision 3/CMP.5, paragraph 16(a), and decision 4/CMP.6, paragraph 19(a); for implementing measures aimed at strengthening the joint implementation process, taking into account the experience of the Executive Board of the clean development mechanism, as appropriate; and for its responsiveness to the needs of Parties, independent entities, project participants, stakeholders and the general public, given the limited resources available;
20. *Acknowledges with appreciation* that the Joint Implementation Supervisory Committee has established a Designated Focal Point Forum and adopted its terms of reference;
21. *Also acknowledges with appreciation* that the Joint Implementation Supervisory Committee has adopted its communication and outreach workplan for 2011;
22. *Encourages* the Joint Implementation Supervisory Committee:
- (a) To continue to keep the joint implementation management plan under review and make adjustments to it as necessary to ensure the efficient, cost-effective and transparent functioning of joint implementation;
 - (b) To enhance its interaction with designated focal points, independent entities and project participants;
23. *Encourages* the Joint Implementation Supervisory Committee, designated focal points, independent entities, project participants and stakeholders to make every effort to contribute towards a more transparent, consistent and efficient verification procedure under the Committee;

24. *Also encourages* independent entities to continue to build and improve their capacity to appropriately perform their functions under the verification procedure of the Joint Implementation Supervisory Committee;

III. Resources for the work on joint implementation

25. *Endorses* the revision of the fee structure as finalized by the Joint Implementation Supervisory Committee, including the fees for joint implementation projects under the Track 1 procedure, as mandated in decision 4/CMP.6, paragraph 30;

26. *Expresses concern* regarding the projects under the Track 1 procedure that were registered in the period 1–25 March 2011 that still have unpaid fees in accordance with the new fee structure referred to in paragraph 25 above;

27. *Takes note* that the financial situation of the Committee and of its supporting structure has improved compared with the same period in 2010, in particular due to the introduction of fees under the Track 1 procedure;

28. *Requests* the Joint Implementation Supervisory Committee to review the structure of fees, specifically to ensure that fees paid for a project under the Track 1 procedure can be offset against fees to be paid under the Track 2 procedure and vice versa, noting that such an offset shall not provide for any reimbursement of fees that have already been paid, and shall be effected only once per project activity;

29. *Also requests* the secretariat to adjust UNFCCC practices so that the costs of travel and the daily subsistence allowance of all members and alternate members of the Joint Implementation Supervisory Committee will be covered from the part of the Trust Fund for Supplementary Activities dedicated to funding work on joint implementation, subject to the availability of funding resources exclusively sourced from the joint implementation administrative fees;

30. *Notes* that income from the charging of fees for Track 2 projects to cover administrative costs relating to the activities of the Joint Implementation Supervisory Committee may be used to cover administrative expenses as of 2012.

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9 December 2011*

Decision 12/CMP.7

Compliance Committee

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

Recalling Article 18 of the Kyoto Protocol,

Also recalling decisions 27/CMP.1, 4/CMP.2, 5/CMP.3, 4/CMP.4, 6/CMP.5 and 13/CMP.6,

Having considered the annual report of the Compliance Committee to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,¹

Expressing its appreciation to Parties that have contributed to funding the work of the Compliance Committee,

1. *Notes with appreciation* the work carried out by the Compliance Committee during the reporting period;
2. *Decides* to consider the observations of the Compliance Committee related to the consistency of reviews under Article 8 of the Kyoto Protocol at future sessions;
3. *Notes* the continued interest of the Compliance Committee in ensuring that any legal arrangements for privileges and immunities adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol should cover members and alternate members of the Committee,² and in this regard reiterates that it looks forward to considering the outcomes of the work of the Subsidiary Body for Implementation on draft treaty arrangements for privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol;
4. *Takes note* of the proposal of the Compliance Committee to extend the eligibility for funding related to the costs of travel and participation in meetings of the Compliance Committee to all members and alternate members of the Committee, and requests the secretariat to prepare a report on the policy and budgetary implications of funding the travel and participation in meetings of the constituted bodies of all members and alternate members for consideration by the Subsidiary Body for Implementation at its thirty-sixth session.

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9 December 2011*

¹ FCCC/KP/CMP/2011/5 and Corr.1.

² FCCC/KP/CMP/2011/5, paragraph 15.

Decision 13/CMP.7

Proposal from Kazakhstan to amend Annex B to the Kyoto Protocol

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

Recalling decision 8/CMP.6,

Also recalling the conclusions at its fifth session,¹ which noted that following the ratification of the Kyoto Protocol by Kazakhstan on 19 June 2009, and its entry into force for Kazakhstan on 17 September 2009, Kazakhstan became a Party included in Annex I to the Convention for the purposes of the Kyoto Protocol, while remaining a Party not included in Annex I to the Convention for the purposes of the Convention,

1. *Welcomes* the information provided by Kazakhstan with regard to its domestic mitigation effort, including the development of a national low-emissions strategy;
2. *Agrees* to include this item on the provisional agenda for its next session in order to continue its consideration of this proposal.

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9 December 2011*

¹ FCCC/KP/CMP/2009/21, paragraph 91.

Decision 14/CMP.7

Appeal by Croatia against a final decision of the enforcement branch of the Compliance Committee in relation to the implementation of decision 7/CP.12

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

Recalling Article 18 of the Kyoto Protocol,

Also recalling decision 27/CMP.1,

Further recalling its conclusions at its sixth session concerning the appeal by Croatia,¹

1. *Takes note* of the withdrawal by Croatia of its appeal against a final decision of the enforcement branch of the Compliance Committee,² and, accordingly, its consideration of the appeal is terminated;
2. *Also takes note* of the technical paper prepared by the secretariat on the procedural requirements and the scope and content of applicable law for the consideration of appeals under decision 27/CMP.1 and other relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, as well as the approach taken by other relevant international bodies relating to denial of due process.³

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¹ FCCC/KP/CMP/2010/12, paragraphs 67 and 68.

² FCCC/KP/CMP/2011/2.

³ FCCC/TP/2011/6.

Decision 15/CMP.7

Capacity-building under the Kyoto Protocol

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

Recalling decisions 6/CMP.4 and 11/CMP.6,

Acknowledging that capacity-building for developing countries is essential to enable them to participate in the implementation of the Kyoto Protocol,

Having considered the information in documents prepared by the secretariat in support of the second comprehensive review of the implementation of the framework for capacity-building in developing countries established under decision 2/CP.7,¹

Noting that key needs remain to be addressed to enable developing countries, in particular the least developed countries, African countries and small island developing States, to effectively participate in the clean development mechanism,

Reaffirming the importance of taking into account gender aspects and acknowledging the role and needs of youth and persons with disabilities in capacity-building activities,

Noting that a range of the priority areas identified in decisions 29/CMP.1 and 2/CP.7 are being addressed by Parties and multilateral and bilateral agencies, especially as they relate to building capacity to develop and implement clean development mechanism project activities,

Recalling the commitment of Parties to the Kyoto Protocol, welcoming the role the private sector plays in implementing the capacity-building activities identified in decisions 29/CMP.1 and 2/CP.7 and encouraging the private sector to continue its work in this field,

1. *Decides* that the scope of needs and priority areas identified in the framework for capacity-building in developing countries established under decision 2/CP.7, and the priority areas for capacity-building relating to the participation of developing countries in the clean development mechanism contained in decision 29/CMP.1, remain relevant and continue to be the basis for and to guide the implementation of capacity-building activities in developing countries;

2. *Encourages* Parties to further improve the implementation of capacity-building activities relating to the implementation of the Kyoto Protocol and to report on the effectiveness and sustainability of related capacity-building programmes;

3. *Invites* Parties that are in a position to do so, multilateral, bilateral and international agencies and the private sector to continue to provide technical and financial resources in a coordinated manner to support capacity-building activities in developing countries as they relate to the implementation of the Kyoto Protocol, addressing the following challenges, inter alia:

(a) The geographical distribution of clean development mechanism project activities;

(b) The lack of technical expertise to estimate changes in carbon stock in soils;

¹ FCCC/SBI/2009/MISC.1, FCCC/SBI/2009/MISC.2, FCCC/SBI/2009/MISC.8, FCCC/SBI/2009/MISC.12/Rev.1, FCCC/SBI/2009/4, FCCC/SBI/2009/5, FCCC/SBI/2011/15 and FCCC/KP/CMP/2011/3 (Parts I and II).

- (c) The need to train and retain experts to plan and implement project activities;
4. *Invites* Parties included in Annex II to the Convention in a position to do so to provide capacity-building support for the planning and implementation of clean development mechanism project activities at the national and regional levels, as appropriate;
5. *Decides* that the further implementation of the framework for capacity-building in developing countries should be improved at the systemic, institutional and individual levels, as appropriate, by:
- (a) Ensuring consultations with stakeholders throughout the entire process, from the design of the clean development mechanism project activities to their implementation;
- (b) Enhancing the integration of capacity-building needs relating to participation in the Kyoto Protocol into national development strategies and plans;
- (c) Increased country-driven coordination of capacity-building activities;
- (d) Strengthened networking and information sharing among developing countries, especially through South–South and triangular cooperation;
6. *Encourages* cooperative efforts between developing country Parties and developed country Parties to conceptualize and implement capacity-building activities relating to participation in the clean development mechanism;
7. *Also encourages* relevant intergovernmental and non-governmental organizations, in particular the United Nations Development Programme, the United Nations Environment Programme, the World Bank, the African Development Bank, the Economic Commission for Africa, the United Nations Conference on Trade and Development, the United Nations Institute for Training and Research and the UNFCCC secretariat, to continue enhancing and coordinating their capacity-building activities under the Nairobi Framework,² including support for building skills;
8. *Decides* to conclude the second comprehensive review and initiate the third comprehensive review of the implementation of the framework for capacity-building in developing countries, taking into account decisions 1/CP.16 and 2/CP.17 as they relate to capacity-building, at the forty-second session of the Subsidiary Body for Implementation (June 2015), with a view to completing the review at the twelfth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (November–December 2016).

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² <http://cdm.unfccc.int/Nairobi_Framework/index.html>.

Decision 16/CMP.7

Administrative, financial and institutional matters

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

Having considered the information in documents prepared by the secretariat on administrative, financial and institutional matters,¹

Recalling paragraphs 11 and 19 of the financial procedures for the Conference of the Parties adopted by decision 15/CP.1, which also apply under the Kyoto Protocol,²

1. *Takes note* of the interim financial statements for the biennium 2010–2011 as at 31 December 2010, the report on budget performance for the period 1 January 2010 to 30 June 2011 and the status of contributions as at 15 November 2011 to the Trust Fund for the Core Budget of the UNFCCC, the Trust Fund for Supplementary Activities, the Trust Fund for Participation in the UNFCCC Process, the Trust Fund for the Clean Development Mechanism and the Trust Fund for the International Transaction Log;
2. *Expresses appreciation* to Parties that have made contributions to the core budget and the international transaction log³ in a timely manner;
3. *Calls upon* Parties that have not made contributions to the core budget and the international transaction log⁴ to do so without delay, bearing in mind that contributions are due on 1 January of each year in accordance with the financial procedures;
4. *Expresses appreciation* for the contributions received from Parties to the Trust Fund for Participation in the UNFCCC Process and to the Trust Fund for Supplementary Activities;
5. *Reiterates* its appreciation to the Government of Germany for its annual voluntary contribution to the core budget of EUR 766,938 and its special contribution of EUR 1,789,522 as Host Government of the secretariat.

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¹ FCCC/SBI/2011/16, FCCC/SBI/2011/INF.3 and FCCC/SBI/2011/INF.14.

² In accordance with Article 13, paragraph 5, of the Kyoto Protocol.

³ FCCC/SBI/2011/INF.14, table 7.

⁴ As footnote 3 above.

Decision 17/CMP.7

Programme budget for the biennium 2012–2013

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

Recalling Article 13, paragraph 5, of the Kyoto Protocol,

Also recalling decision 9/CMP.6 on the methodology for the collection of international transaction log fees in the biennium 2012–2013,

Taking note of decision 18/CP.17, in particular paragraphs 5 and 6,

Having considered the proposed programme budget for the biennium 2012–2013 submitted by the Executive Secretary,¹

1. *Endorses* decision 18/CP.17 on the programme budget for the biennium 2012–2013 adopted by the Conference of the Parties at its seventeenth session, as it applies to the Kyoto Protocol;
2. *Adopts* the indicative scale of contributions for 2012 and 2013, contained in annex I to this decision, covering 32 per cent of the indicative contributions specified in table 1 of decision 18/CP.17;
3. *Invites* all Parties to the Kyoto Protocol to note that contributions to the core budget are due on 1 January of each year in accordance with paragraph 8(b) of the financial procedures, and to pay promptly and in full for each of the years 2012 and 2013 the contributions required to finance the approved expenditures set out in decision 18/CP.17;
4. *Takes note* of the financing requirements² for the clean development mechanism and joint implementation proposed by the Executive Board of the clean development mechanism and the Joint Implementation Supervisory Committee, respectively;
5. *Approves* the budget for the international transaction log for the biennium 2012–2013, amounting to EUR 5,770,020, for the purposes specified in the proposed budget for the international transaction log;³
6. *Decides* to maintain the level of the working capital reserve at 8.3 per cent of the estimated expenditure for the Trust Fund for the International Transaction Log;
7. *Adopts* the fees for the international transaction log for the biennium 2012–2013, as contained in annex II to this decision.

¹ FCCC/SBI/2011/2 and Add.1–3.

² FCCC/SBI/2011/2/Add.1 and 2.

³ FCCC/SBI/2011/2/Add.3.

Annex I

Indicative scale of contributions from Parties to the Kyoto Protocol for the biennium 2012–2013^a

<i>Party</i>	<i>United Nations scale of assessments for 2012</i>	<i>Kyoto Protocol adjusted scale for 2012</i>	<i>Kyoto Protocol adjusted scale for 2013</i>
Albania	0.010	0.013	0.013
Algeria	0.128	0.160	0.160
Angola	0.010	0.010	0.010
Antigua and Barbuda	0.002	0.003	0.003
Argentina	0.287	0.359	0.359
Armenia	0.005	0.006	0.006
Australia	1.933	2.417	2.417
Austria	0.851	1.064	1.064
Azerbaijan	0.015	0.019	0.019
Bahamas	0.018	0.023	0.023
Bahrain	0.039	0.049	0.049
Bangladesh	0.010	0.010	0.010
Barbados	0.008	0.010	0.010
Belarus	0.042	0.053	0.053
Belgium	1.075	1.344	1.344
Belize	0.001	0.001	0.001
Benin	0.003	0.004	0.004
Bhutan	0.001	0.001	0.001
Bolivia (Plurinational State of)	0.007	0.009	0.009
Bosnia and Herzegovina	0.014	0.018	0.018
Botswana	0.018	0.023	0.023
Brazil	1.611	2.014	2.014
Brunei Darussalam	0.028	0.035	0.035
Bulgaria	0.038	0.048	0.048
Burkina Faso	0.003	0.004	0.004
Burundi	0.001	0.001	0.001
Cambodia	0.003	0.004	0.004
Cameroon	0.011	0.014	0.014
Canada	3.207	4.010	4.010
Cape Verde	0.001	0.001	0.001
Central African Republic	0.001	0.001	0.001
Chad	0.002	0.003	0.003
Chile	0.236	0.295	0.295
China	3.189	3.987	3.987
Colombia	0.144	0.180	0.180

<i>Party</i>	<i>United Nations scale of assessments for 2012</i>	<i>Kyoto Protocol adjusted scale for 2012</i>	<i>Kyoto Protocol adjusted scale for 2013</i>
Comoros	0.001	0.001	0.001
Congo	0.003	0.004	0.004
Cook Islands	0.001	0.001	0.001
Costa Rica	0.034	0.043	0.043
Côte d'Ivoire	0.010	0.013	0.013
Croatia	0.097	0.121	0.121
Cuba	0.071	0.089	0.089
Cyprus	0.046	0.058	0.058
Czech Republic	0.349	0.436	0.436
Democratic People's Republic of Korea	0.007	0.009	0.009
Democratic Republic of the Congo	0.003	0.004	0.004
Denmark	0.736	0.920	0.920
Djibouti	0.001	0.001	0.001
Dominica	0.001	0.001	0.001
Dominican Republic	0.042	0.053	0.053
Ecuador	0.040	0.050	0.050
Egypt	0.094	0.118	0.118
El Salvador	0.019	0.024	0.024
Equatorial Guinea	0.008	0.010	0.010
Eritrea	0.001	0.001	0.001
Estonia	0.040	0.050	0.050
Ethiopia	0.008	0.010	0.010
European Union	2.500	2.500	2.500
Fiji	0.004	0.005	0.005
Finland	0.566	0.708	0.708
France	6.123	7.655	7.655
Gabon	0.014	0.018	0.018
Gambia	0.001	0.001	0.001
Georgia	0.006	0.008	0.008
Germany	8.018	10.025	10.025
Ghana	0.006	0.008	0.008
Greece	0.691	0.864	0.864
Grenada	0.001	0.001	0.001
Guatemala	0.028	0.035	0.035
Guinea	0.002	0.003	0.003
Guinea-Bissau	0.001	0.001	0.001
Guyana	0.001	0.001	0.001
Haiti	0.003	0.004	0.004
Honduras	0.008	0.010	0.010
Hungary	0.291	0.364	0.364

<i>Party</i>	<i>United Nations scale of assessments for 2012</i>	<i>Kyoto Protocol adjusted scale for 2012</i>	<i>Kyoto Protocol adjusted scale for 2013</i>
Iceland	0.042	0.053	0.053
India	0.534	0.668	0.668
Indonesia	0.238	0.298	0.298
Iran (Islamic Republic of)	0.233	0.291	0.291
Iraq	0.020	0.025	0.025
Ireland	0.498	0.623	0.623
Israel	0.384	0.480	0.480
Italy	4.999	6.250	6.250
Jamaica	0.014	0.018	0.018
Japan	12.530	15.666	15.666
Jordan	0.014	0.018	0.018
Kazakhstan	0.076	0.095	0.095
Kenya	0.012	0.015	0.015
Kiribati	0.001	0.001	0.001
Kuwait	0.263	0.329	0.329
Kyrgyzstan	0.001	0.001	0.001
Lao People's Democratic Republic	0.001	0.001	0.001
Latvia	0.038	0.048	0.048
Lebanon	0.033	0.041	0.041
Lesotho	0.001	0.001	0.001
Liberia	0.001	0.001	0.001
Libya	0.129	0.161	0.161
Liechtenstein	0.009	0.011	0.011
Lithuania	0.065	0.081	0.081
Luxembourg	0.090	0.113	0.113
Madagascar	0.003	0.004	0.004
Malawi	0.001	0.001	0.001
Malaysia	0.253	0.316	0.316
Maldives	0.001	0.001	0.001
Mali	0.003	0.004	0.004
Malta	0.017	0.021	0.021
Marshall Islands	0.001	0.001	0.001
Mauritania	0.001	0.001	0.001
Mauritius	0.011	0.014	0.014
Mexico	2.356	2.946	2.946
Micronesia (Federated States of)	0.001	0.001	0.001
Monaco	0.003	0.004	0.004
Mongolia	0.002	0.003	0.003
Montenegro	0.004	0.005	0.005
Morocco	0.058	0.073	0.073

<i>Party</i>	<i>United Nations scale of assessments for 2012</i>	<i>Kyoto Protocol adjusted scale for 2012</i>	<i>Kyoto Protocol adjusted scale for 2013</i>
Mozambique	0.003	0.004	0.004
Myanmar	0.006	0.008	0.008
Namibia	0.008	0.010	0.010
Nauru	0.001	0.001	0.001
Nepal	0.006	0.008	0.008
Netherlands	1.855	2.319	2.319
New Zealand	0.273	0.341	0.341
Nicaragua	0.003	0.004	0.004
Niger	0.002	0.003	0.003
Nigeria	0.078	0.098	0.098
Niue	0.001	0.001	0.001
Norway	0.871	1.089	1.089
Oman	0.086	0.108	0.108
Pakistan	0.082	0.103	0.103
Palau	0.001	0.001	0.001
Panama	0.022	0.028	0.028
Papua New Guinea	0.002	0.003	0.003
Paraguay	0.007	0.009	0.009
Peru	0.090	0.113	0.113
Philippines	0.090	0.113	0.113
Poland	0.828	1.035	1.035
Portugal	0.511	0.639	0.639
Qatar	0.135	0.169	0.169
Republic of Korea	2.260	2.826	2.826
Republic of Moldova	0.002	0.003	0.003
Romania	0.177	0.221	0.221
Russian Federation	1.602	2.003	2.003
Rwanda	0.001	0.001	0.001
Saint Kitts and Nevis	0.001	0.001	0.001
Saint Lucia	0.001	0.001	0.001
Saint Vincent and the Grenadines	0.001	0.001	0.001
Samoa	0.001	0.001	0.001
San Marino	0.003	0.004	0.004
Sao Tome and Principe	0.001	0.001	0.001
Saudi Arabia	0.830	1.038	1.038
Senegal	0.006	0.008	0.008
Serbia	0.037	0.046	0.046
Seychelles	0.002	0.003	0.003
Sierra Leone	0.001	0.001	0.001
Singapore	0.335	0.419	0.419

<i>Party</i>	<i>United Nations scale of assessments for 2012</i>	<i>Kyoto Protocol adjusted scale for 2012</i>	<i>Kyoto Protocol adjusted scale for 2013</i>
Slovakia	0.142	0.178	0.178
Slovenia	0.103	0.129	0.129
Solomon Islands	0.001	0.001	0.001
Somalia	0.001	0.001	0.001
South Africa	0.385	0.481	0.481
Spain	3.177	3.972	3.972
Sri Lanka	0.019	0.024	0.024
Sudan	0.010	0.010	0.010
Suriname	0.003	0.004	0.004
Swaziland	0.003	0.004	0.004
Sweden	1.064	1.330	1.330
Switzerland	1.130	1.413	1.413
Syrian Arab Republic	0.025	0.031	0.031
Tajikistan	0.002	0.003	0.003
Thailand	0.209	0.261	0.261
The former Yugoslav Republic of Macedonia	0.007	0.009	0.009
Timor-Leste	0.001	0.001	0.001
Togo	0.001	0.001	0.001
Tonga	0.001	0.001	0.001
Trinidad and Tobago	0.044	0.055	0.055
Tunisia	0.030	0.038	0.038
Turkey	0.617	0.771	0.771
Turkmenistan	0.026	0.033	0.033
Tuvalu	0.001	0.001	0.001
Uganda	0.006	0.008	0.008
Ukraine	0.087	0.109	0.109
United Arab Emirates	0.391	0.489	0.489
United Kingdom of Great Britain and Northern Ireland	6.604	8.257	8.257
United Republic of Tanzania	0.008	0.010	0.010
Uruguay	0.027	0.034	0.034
Uzbekistan	0.010	0.013	0.013
Vanuatu	0.001	0.001	0.001
Venezuela (Bolivarian Republic of)	0.314	0.393	0.393
Viet Nam	0.033	0.041	0.041
Yemen	0.010	0.010	0.010
Zambia	0.004	0.005	0.005
Zimbabwe	0.003	0.004	0.004
Total	80.491	100.000	100.000

^a Scale may be adjusted following a review by the United Nations General Assembly in December 2012.

Annex II

Fees for the international transaction log for the biennium 2012–2013

<i>Party</i>	<i>Fees for 2012 (EUR)</i>	<i>Fees for 2013 (EUR)</i>	<i>Scale of fees for 2012–2011^a (per cent)</i>
Australia	78 386	78 386	2.717
Austria	43 823	43 823	1.519
Belgium	54 440	54 440	1.887
Bulgaria	981	981	0.034
Canada	125 527	125 527	4.351
Croatia	2 193	2 193	0.076
Czech Republic	13 877	13 877	0.481
Denmark	36 495	36 495	1.265
Estonia	779	779	0.027
European Union	74 087	74 087	2.568
Finland	27 840	27 840	0.965
France	294 358	294 358	10.203
Germany	423 577	423 577	14.682
Greece	29 398	29 398	1.019
Hungary	12 059	12 059	0.418
Iceland	20 339	20 339	0.705
Ireland	21 984	21 984	0.762
Italy	250 823	250 823	8.694
Japan	412 239	412 239	14.289
Latvia	894	894	0.031
Liechtenstein	5 193	5 193	0.180
Lithuania	1 529	1 529	0.053
Luxembourg	4 212	4 212	0.146
Monaco	4 991	4 991	0.173
Netherlands	92 493	92 493	3.206
New Zealand	26 513	26 513	0.919
Norway	63 990	63 990	2.218
Poland	24 725	24 725	0.857
Portugal	26 023	26 023	0.902
Romania	3 462	3 462	0.120
Russian Federation	75 703	75 703	2.624
Slovakia	3 116	3 116	0.108
Slovenia	4 731	4 731	0.164
Spain	146 559	146 559	5.080
Sweden	52 911	52 911	1.834

<i>Party</i>	<i>Fees for 2012 (EUR)</i>	<i>Fees for 2013 (EUR)</i>	<i>Scale of fees for 2012–2011^a (per cent)</i>
Switzerland	76 164	76 164	2.640
Ukraine	20 570	20 570	0.713
United Kingdom of Great Britain and Northern Ireland	328 026	328 026	11.370
Total	2 885 010	2 885 010	100.00

^a As contained in decision 9/CMP.6.

*10th plenary meeting
9 December 2011*

Resolution 1/CMP.7

Expression of gratitude to the Government of the Republic of South Africa, the province of KwaZulu-Natal and the people of the city of Durban

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

Having met in Durban from 28 November to 11 December 2011 at the invitation of the Government of the Republic of South Africa,

1. *Express their profound gratitude* to the Government of the Republic of South Africa for having made it possible for the seventeenth session of the Conference of the Parties and the seventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to be held in Durban;
2. *Request* the Government of the Republic of South Africa to convey to the province of KwaZulu-Natal and the people of Durban the gratitude of the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for the hospitality and warmth extended to the participants.

*10th plenary meeting
11 December 2011*