

11 August 2000

ENGLISH/SPANISH ONLY

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Thirteenth session

Lyon, 11-15 September 2000

Item 7 of the provisional agenda

SUBSIDIARY BODY FOR IMPLEMENTATION

Thirteenth session

Lyon, 11-15 September 2000

Item 7 of the provisional agenda

**MECHANISMS PURSUANT TO ARTICLES 6, 12 AND 17 OF THE
KYOTO PROTOCOL**

**Principles, modalities, rules and guidelines for the
mechanisms under Articles 6, 12 and 17 of the
Kyoto Protocol**

Additional submissions from Parties

Note by the secretariat

1. The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation, at their twelfth sessions, urged Parties, if they wished to make additional submissions, to do so in succinct, legal language and directly related to the text in document FCCC/SB/2000/4, by 1 August 2000, for inclusion in a miscellaneous document to be issued before the thirteenth sessions of the subsidiary bodies. Submissions received later would be issued at the thirteenth sessions (FCCC/SBSTA/2000/5, para. 23 (d)).
2. Six such submissions* have been received. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced in the language in which they were received and without formal editing. For the submission by Mexico, an unofficial translation was received and is attached.
3. Readers should note that the submissions refer to the advance, unedited version of the consolidated text on principles, modalities, rules and guidelines of the mechanisms under Articles 6, 12 and 17 of the Kyoto Protocol (FUTURE FCCC/SB/2000/4) or, as indicated, to an earlier version, and not to the edited final version available as document FCCC/SB/2000/4.

* In order to make these submissions available on electronic systems, including the World Wide Web, these contributions have been electronically scanned and/or retyped. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

FCCC/SB/2000/MISC.4

GE.00-62995

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PAPER NO. 1: AUSTRALIA

**Draft text for further negotiations on principles, modalities,
rules and guidelines on mechanisms pursuant to
Articles 6, 12 and 17 of the Kyoto Protocol
Note by the Chairmen**

Submission by Australia on Prompt Start Clean Development Mechanism (CDM)

1 August 2000

Introduction

Australia supports a decision to establish the CDM on a basis that will ensure a prompt start.

A prompt start CDM will increase investor certainty and encourage the early development and implementation of emissions reduction projects. This timeliness is especially important considering that CERs obtained from the year 2000 can be used to assist in achieving compliance in the first commitment period.

A prompt start CDM will require the early establishment of an executive board.

Australia proposes that the following draft text be inserted as a separate section within the Annex to Part Two of the document (FUTURE FCCC/SB/2000/4) to be issued before or at the thirteenth session of the Subsidiary Bodies.

Draft Text on Prompt Start CDM

Establishment of an executive board

1. An executive board is established by the COP under Decision [C/CP.6]. This executive board shall assume in relation to the prompt start CDM the functions that the executive board shall assume in relation to the CDM, as defined under decision C/CP6, except where otherwise determined by the COP. It shall perform its functions from the date of its first meeting until the CDM executive board is established by the COP/moP and is in operation.
2. Operational entities shall assume in relation to the prompt start CDM, the functions that operational entities shall assume in relation to the CDM, as defined under decision C/CP6, except where otherwise determined by an executive board or by the COP.
3. An executive board shall approve projects provided that the legal entities participating in a project provide information sufficient to enable operational entities to determine that reductions in emissions and/or enhancements of removals are real, measurable and long term, and additional to any that would occur in the absence of the project. Legal entities participating in a project shall

- (a) define the project, the timeframe over which it is expected to produce credits, and the project boundaries;
 - (b) identify the emissions and/or removals from the project;
 - (c) specify and justify a baseline that identifies the emissions and/or removals that would have occurred in the absence of the project;
 - (d) provide for systematic monitoring and reporting of the actual changes in emissions and/or removals arising from the project, including leakage and, if relevant, permanence;
 - (e) provide for making and keeping of appropriate records to allow the reductions in emissions and/or enhancement of removals to be verified; and
 - (f) provide any other information necessary for an executive board, or operational entities, to determine the reductions in emissions and/or enhancements of removals.
4. An executive board may issue guidance on project crediting. In considering whether a CDM project proposal provides a sound basis for determining the reduction in emissions or enhancement of removals attributable to the project, operational entities shall take account of this guidance, as well as relevant methodologies for project crediting as provided for under decision [C/CP.6].

Prompt start CDM

5. The prompt start CDM shall be subject to the authority and guidance of the COP until the first session of the COP/moP.
6. The first session of the COP/moP shall adopt all decisions of the COP related to the prompt start CDM in order that
 - (a) all projects approved by an executive board continue to accrue CERs under arrangements approved by that executive board;
 - (b) any certified emission reductions (CERs) generated from 1 January 2000 are issued; and
 - (c) on the issuance of these CERs, a share of the proceeds from CDM project activities is provided for as under decision C/CP.6
7. [The COP shall determine arrangements for the funding of an executive board]

**Draft text for further negotiations on principles, modalities,
rules and guidelines on mechanisms pursuant to
Articles 6, 12 and 17 of the Kyoto Protocol
Note by the Chairmen**

Submission by Australia on Sinks in the CDM

1 August 2000

Introduction

The Annex to Part Two of the draft document (FUTURE FCCC/SB/2000/4) currently includes, at paragraph 58, a provision for sinks projects to be included within the CDM on the basis that a number of specified requirements are addressed.

The treatment of permanence is a key issue that needs to be addressed when considering the validation of sinks projects; however, it is not included in the requirements set out in paragraph 58.

Whilst this issue is also dealt with elsewhere in the document, Australia considers that, for completeness, a reference to the need to address permanence should also be inserted in paragraph 58. This would ensure that each of the key issues raised by sinks would be listed together, and in a consistent and coherent manner.

Australia considers that this would simplify debate of sinks-related requirements by providing a single, complete option against which any proposed alternatives formulations could be considered.

Therefore, Australia proposes that the following draft text be inserted in paragraph 58 of the Annex to Part Two of the document (FUTURE FCCC/SB/2000/4) to be issued before or at the thirteenth session of the Subsidiary Bodies.

Draft Text on Permanence of Carbon Sequestration by Sinks Projects

58(e)(bis) Potential reversibility of carbon sequestration resulting from the project activity is addressed in the project design.

Land Use Change & Forestry Projects and the Clean Development Mechanism

Australian Non-Paper

The Clean Development Mechanism (CDM) assists Parties with emissions commitments in achieving compliance with their targets through the use of certified emissions reductions (CERs) accruing from CDM projects in countries without emissions commitments.

This important mechanism provides a means of engaging developing countries in greenhouse gas mitigation activities, facilitates technology transfer and helps with achieving sustainable development. A share of proceeds from CDM projects will be used to cover administrative expenses as well as to assist developing countries that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

Inclusion of land-use change and forestry projects in the Clean Development Mechanism would allow a broader range of projects in a greater number of developing countries than would be the case if the CDM is restricted to projects in the energy and industry sector. However, land-use change and forestry projects have particular characteristics that have raised questions in relation to the potential for leakage of emissions and the permanence of sequestration.

The challenge for policy makers is to find satisfactory ways to address these issues, so that the full benefits of the CDM can be realised.

This paper draws on the discussion of sinks projects in the Intergovernmental Panel on Climate Change's Special Report on Land Use, Land Use Change and Forestry. The Special Report notes that assessment of these projects is constrained by a number of factors including the absence of an internationally agreed set of guidelines and methodologies to establish baselines and quantify emissions and uptake (IPCC, 2000).

Leakage¹

CERs would only be issued for additional reductions in emissions by sources or enhancement of removals by sinks that are real, measurable and long term. The CERs accruing to a CDM project will be calculated by comparing actual emissions or sequestration to those that would have occurred in the absence of the project, as judged against a robust and rigorous baseline. The baseline describes the emissions and/or removals profile under a 'without project' scenario. Baselines could be project specific, or multi-project.

Leakage occurs when a project to reduce emissions or enhance sequestration directly results in an increase in emissions elsewhere, and could occur at local, national or international levels. Any such leakage of emissions that is not accounted for would reduce the effectiveness of CDM projects in addressing climate change.

¹ Although leakage is in many cases a negative effect, IPCC Special Report on LULUCF notes that in some situations there can be a positive spill over effect (ie the demonstration of new management approaches or technology adoption can result in emissions reduction or removals of greenhouse gases beyond the accounting system boundaries).

Leakage can be an issue for Clean Development Mechanism projects regardless of the sector involved. Any project that affects the supply and demand for commodities or land, or that displaces activities rather than substituting for them or replacing them, is likely to result in some leakage of emissions.

Where there is potential for leakage, this need not be a bar to undertaking projects, including those in the land-use change and forestry sector. Rather, the question is how to address these effects, or to reflect them in the CERs attributed to the project, so that the credits awarded accurately reflect the overall impacts of the project on atmospheric greenhouse gas concentrations.

Accounting for leakage:

The potential for leakage of emissions across national boundaries is an inevitable consequence of the fact that the Kyoto Protocol as a whole does not provide global coverage of all sources and sinks of greenhouse gases.

This raises a threshold question of whether it is necessary or appropriate to seek to address international leakage of emissions from CDM projects, given that these projects are operating within an international system that does not provide full coverage of all sources and sinks of greenhouse gases.

Leakage will not be a significant issue for all land-use change and forestry projects. For example, the Krkonose project in the Czech Republic involved regeneration and revegetation of degraded and deforested areas within a national park. As the park had had protected status for many years, the possibility of this revegetation displacing other activities is low, making the leakage potential minimal (IPCC, 2000).

Where there is a strong likelihood that leakage will occur, the potential for leakage over local or national scales can be addressed through appropriate project design and establishment of appropriate project baselines, boundaries and durations. In this regard, involvement of local stake-holders in the design and management of project activities will be an important factor.

Once the factors driving the leakage have been identified, it may be possible to address these factors as part of the project design. So, for example, if a plantation project is likely to result in leakage of emissions because it displaces agricultural activity, the project proponents could consider reducing the leakage by assisting farmers to improve production efficiency on currently farmed land instead of clearing additional areas or finding some alternative means of production.

If it is not possible or practical to address leakage through the project design, then the leakage of emissions could be quantified, and the emissions reductions or removals accruing from the project could be adjusted to more accurately reflect the real impacts on atmospheric greenhouse gas concentrations.

If baselines are established on a project-by-project basis, projected leakage could be factored into the baseline and monitoring from the start.

The IPCC (IPCC, 2000) cites the example of the Reduced Impact Logging project in Malaysia to illustrate how credits can be recalculated to take account of leakage. Reduced impact logging results in decreased timber production. Demand for timber could result in this shortfall being made up by logging of an additional area. By quantifying the amount of emissions resulting from logging an area large enough to make up the shortfall of timber, the potential leakage of emissions can be estimated.

To address concerns regarding local or national scale leakage, modalities and procedures for the CDM could include elements relating to assessment of potential leakage, and to ensure that credits reflect real sequestration or reductions in emissions.

Permanence

It is generally assumed that CDM credits represent permanent sequestration or reductions in greenhouse gas emissions. For example, the replacement of an inefficient power station with a more efficient one would permanently reduce emissions.

The Intergovernmental Panel on Climate Change's Special Report on Land Use, Land Use Change and Forestry notes that special circumstances may need to be taken into account for land use change and forestry projects. This is because carbon sequestration by sinks may be reversible. Natural events such as pest invasion or fire can result in the return to the atmosphere of some of the carbon sequestered by a forestry project, and there is also potential for such a forest to be harvested and not replanted. However, even where the stored carbon is partially or completely returned to the atmosphere at some point in the future, there is still a benefit from this temporary storage of carbon.

This raises the question of how to account for the credits arising from land-use change and forestry projects and perhaps traded, given that the credits would no longer be directly linked to carbon sequestered from the atmosphere. Various alternatives have been proposed which address the problem of permanence.

Project level accounting and insurance options

One approach to address permanence is to treat removals and subsequent emissions as separate events, and require all changes in carbon stock and greenhouse gas emissions to be accounted for over the long term. In this case, a full one ton of credit would be awarded for each ton of carbon sequestered or reduction in greenhouse gas emissions. Approaches could be developed to assign accounting for any subsequent release of that carbon to one or both of the project proponents.

One of the benefits of this method is that emissions are accounted for as they are removed or added to the atmosphere and the credits received reflect the real changes in atmospheric greenhouse gas emissions. However, project proponents would be exposed to a degree of risk as they would have to account for any subsequent release of carbon.

Project proponents can take steps to minimise risks of carbon release. For example, they could implement good practice management systems for the control of pest outbreaks, or reduce the risk of unauthorised felling of trees by involving stakeholders in project design and management. In the Chiriqui project, which involves establishment of a teak plantation on

degraded lands in Chiriqui Province, Panama, firebreaks and gallery forests will be maintained to reduce the risk of fire and pest outbreaks (UNFCCC, 2000)

Project proponents can also manage their exposure to the risk of having to account for a release of carbon by investing in a range of projects (both in terms of the types of projects and the locations). The FACE Foundation has invested in a diverse portfolio of land-use change and forestry projects in different locations, which reduces its exposure to risk (IPCC, 2000).

Alternatively, the project proponents could insure against risk. Self-insurance is one option: a proportion of the credits derived from the project could be held in a self-insurance reserve. Alternatively, mutually insuring 'carbon banks' could be established, with contributions from a diversified pool of projects.

Other options that could be considered to address risk include financial insurance or carbon futures. Some insurance companies are already offering services related to risk mitigation for carbon sequestration projects (many of the risks are common to other activities, and have traditionally been covered by standard insurance schemes such as crop or timber insurance).

Accounting for Potential Lack of Permanence

The emissions reductions or removals accruing to a land-use change and forestry project could be quantified in such a way as to reflect the risk that the carbon sequestration or emissions reduction may not be permanent.

The IPCC Special Report on Land Use, Land Use Change and Forestry discusses variations of temporally based approaches such as tonne year accounting². However other approaches to quantify risk could be developed.

These approaches may involve relatively low risk for proponents, which could help to increase the range of opportunities for projects in the land use change and forestry sector. However, at the same time, temporally based accounting approaches could significantly reduce the number of credits generated which would create an economic disincentive to investing in these projects. Also, accurate estimation would be required to ensure that the credits reflected the real greenhouse benefits to the atmosphere of the project.

Conclusion

The potential for leakage of emissions, and for reversibility of carbon sequestration, need not result in the exclusion of land use change and forestry projects from the CDM as there are options for addressing these issues.

References

IPCC (2000). *Special Report on Land Use, Land Use Change and Forestry*.
UNFCCC (2000). *UNFCCC-CC:Info/AIJ – List of AIJ Projects*. At UNFCCC website:
www.unfccc.de/program/aij/aijproj.html

² With tonne year accounting an equivalence factor is used to calculate credits for holding a given number of tonnes out the atmosphere for a particular length of time.

PAPER NO. 2:

AUSTRALIA, CANADA, ICELAND, JAPAN, NEW ZEALAND, NORWAY,
THE RUSSIAN FEDERATION, UKRAINE AND THE UNITED STATES OF AMERICA

**Consolidated text on principles, modalities, rules and guidelines on mechanisms
pursuant to Articles 6, 12 and 17 of the Kyoto Protocol
Note by the Chairmen**

Part Two: Article 12 of the Kyoto Protocol

**Submission by Australia, Canada, Iceland, Japan, New Zealand, Norway, Russian
Federation, Ukraine, and the United States**

1 August, 2000

*Note: The paragraphs referred to below correspond to paragraphs in “Future
FCCC/SB/2000/4 (xx June 2000),” distributed by the Chairs to delegations in Bonn on June
23, 2000.*

Draft Decision C/CP.6

We can support separate decisions on the mechanisms, since the decision on Article 17 will need to be approved by the COP, and the decisions on Article 12 and Article 6 would be approved by the COP/moP. However, we reiterate that it will be important to ensure that all decisions on the mechanisms go forward in tandem.

Paragraph 2. Please bracket paragraph 2(a) pending further discussion of the reference manual.

Paragraph 3. Please bracket this paragraph.

Draft Decision -/[CMP.1]

Preamble

Please bracket the entire section of the Decision beginning with the phrase, “Affirming that...” and ending with the clause on fungibility/non-fungibility: “...effective environmental equivalence”.

Paragraph 3.

Option 2: Replace “these [modalities and procedures] [guidelines]” with “this decision”. Please bracket the phrase “...the first commitment period and ” in the second last sentence.

Please add the following sentence to the end of each of the optional paragraphs:

[“Any revisions to this decision shall be made by consensus of the Parties.”]

II. Annex

Paragraph 1. Please bracket this paragraph - not the right location in the text.

Paragraph 2. Please bracket this paragraph - same rationale as in Paragraph 1.

Paragraph 3(a). Please bracket this paragraph.

Paragraph 8(a). Change "Determine" to "Approve"

Paragraph 8(b). Set out as two options, with the second option being:

“Review the regional distribution of projects with a view to identifying any systemic barriers and reporting to the CoP/moP.”

Paragraph 8(c) and 8(d): Please bracket both paragraphs.

Paragraph 8(f). Please bracket this subparagraph

Paragraph 8(i). Please make following additions: Make public all **relevant**...including **that contained in...** and insert the following text at the end of the paragraph:

Except as required in the applicable procedures contained in CoP/moP decisions or by law, information obtained from CDM project participants marked as proprietary or confidential, where such information is not otherwise publicly available, shall not be disclosed without a written consent of the provider of the information. Emissions data or other data used to determine emissions additionality shall not be considered confidential.

Paragraph 11. Please bracket [...and shall act in their personal capacities.]

Paragraph 21. Please add as the third last sentence in this Paragraph: “Any such decision that adversely affects registered project activities shall be taken only after the affected project participants have had the possibility for a hearing.

Paragraph 22. Please bracket this paragraph.

Paragraph 24. Please bracket this paragraph.

Paragraph 24bis. The executive board shall review proposed new methodologies for calculating baselines and proposed new methodologies for ensuring that crediting for sinks projects reflects real, measurable and long-term benefits in enhancement of removals and/or avoidance of emissions of greenhouse gases (refer to paragraph 57 Option2 (c)) prior to the registration of a project using such methodology. Whenever the executive board approves such a methodology, it shall include it in the reference manual referred to in paragraph 25, [along with any relevant guidance related to its application to other projects with similar characteristics]. *(Note: This may also be appropriately placed in paragraph 8(a).*

Paragraph 25. Please make the following changes: “The Executive Board shall maintain a reference manual for the purpose of facilitating **and enhancing transparency in the** development of baselines, monitoring and other relevant project elements, in accordance with **Appendix B**. The reference manual shall include **approved** baseline methodologies and multi-project baselines (and such other guidance that the executive board considered **will facilitate and enhance transparency in the development of projects**).

Paragraphs 30 and 31. Change “shalls” to “will:” since operational entities are not Parties, they do not assume obligations.

Sub paragraphs 31 (e) and (f). Please bracket both sub-paragraphs.

Paragraph 34. Please bracket.

Paragraph 35.d. Add a new bracketed option: “[Has not been found to be out of compliance with] the provisions...”

Paragraph 40. Please bracket this entire paragraph or set out as two options with the second options reading: Option 2: Private and public entities may participate in CDM project activities with the approval of the Parties involved.

Paragraph 42. Please bracket this paragraph.

Sub-Paragraph 44(b). Please substitute the words “or administrative” for “and institutional”

Sub-Paragraphs 44 (f), (g) (h): Please bracket these sub-paragraphs.

Sub-Paragraphs 45(d). Please bracket.

Sub-Paragraphs 45 (e) and (f): Please bracket these sub-paragraphs.

Paragraph 46. With the exception of requirements under paragraphs [35-37] that an Annex 1 Party must meet in order to [acquire CERs][use CERs to contribute to compliance], issues of non-compliance [with provisions in this decision by operational entities] shall be resolved by the Executive Board within the framework of the CDM.

Paragraph 50. Please insert the words “or entities” after the term “such Parties” in the second sentence.

Paragraph 51. Please bracket this paragraph.

Paragraph 52: Please bracket both options. We are further considering this matter.

Validation - Please replace this section with the word : Registration. Also make replacement where appropriate throughout text and particularly in this section.

G. Please bracket the reference to “Validation.”

Paragraph 54. **Registration** is the process of independent evaluation of a project against the requirements of the CDM **and its formal acceptance as a CDM project activity**. Then bracket remainder of the entire paragraph.

Paragraph 55. Please bracket the term “validation” in the first sentence and add the term “registration” in brackets.

Paragraph 56. Set out text as Option 1 and then add following Option: Except as required by national law, operational entities shall not disclose information obtained from CDM project participants marked as proprietary or confidential, where such information is not otherwise publicly available without a written consent of the provider of the information. Emissions data or other data used to determine emissions additionality shall not be considered confidential.

Paragraph 57. We note that this paragraph is not actually an option of paragraphs 58 to 60. The words “Option A (para 57) should be bracketed.

Paragraph 57 b and c (bis)

Please add after Paragraph 57 (a) as an alternative option to paragraphs 57(b) through (i):

(b) The project design document contains information in accordance with the provisions of this decision, including inter alia:

- i) information relating to the calculation of the project baseline
- ii) measures to account for activities occurring as a direct result of the project activity outside the project boundary
- iii) provisions for monitoring, verification and reporting of project performance

(c) For projects designed to enhance removals by sinks, the project design document shall ensure that crediting of sink projects reflects real, measurable and long-term benefits in enhancement of removals and/or avoidance of emissions of greenhouse gases. For this purpose, the project design document shall include:

- i) a proposed period of time during which carbon would remain sequestered
- ii) modalities to address the possibility that some or all carbon sequestered through the project is released before the time specified in subparagraph(i) has elapsed, for example through modalities for ensuring that any carbon released before the specified time period has elapsed will be made up, or modalities regarding the rate at which CERs are issued over the duration of the project.

Sub paragraphs 57(d) and (i) Please bracket both subparagraphs.

Paragraph 58. Please bracket as we do not see this as an alternative to Paragraph 63.

Paragraph 59-61. Please set out this text as Option 1 and add the following option.

Option 2:

59.1. The designated operational entity will review the information provided to determine whether it is sufficient to enable a decision regarding whether to register the project

activity. If the information is not sufficient, the designated operational entity may request further information from the project participants, as appropriate.

59.2. If the designated operational entity determines that the project uses a baseline methodology or a multi-project baseline that has not been previously approved by the Executive Board, or is designed to enhance removals by sinks and uses a methodology for calculating the time period and modalities specified in paragraph [57 (c)] that has not been previously approved by the Executive Board, it must forward the methodology to the Executive Board for review. The Executive Board shall expeditiously review and either approve or not approve any such methodologies in accordance with paragraph [24bis].

59.3. If the information provided is sufficient to enable a decision, and relevant elements have been approved in accordance with paragraph 59.2, the operational entity will make a determination as to whether, on the basis of the information provided in paragraph 57, the project activity should be registered.

Paragraph 60. Please bracket this paragraph.

Paragraph 62. Please replace references to “validation” and “validated” with “registration” and registered“

Paragraph 63. Please ensure entire paragraph is bracketed (need double brackets at beginning and end of paragraph.)

Paragraph 66. Please replace “the validated” with “an approved.”

Paragraph 67. Please replace “the validated project” and “the validated baseline” with “the registered project” and “the approved baseline”.

Paragraph 68. Please bracket.

Paragraphs 69–90. We are continuing to review these paragraphs and may submit further views. In order to improve the clarity of the text, substantive (as opposed to procedural) requirements relating to determining additionality in accordance with Article 12 may be best placed in an Appendix.

Paragraph 69 (b). Please bracket the entire second sentence.

Paragraph 73 Please bracket “ and the UNFCCC CDM reference”.

Paragraphs 79 – 80. Please bracket.

Paragraphs 87 – 88. Please bracket.

Paragraph 90. Please replace “validated” with “approved”. Please bracket “UNFCCC”.

Paragraph 94. Please replace “decision” with “determination”.

Paragraph 95. Please replace the term “decision” with “determination” in the first sentence. In the second sentence, please make the following changes: “The registration **determination** shall be **deemed** final after [60] days from the date of receipt **by the Executive Board of the determination** unless a Party involved...”

Subparagraph 95 (a). Please amend this subparagraph to read: (a) Requests for reviews shall be limited to issues associated with the applicability of the baseline methodology or **[multi-project][standardized]** baseline to the project; **the adequacy of the monitoring plan; in the case of sequestration projects, adequacy of methodologies pursuant to paragraph 57.c,** or other issues relating to environmental additionality.

Paragraph 97. Please bracket the last sentence. And add the following: [The first-of-a-type monitoring methodology and its relationship with the generation of CERs will be approved by the executive board. This approved methodology will subsequently be used by project participants in thier project proposal document. Project proponents that choose not to use the approved methodology must provide sufficient information to support the use of an alternative monitoring methodology which will be subject to the executive board approval.]

Paragraph 101. Please bracket “UNFCCC”.

Paragraph 106 to 115. We are considering how to address possible comments at the stage of certification and issuance of CERs.

Paragraph 121(b), (f)(ii) and (g), and paragraph 122 (c). Change “validation” to “registration” or set them out as options.

Paragraph 122(a) (ii) Please bracket entire section. We are still considering whether this is appropriate.

Paragraph 123. Please bracket “UNFCCC” and bracket “UNFCCC” prior to any reference to the reference manual. Also change “reflect” to “contain.”

Paragraph 124. Please bracket “UNFCCC.”

Subparagraph 124 (b). after baseline, add “or baseline methodology”

Subparagraph 124 (b) I) add “as appropriate” at end of sentence.

Subparagraph 124 (b) iv) Change to read: “ How the baseline methodology addresses potential project boundary issues, including if **applicable, provision for measuring, addressing and/or accounting for changes to projected emissions reductions as a result of leakage.**”

Subparagraph 124 (e) (bis): After Subparagraph 124 e) add the following:

Approved methodologies for determining project duration and for modalities to address the possibility that some or all of the carbon sequestered through a project is released, pursuant to paragraph 57(c).

Sub-paragraph 124 (h) and 127 (e) (x): Please bracket entire sub-paragraphs

Paragraph 125. Please include as an option to the term “validation” or “validated” the term “registration” or “registered” wherever it appears in this section.

Please bracket 127 (c)(ii),(vii), (h).

Paragraph 127 e viii. Add "as appropriate" at end of the sentence.

Paragraph 127 e x. Please bracket .

Paragraph 127 e xi. Please bracket "in a quantitative manner"
Please add a new 127 (e)(xii bis) : How the baseline methodology addresses potential project boundary issues.

Paragraph 127 (h). Please bracket.

Please add a new (fbis).

For projects involving sequestration, a description of how the project participants will ensure crediting for a sinks projects reflects real, measurable and long-term benefits in enhancement of removals and/or avoidance of emissions of greenhouse gases. For this purpose, the project design document shall include:

- (i) a proposed period of time during which carbon would remain sequestered; and
- (ii) modalities to address the possibility that some or all carbon sequestered through the project is released before the time specified in subparagraph(i) has elapsed, for example through modalities for ensuring that any carbon released before the specified time period has elapsed will be made up, or modalities regarding the rate at which CERs are issued over the duration of the project.

Paragraph 130. Please bracket this paragraph.

Appendix D. Paragraph 132 (bis). Need a chapeau to introduce the issue. Please add the following:

The amount of the share of proceeds to be used to cover administrative expenses shall be retained by the executive board for this purpose. The remaining amount of the share of proceeds to be allocated to the Adaptation Fund defined in Appendix D to the Annex, to be used to assist developing country Parties that are particularly vulnerable to the adverse affects of climate change in meeting the costs of adaptation.

**Consolidated text on principles, modalities, rules and guidelines on mechanisms
pursuant to Articles 6, 12 and 17 of the Kyoto Protocol
Note by the Chairmen**

Part Four: Registries

**Submission by Australia, Canada, Iceland, Japan, New Zealand, Norway, Russian
Federation, Ukraine, and the United States**

1 August, 2000

*Note: The paragraphs referred to below correspond to paragraphs in FCCC/SB/2000/4
(July 28, 2000).*

We suggest that the Registries decision should fall under Article 7.4 “modalities for the accounting of assigned amounts”. The Joint Contact Group on Articles 5,7&8 has begun to address registry issues on reporting and review and the SBSTA 12 decision on 5,7&8 indicated that at SB13 Parties could consider "other aspects of modalities of accounting for assigned amounts". For these reasons, we suggest that it would be appropriate for the registries issue to be taken up by the Joint Contact Group on Articles 5,7& 8. We suggest that the negotiating text be removed from the Chair’s text on mechanisms and forwarded to the Chair of the Joint Contact Group on Articles 5,7&8.

Line by line comments (on the 7/28/00 Text):

Registry Annex

1. Bracket “paragraph 7” in the definition of ‘part of assigned amount (PAA)’ in footnote 4 because 3.7 makes the definition too narrow. In our view, ‘any part of assigned amount’ referred to in Articles 3.10 and 3.11 includes all assigned amount derived under Article 3 (i.e., 3.3, 3.4, 3.7, 3.10, 3.11, 3.12).
2. Under paragraph 15, the Chair’s text lists 2 options. In our view, these are not mutually exclusive options; instead they should be 2 distinct paragraphs. Explanation for clarification: the transferring registry assigns a transaction number and sends a record of the transaction to the *transaction log*; after the acquiring registry accepts the transfer and sends back an acceptance code, the transferring registry stores the transaction information. Under this concept, there will be a duplicate record of all international transfers, as well as issuance and retirement, in the transaction log (but not a duplicate record of all holdings).
3. Para 19(b), add bold text: “A list of assigned amount issued **and** transferred into the registry.”
4. Para 19(d), add bold text: " A list of CERs [issued **or**] transferred into the registry.
5. Para 19(i), bracket “a list of any changes, and reasons for those changes, to holdings of ERUs, CERs, [AAUs][PAAs]”.

6. Bracket para 19(j) and 26(f) on price information.

Appendix

7. We disagree with the note in para 26 regarding multiple transaction numbers. In our view, the database structure can and should be designed so that a single transaction number can be assigned for a transaction involving multiple blocks.

PAPER NO. 3:

CZECH REPUBLIC, ESTONIA, HUNGARY, LATVIA, LITHUANIA, POLAND ,
SLOVAKIA AND SLOVENIA

PART ONE: ARTICLE 6 OF THE KYOTO PROTOCOL

I. [Draft Decision [B/CP.6]: Guidelines for Article 6 project activities

The Conference of the Parties,

Recalling its decision 1/CP.3, in particular paragraph 5 (c), by which the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation were invited to undertake preparatory work to enable the Conference of the Parties serving as the meeting of the Parties to the Protocol, at its first session after the entry into force of the Protocol, to accomplish the tasks assigned to it by the Protocol,

Recalling Article 6 of the Protocol,

Recalling also decision 7/CP.4 on a work programme on mechanisms to be undertaken with priority given to the clean development mechanism, and with a view to taking decisions on all the mechanisms under Articles 6, 12 and 17 of the Kyoto Protocol at its sixth session, including, where appropriate, recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session on, inter alia, guidelines concerning provisions under Article 6 of the Kyoto Protocol,

Further recalling decision 14/CP.5,

1. Urges the Parties concerned to facilitate the participation in Article 6 project activities of Parties included in Annex I with economies in transition
2. Recommends that the Conference of the Parties serving as the meeting of the Parties to the Protocol, at its first session after the entry into force of the Protocol, adopt the following decision:

Decision -/[CMP.1]

Guidelines for Article 6 project activities

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

Taking into account provisions contained in Articles 3 and 6 of the Kyoto Protocol,

Bearing in mind that, in accordance with Article 6, the Parties included in Annex I may participate in Article 6 project activities for the purpose of meeting their commitments under Article 3 and that any acquisition of emission reduction units shall be supplemental to domestic action for the purpose of meeting such commitments under Article 3

Also bearing in mind [Article 3, paragraphs 10 and 11] [that, in accordance with Article 3, paragraphs 10 and 11, of the Kyoto Protocol, any emission reduction unit which a Party acquires from another Party in accordance with the provisions of Article 6 shall be added to the assigned amount for the acquiring Party and subtracted from that of the transferring Party],

Affirming that **actions under Article 6 contribute to achieving the ultimate objective of the Convention**

Having considered decision B/CP.6, adopted by the Conference of the Parties at its sixth session,

1. **Decides that the sharing of the emission reduction units resulting from an Article 6 project will be determined by the participating Parties**
2. Decides to adopt the guidelines for Article 6 contained in the annex to this decision;
3. **Decides further that the SBSTA may consider the possible future revision of these guidelines taking into account the relevant experience of Parties. Revisions shall not affect the first commitment period and ongoing project activities.**

II. Annex

Guidelines for Article 6 project activities

A. Participation

4. (16) Participation in an Article 6 project activity is voluntary.
2. (17) A Party included in Annex I may use ERUs to contribute to compliance with its quantified emission limitation and reduction commitments under Article 3 if it
 - (a) (18) **Prior to the start of the first commitment period:**
 - (i) Has ratified the Protocol;
 - (ii) **Has in place** a national system for the estimation of anthropogenic emissions by sources and removals by sinks in accordance with the guidelines set out in decision -/CP.6
 - ~~(iii)~~ **Is bound** by a compliance regime adopted by the COP/MOP.
 - (iv) **Has established** a national registry system to track parts of an assigned amount, certified emission reductions and emission reduction units transferred or acquired under the provisions of Article 3, paragraphs 10, 11 and 12, in accordance with the guidelines set out in decision E/CP.6

(v) Has fulfilled the reporting requirements related to submission of annual GHG inventories and of periodic national communications in accordance with relevant COP decisions

(b) (19)After the start of the first commitment period:

- (i) **Submits** annually greenhouse gas inventory and annual greenhouse gas inventory report by the date decided by the COP/MOP, prepared according to the relevant decision of the COP/MOP;
- (ii) **Maintains** the national registry system referred to in the paragraph above, in accordance with the guidelines in decision E/CP.6; and
- (iii) **Submits** periodic national communications, in accordance with the guidelines in decision 4/CP.5 or as modified by subsequent decisions of the COP.

3. (20)A Party operating under Article 4 may acquire **ERUs** resulting from Article 6 project activities **and use them** to contribute to compliance with its Article 3 commitments if another Party operating under the same Article 4 agreement, or a regional economic integration organization to which the Party belongs and which is itself a Party to the Protocol, is found not to be in compliance with its obligations under Articles 5 and 7.

4. (21)A legal entity resident in a Party included in Annex I may participate in Article 6 project activities with the approval of that Party.

5. (22)A Party may develop national guidelines, for the participation in Article 6 project activities of that Party and of legal entities resident in or operating in the jurisdiction of that Party. A Party shall **make publicly available** such national guidelines.

6. (23)A Party in Annex I participating in an Article 6 project activity shall:

Designate a point of contact for the submission of project proposals;

Develop national guidelines for project cycle including project submission, approval procedure, registration, monitoring, verification and issuance of ERUs;

Require from legal entities implementing a project activity under Art.6 submission of information on project activity according to Appendix B;

Verify submitted information and decide whether project activity is additional to any that would otherwise occur, in accordance with Art. 6.1(b) of the Protocol;

Consider project proposals under Article 6 on a project by project basis;

Provide a formal letter of approval to project participants to demonstrate approval of each project proposals;

Provide information to the Secretariat on the approved project including the name of the project, participating Parties, participating entities, type of activity, planned lifetime, projected emission reduction, and proposed sharing of emission reductions as well as information on additionality of the project;

Provide to the Secretariat information on completion of the project and end of generation of ERUs;

Report in accordance with appendix C.

7. Participating Parties may designate an independent entity to assist them in verification of project performance. Moreover, the agreement between participating Parties may include provisions in case the project is not implemented, its lifetime is shorter than planned, emission reductions are lower or higher than planned and means for resolving disputes.

8. (24) Projects under Article 6 shall cover one or more of the gases listed in Article A of the Protocol.

9. (25) Projects under Article 6 must provide a reduction in emissions of greenhouse gases by sources listed in Annex A of the Protocol, or enhancement of removals by sinks, that is additional to any that would otherwise occur. Enhancement of removals by sinks covers activities included in Article 3.3. and any additional activities under Article 3.4.

10. (26) A project under the pilot phase of activities implemented jointly will be eligible to be pursued as a project under Article 6 if the project meets the criteria established in these guidelines, and if the Parties involved in the project agree that it should be considered as an Article 6 project.

B. Registration

11. (62) Registration is the formal [acknowledgement] **by the Parties** of project proposal as an Article 6 project activity.

12. Participating parties shall maintain registries of ongoing article 6 project activities as well as of completed project up to the end of the next commitment period after the completion of the project

C Monitoring

13. Project participants shall agree on the monitoring of project activity, according to the national guidelines for project cycle.

14.

D. Verification

15. (81) Verification is the periodic review by the participating Parties and *ex post* determination of the monitored emission reductions by sources and/or enhancements of removals by sinks that have occurred as a result of an approved project activity during the verification period, **according to the guidelines agreed by the participating Parties.**

E. Issuance of ERUs

16. (92) The Party in which the project activity site is located shall issue ERUs and transfer them to Parties and/or entities participating in the project activity, **and subtract the same amount from its assigned amount** in accordance with the provisions on registries contained in decision E/CP.6 **and Article 3.11.** Issuance shall be based on the emission reductions or enhancement of removals by sinks of the project activity, as verified in accordance **with the verification protocol agreed upon by the Parties involved.** The ERUs shall be distributed among the project participants according to their agreement.

Appendix B (to the annex to decision C/CP.6 on Article 6)

Information to be submitted by project participants for project approval

17. (114) The content and structure of the project design document shall include the following:

18. Short summary of the purpose and context of the project;
2. Description of the project
 1. Project purpose including actors involved in the design and execution of projects
 2. Projection of baseline emissions and emissions reduction by year over the operational life of the project
 3. Technical description of the project, including viability of technological choices
 2. Information regarding project location and its region
 3. Project boundaries
 4. Key parameters affecting future developments relevant to the baseline as well as the Article 6 project activity
 - Impact of the project beyond its project boundaries
2. Proposed baseline methodology
 1. Description of the baseline calculation methodology chosen;
 2. Justification indicating that the proposed baseline methodology is appropriate;
 3. Justification of proposed crediting period;
 4. The estimated operational life of the project;
 5. Description of key parameters and assumptions used in baseline estimate;
 6. Data sources to be used to calculate the baseline emissions, such as historic data on emissions, variables and parameters used;
 7. Historic emissions for the activity;

- 8 Uncertainties (if possible, in a quantitative manner)
 - Data
 - Assumptions
 - Key factors
 - Other; and

2. Economic and financial information
 - 1 Sources of financing
 - 2 Financial and economic analysis (internal rate of return, reserve funds, financial flow); and
 - 3 Estimates of the costs of implementation and maintenance of the project over its projected lifetime;

3. Other information
 - 1 Comments by local stakeholders and description of their involvement; and
 - 2 Contribution to other environmental agreements (e.g. biodiversity, desertification), as applicable;

- (i) Monitoring plan
 - (a) **Technical, environmental and economic parameters** relevant to project performance both within and outside the project boundary ;
 - (b) Data needed for the project performance parameters and assessment of data quality;
 - (c) Methodologies to be used for data collection and monitoring;
 - (d) Assessment of the accuracy, comparability, completeness and validity of the proposed monitoring methodology;
 - (e) Quality assurance and quality control provisions for the monitoring methodology, recording and reporting;
 - (f) Description of how monitored data will be used to calculate the emissions reduced [or removed]; and

1. References;

Annual information to be provided by the project participants

18. Information on
 - (a) real emissions
 - (b) evolution of baselines
 - (c) any factors that influence emissions and are not included in approved project activity

Appendix C (to the annex to decision B/CP.6 on Article 6)

19. (78) The reporting by Parties on Article 6 projects will include, for each project
 - a The baseline as agreed between the Parties involved;
 - b The calculation of the reduction in greenhouse gas emissions by sources or the enhancements of removals by sinks for the year;
 - c Transfers and acquisitions of emission reduction units during the year, including for

each unit, the serial number and the Party's registry to which it was transferred or from which it was acquired; and

- d Any emission reduction units (identified by serial number) that have been retired that year.
- e **Any [AAUs][PAAs] that have been subtracted from Party's Assigned Amount.**

PAPER NO. 4: MEXICO

**Comentarios del Comité Intersecretarial de Cambio Climático al documento
FUTURE FCCC/SB/2000/4 (advance, unedited version)
Julio 31, 2000**

MECANISMOS DEL PROTOCOLO DE KIOTO, ARTÍCULOS 6, 12 Y 17

PARTE 1: ARTÍCULO 6

- *Pag. 9(2) *Shall* es más adecuado que *may*.
- *Pag. 9(3) Se aprobó esta decisión.
- *Pag.11(g) Se aprobó esta decisión.
- *Pag.12(10) Favorecer las decisiones relevantes de la *COP/MOP* en lugar del *executive board*.
- *Pag.14. Participación: se votó por la opción 2. El punto 2c referente a un sistema de información es importante para los sumideros.
- *Pag.15(20) es mejor la opción *may not, acquire, transfer, use*.
- *Pag.17(G) se deja la opción C
- *Pag.20(39) se aprueba este punto por la conveniencia de que los proyectos pudieran entrar en la Implementación Conjunta, sin embargo como sólo se considera Anexo I no compete a México.
- *Pag.20(43) Un proyecto sólo debe cumplir con el punto a de adicionalidad de emisiones.
- *Pag.21(44) Quitar los corchetes para no obstaculizar el tema de sumideros.
- *Pag.21(47) Quitar este punto porque no está claro qué *long-term* se establecerá.
- *Pag.22(49) Se aprobó esta decisión
- *Pag.22(50) Tener *baselines* para cada proyecto y basadas en metodologías internacionales.
- *Pag.24(65) Se aprobó la opción C, los proyectos se registrarán cuando ya estén validados.
- *Pag.25(69) Quitar este punto.
- *Pag.25(70) Se aprobó la opción C.
- *Pag.26(74) El monitoreo debe ser totalmente transparente, preciso y consistente.

PARTE 2: ARTÍCULO 12 MECANISMO DE DESARROLLO LIMPIO

I. GENERALIDADES

1. Según lo propuesto en corchetes, habrá que delimitar cuál será el papel/funciones del Comité Ejecutivo y de COP/MOP como cuerpo de acreditación.
 2. Favorecer las medidas de *accountability* propuestas para el Comité Ejecutivo y otros mecanismos de COP/MOP.
 3. Formar un consenso en torno a la propuesta de una Entidad Nacional Designada para la aprobación de MDLs.
 4. En lo concerniente a financiamiento, optar por un mecanismo ya preestablecido como el GEF, en lugar de crear nuevas entidades para tal fin.
- *Pag.49(3) Es importante aclarar que la lista de tecnologías no es limitativa o deberá ir en un anexo aparte.

- *Pag.51 Se deja completo el primer párrafo sobre Equidad. El segundo párrafo se deja hasta la séptima línea hasta la frase *regional activity*, ya que el costo de reducción de emisiones en los países en desarrollo si se incrementa. En el párrafo sobre comprensión, quitar los corchetes. En desarrollo sustentable se debe tener cuidado con el párrafo que menciona que el MDL se orientará a mejorar la calidad de vida, ya que para México limitaría muchos proyectos en ciertos estados. Dejar sólo la primera, segunda y tercera línea hasta donde dice *Article 12*. Asimismo quitar los corchetes de la primera línea.
- *Pag.52 Dejar el párrafo de transparencia. En el caso de no discriminación dejarlo hasta que sea establecido el *executive board*.
En el sexto párrafo quitar las frases encorchetadas *most advanced cost effectivity*” de la primera línea, así como *advanced* de la tercera línea. Se recomendó dejar tanto el Anexo 1 como el Anexo II en la quinta línea. En el séptimo párrafo quitar la frase encorchetada *may not*.
- *Pag.53 Se dejó pendiente los asuntos sobre los gastos administrativos y el fondo de adaptación.

II. PAPEL DE COP/MOP

- *Pag.55(3c) Se recomienda quitar la frase *and if is appropriate*, en la primera línea.
- *Pag.55(3d) En la segunda línea dejar la palabra *promoting*.
- *Pag.55(4) Dejar *shall* en la primera línea.
- *Pag.55(5) Eliminar los corchetes.

III. COMITÉ EJECUTIVO

- *Pag.55(7) Se recomienda quitar la frase encorchetada *daily management of the*.
- *Pag.56(8d) Dejar la palabra *recommend*.
- *Pag.56(8f) Asistir en la organización de financiamientos *multilaterales* para proyectos MDL es un punto clave.
- *Pag.56(8g) Estar de acuerdo con la facilitación de mecanismos específicos que se establecerán por COP/MOP para ayudar a las partes no incluidas en Anexo I con los elementos necesarios para participar en actividades MDL (*capacity-building*).
- Pag.56(8i) Apoyar la perspectiva sobre *accountability* en información no confidencial sobre proyectos, reportes de verificación y otras decisiones.
- *Pag.56(8k) Quitar los corchetes.
- *Pag.57(9) Quitar la primera y segunda opción. En la tercera opción es necesaria la orientación de la SRE.
- *Pag.57(10) Es necesaria la orientación de la SRE.
- *Pag.58(12) Es necesaria la orientación de la SRE.
- *Pag.58(15) Quitar los corchetes. Es necesaria la orientación de la SRE.
- *Pag.58(14) Sobre el consenso de dos terceras partes de la mayoría de los miembros para la toma de decisiones, en “asuntos sustanciales” que estén presentes en la reunión y voten.

- *Pag.58(15) Apoyar la decisión sobre el Consejo Ejecutivo y su capacidad de decisión cuando al menos exista un miembro del Comité por cada uno de los 5 grupos regionales asignados a las UN esté presente en persona.
- *Pag.58(16) Apoyar la transparencia propuesta con respecto al acceso a reuniones del Comité Ejecutivo en calidad de observadores. Habrá que acotar que muchas veces, aunque esta medida pueda parecer muy “transparente”, al acceder a estas sesiones sólo como observador puede ser limitante, a no ser que otro tipo de controversias sean resueltas en otras instancias.
- *Pag.58(18) Se deja la primera opción ya que es menos costosa.
- *Pag.59(20) Quitar este punto.
- *Pag.60(24)(25) Se aprobarán estos puntos sobre el *executive board*.

IV. CUERPO DE ACREDITACIÓN, ENTIDADES OPERATIVAS Y PARTICIPACIÓN

- *Pag.60(26) Apoyar por que el cuerpo de acreditación realice sus trabajos de validación, verificación o certificación de proyectos MDL basadas en estándares del apéndice I. Sin embargo habrá que definir si quedan las decisiones relevantes del Consejo Ejecutivo o de COP/MOP porque éstas están en corchetes.
- *Pag.61(31c) Eliminar corchetes ya que es importante considerar las legislaciones aplicables de las partes que contengan un proyecto MDL.
- *Pag.62(32) Es redundante
- *Pag.62(33) Apoyar por que las partes no incluidas en el Anexo I puedan *beneficiarse* de proyectos MDL, ya que *participación* se entiende en términos más laxos.
- *Pag.62(33) Se sugiere la frase *participate in*
- *Pag.62(34) Decidirse por aquellas entidades *residentes* de las partes incluidas en el Anexo I, sobre todo por la importancia de la participación privada en proyectos MDL.
- *Pag.62(35b) Se sugiere el término *In compliance*.
- *Pag.62(35c) No incluir el párrafo.
- *Pag.62(35e) Borrar este párrafo.
- *Pag.63(e) Proponer que se lea: “ha alcanzado reducir emisiones suficientes a través de la acción nacional o local en vez de a través de *políticas y medidas*.” (esta última se lee muy laxa).
- *Pag.62-63 Optar por la opción 1 o 2 valorando la que sea más conveniente para nuestros intereses.
- *Pag.64(38) Apoyar el texto que se refiere a que la Adquisición de CERs no altere el monto asignado para el período de compromiso o para cualquier parte del monto asignado transferible bajo el art. 17.
- *Pag.65(43) Apoyar el texto sobre responsabilidades de las partes participantes sobre todas las etapas y en todos los aspectos de las actividades del proyecto en la que están participando y en el que regulan la participación de sus entidades públicas o privadas (es decir, se reconoce la importancia de la no-injerencia).

V. FINANCIAMIENTO

*Pag.66(45b) No aceptar la inclusión de la palabra legal.

Pag.66(45c) Eliminarlo. Decir cuando se puede participar en MDL, en relación al Cumplimiento.

*Pag.66(49) Habrá que determinar que inciso se aplica evaluando la viabilidad de los mecanismos financieros.

*Pag.66(50) La opción 2 presenta problemas en el enunciado “sole return for the participating party included in Annex I for meeting part of its quantified emission limitation and reduction commitments...”. La opción 3 es la más viable, ya que especifica el financiamiento de proyectos MDL por entidades financieras internacionales así como fondos multilaterales.

Pag.66(50) Se sugiere los términos "may and their private or public entities"

*Pag.67(52) La opción 1 resulta ser más viable.

VI. VALIDACIÓN

Pag.68(54) Se sugiere la permanencia del término "Validation of a project is a prerequisite for the registrations of a project activity as a CDM project activity".

Pag.68(57) Se sugiere la utilización del término validate.

Pag.68(57a) Redundante.

Pag.68(57d) Se sugiere la utilización de la palabra comments.

*Pag.68(60) Aquí habrá que recalcar en la importancia del inciso 60 que establece que las entidades participantes podrán presentar un proyecto MDL validado por su gobierno para su aprobación. El gobierno de las Partes participantes indicaría la aceptación formal de tal proyecto a través de una carta de apoyo por parte de la autoridad nacional que se haya designado para proyectos MDL.

Pag.70(60) Se cree que es demasiado burocrático.

Pag.70(63) Se sugiere la inclusión de *may* en vez de *shall*.

*Pag.71(65) Apoyar que las actividades relacionadas con proyectos MDL se basen en un seguimiento de proyectos y que puedan estar incluidas en proyectos más extensos que se realicen por razones distintas a las del cambio climático. Aquí habrá que quitar los corchetes.

Pag.72(67a) Está aceptable.

*Pag.72(67b y c) Sobre *additionality* y su importancia en el espectro financiero y tecnológico. En el área de tecnología se deberá optar por la mejor tecnología disponible según las circunstancias del país donde se realice el proyecto MDL.

Pag.72(67 b, c y d) No se aceptarán requisitos de desempeño por ningún motivo. El lenguaje shall tiene tinte de obligatoriedad. Esto incrementaría los costos de transacción para MDL.

Pag.71(f) Es importante saber quien apoya esta propuesta.

Pag.71(g) Se sugiere la inclusión de la opción Include en vez de Not include.

*Pag.72(69) Optar por “...baseline *should* take adequate account of”. Sobre el “leakage” o el incremento en emisiones (o reducción en la remoción o absorción por sumideros). Habría que determinar qué cálculo y nivelación nos conviene (opción A y B).

Pag.73(74) Es importante saber a qué tasa de descuento.

Pag.74(b) Con respecto a los fundamentos o *baselines* sobre emisiones o absorción de gases se deberían de autorizar o contemplar que estos no estuviesen de antemano estandarizados, sino que estuvieran determinados por múltiples proyectos determinados por su tipo específico y área geográfica determinada. Sin embargo, discutir si es mejor un *baseline* de multiproyectos o un *baseline* estandarizado.

Pag.75(83) Se sugiere la inclusión de project by project.

*Pag.75(87) Los *baselines* deberán de asegurar que los proyectos no se beneficien de políticas nacionales que no contribuyan al fin último de la Convención. Quitar los corchetes a esta sección.

*Pag.75(88) Quitar los corchetes a la parte:”*development benefit of the doubt*” para la consideración del *baseline*.

VII. REGISTRO

*Reunir asuntos de registro con validación, sí.

*Pag.76(91) Eliminar corchetes a “aceptación” en vez del corchete de “conocimiento”.

*Pag.76(92) Eliminar corchetes a “Entidades operativas designadas” en vez del corchete de “participantes de proyectos”.

*Pag.76(93) De acuerdo a lo que se acordó en términos de las funciones y delimitaciones al Consejo Ejecutivo, seleccionar puntos del art.93 a, b y c.

VIII. MONITOREO

*Establecer o reflexionar sobre qué entidad será quien realice el Monitoreo.

*Pag.78(99c) El monitoreo deberá incluir la supervisión de impactos relevantes al proyecto (de tipo ambiental, económico, social y cultural), por lo que habrá que eliminar los corchetes a esta sección.

*Pag.79(101) En la parte de Good practice, habrá que eliminar el corchete a “periódicamente” en vez de “continuamente”.

IX. VERIFICACIÓN Y CERTIFICACIÓN

*Reunir asuntos de verificación con certificación, sí.

*Pag.81(106) Eliminar los corchetes a la parte de “*removals by sinks*”.

*Pag.81(109 a) Eliminar los corchetes a “The project participants apply” así como al inciso c sobre entidades pública y privadas.

X. CERs

*Pag.82(114) Determinar si los CERs no podrán ser comerciados o transferidos a otras partes para eliminar los corchetes.

XI. APÉNDICES

*Pag.83(116 opción 2) Pugnar porque los países miembros de Anexo I no cumplan sus obligaciones relativas al Art.3 fundamentalmente a través de

medios extraterritoriales. Las otras opciones tienen un trasfondo más cuantificable en términos de los niveles de emisión de GEI.

*Pag.83(116 opción 3i) Revisar asuntos sobre las adquisiciones netas y los niveles adecuados en términos de excedentes.

(Unofficial translation)

MEXICO

COMMENTS TO THE DOCUMENT FCCC/SB/2000/4 (advance, unedited version)

July 31, 2000

MECHANISMS OF THE KYOTO PROTOCOL, ARTICLES 6, 12 AND 17

Part 1: Article 6

*Pag. 9(2) *Shall* is more appropriate than *may*

*Pag. 9(3) This decision was approved

*Pag.11(g) This decision was approved

*Pag.12 (10) *To favor the relevant decisions of the COP/Mop instead of the executive board*

*Pag.14. Option number 2. The point 2c related to an information system is important for sinks

*Pag.15 (20) It is better the option *may not, acquire, transfer, use*

*Pag.17 (G) Option C

*Pag.20 (39) This item is approved for the convenience of the projects that could come in the Joint Implementation Mechanism. However, it only considers Annex I Parties.

*Pag.20 (43) One project only shall comply with point *a* of emissions additionality

*Pag.21 (44) Take out the square brackets to not obstruct the sink issue.

*Pag.21 (47) Take out this point, since it is not clear what *long-term* will be established

*Pag.22 (49) This decision was approved

*Pag.22 (50) To count with baselines for each project based on international methodologies

*Pag.24 (65) Option C was approved; the projects will be registered when they are certified

*Pag.25 (69) Take out this point

*Pag.25 (70) Option C was approved

*Pag.26 (74) The monitoring shall be totally transparent, accurate and consistent.

Part 2: Article 12 Clean Development Mechanism

I. GENERALITIES

5. Regarding the proposed information among square brackets, it shall define the role/functions of the Executive Board and the COP/MOP as accreditation body
6. To favor the proposed accountability measures for the Executive Board and other mechanisms of COP/MOP
7. To have consent about the proposal of a National Entity designed for the approval of CDM projects.
8. Regarding the financing, to choose a pre-established mechanism as GEF, instead to create new entities for this goal

*Pag.49 (3) It is important to clarify the list of technologies it is not limitative o shall be in an apart annex

*Pag.51 The first paragraph about equity is fine. The second paragraph is left until the seventh line until the phrase regional activity, due the cost of emissions reductions in developing countries if it is increased.

In the paragraph about comprehensiveness, take out the square brackets. In the sustainable development, care must be taken with the mentioned paragraph that mentions CDM will be oriented to improve the quality life,. It leaves only the first, second and third line until Article 12. In addition to take out the square brackets of the first line.

*Pag.52 To leave the paragraph about transparency. In the case of non-discrimination leave it until it is established the *Executive Board*

In the sixth paragraph delete the phrase among square brackets *most advanced cost effectivity* of the first line, and the *advanced* of the third line. It was recommended not to leave only Annex I, but also Annex II of the fifth line. In the seventh paragraph delete the phrase among square brackets *may not*

*Pag.53 It was left hanging the items about administrative expenses and the adaptation fund.

II. ROLE OF COP/MOP

*Pag.55 (3c) It is recommended to delete the phrase *and if is appropriate*, in the first line

*Pag.55 (3d) In the second line leave the word *promoting*

*Pag.55 (4) Leave *shall* in the first line

*Pag.55 (5) Delete the square brackets

III. EXECUTIVE BOARD

*Pag.55 (7) It is recommended to delete the phrase among square brackets *daily management of the*

*Pag.56 (8d) Leave the word *recommended*

*Pag.56 (8f) Assistance in the organization of multilateral funding for CDM projects is a key point

*Pag.56 (8g) To agree with the facilitate of specific mechanisms that will be stated for COP/MOP to assist the Parties not included in Annex I with the necessary elements to participate in CDM activities (*capacity-building*)

Pag.56 (8i) To assist the perspective about *accountability* in non-confidential information about projects, verification reports and other decisions

*Pag.56 (8k) To delete the square brackets

*Pag.57 (9) To delete the first and second options. In the third option the orientation of our Ministry of Foreign Affairs is needed.

*Pag.57 (10) It is necessary the orientation of our Ministry of Foreign Affairs

*Pag.58 (12) It is necessary the orientation of our Ministry of Foreign Affairs.

*Pag.58 (15) To delete the square brackets. It is necessary the orientation of Foreign Affairs.

*Pag.58 (14) On the consent of two-thirds parts of the members majority for decision-making, in “substantial items” present in the meeting and vote

*Pag.58 (15) To assist the decision Executive Board and its capacity for decision when at least one member of the committee of each one of the five regional groups assigned to the UN is present in person

*Pag.58 (18) it is left the first option because it is less expensive

*Pag.59 (20) To delete this point

*Pag.60 (24)(25) these points will be approved about *Executive Board*

IV ACCREDITATION BODY, OPERATIVE ENTITIES AND PARTICIPATION

*Pag.60 (26) To assist the accreditation body to perform its validation work, verification or certification of CDM projects based on standards of the appendix I. Nevertheless it will necessary to define if the relevant decisions of the Executive Board or the COP/MOP stay with changes, due these are among square brackets.

*Pag.61 (31c) To delete the square brackets because it is important to consider the applicable legislations of the Parties that contain a CDM project

*Pag.62 (32) It is redundant

*Pag.62 (33) It is suggested the phrase *participate in*

*Pag.62 (34) To decide for those resident entities of the Parties included in Annex I, mainly for the importance of the private participation in CDM projects

*Pag.62 (35b) It is suggested the term *in compliance*

*Pag.62 (35c) Do not include the paragraph

*Pag.62 (35e) To delete this paragraph

*Pag.63 (e) To propose that it will read, “ it has reached enough emission reductions through national .

*Pag.62-63 To opt for the first or second option depending the most convenient for our interests

*Pag.64 (38) To assist the text about that the CER’s acquisition do not modify the assigned amount for the compliance period or for any other assigned amount transferable under article 17.

*Pag.65 (43) Responsibilities of the Parties participating on all stages and on all activities aspects of the project which participate, and in which regulate the participation of their public or private entities (it means, it is recognized the importance of not interference)

V. FINANCING

*Pag.66 (45b) Do not accept the inclusion of legal word

Pag.66 (45c) To delete it, to say when it could participate in CDM, related to the compliance

*Pag.66 (49) It shall be determined what incise will be applied evaluating the viability of financing mechanisms.

*Pag.66 (50) The option 2 presents problems in the sentence “*sole return for the participating party included in Annex I for meeting part of its quantified emission limitation and reduction commitments...*”The option 3 is the most viable, it specifies the financing of the CDM projects for international financing entities, and the multilateral funds.

Pag.66 (50) It is suggested the terms "may and their private or public entities"

*Pag.67 (52) The first option is the most viable

VI. VALIDATION

Pag.68 (54) It is suggested the permanency of the term "Validation of a project is a prerequisite for the registrations of a project activity as a CDM project activity"

Pag.68 (57) It is suggested the use of the term "validate"

Pag.68 (57a) Redundant

Pag.68 (57d) It is suggested the use of the word "comments"

*Pag.68 (60) Here it should be remarked the importance of incise 60 that establishes that participant entities could present a CDM project, validated for its government for its approval. The government of the participant Parties should indicate the formal acceptance of that project through a support letter of the national authority designated for CDM projects

Pag.70 (60) It is considered that it is too bureaucratic

Pag.70 (63) It is suggested the inclusion of may, instead of *shall*

*Pag.71 (65) To assist that the activities related to CDM projects would be based in a project pursuit, and that these could be included in more extensive projects developed for different reasons to the climate change. Here should be deleted the square brackets

Pag.72 (67a) It is acceptable

*Pag.72 (67b y c) About additionality and its importance in the financing and technological spectrum. In the technology area the best available technology should be selected, according to the Country'' circumstances, where the CDM project is developed.

Pag.72 (67 b, c y d) It will not be accepted performance requirements The language shall is obligatoriness. This could increase the transaction costs of the CDM project

Pag.71 (g) It is suggested the inclusion of the option *include* instead of *not Include*

*Pag.72 (69) To opt for "baseline *should* take adequate account of". About the "*leakage*" or the emission increment (or reduction on the removal or sink absorption). It should determine what calculus and leveling is convenient (option A and B)

Pag.73 (74) It is important to know the discount rate

Pag.74 (b) Regarding with the fundamentals or baselines about emissions or absorption of gases it should be authorized or to be contemplated that these were not standardized, but that were determined for multiple projects determined for their specific type,

and geographical area. Nevertheless, to discuss if it is better a multi- project baseline or a standardized baseline.

Pag.75 (83) It is suggested the inclusion of project by project

*Pag.75 (87) The baselines should secure that the projects do not benefit of national policies that do not contribute to the main aim of the Convention. To delete the square brackets of this section

*Pag.75 (88) To delete the square brackets to the part “development benefit of the doubt” to the baseline consideration

VII. REGISTER

* To assemble register items with validation, if it is convenient (?)

*Pag.76 (91) To delete the square brackets to “acceptance” instead of the square brackets of “knowledge”

*Pag.76 (92) To delete the square brackets to “Designated Operational Entities” instead of the square brackets “project participants”

*Pag.76 (93) We agree with the accorded in terms of the functions and delimitations of the Executive Board, to select points of the article 93 a, b and c.

VIII. MONITORING

*To establish or to reflect about the entity that will be develop the monitoring

*Pag.78 (99c) The monitoring shall include the supervision of relevant impacts to the project (environmental, economic, social and cultural type), by which it shall be deleted the square brackets to this section.

*Pag.79 (101) In the part of “Good practice”, it shall be deleted the square bracket to “periodically” instead of “continuously”

IX. VERIFICATION AND CERTIFICATION

*To assemble the verification with certification, if it is convenient?

*Pag.81 (106) To delete the square brackets in the part of “removals by sinks”

*Pag.81 (109 a) To delete the square brackets to “the project participants apply” in the same way that the incise C about public and private entities

X. CERs

*Pag.82 (114) To define if the CERs could not be commercial or transferable to other Parties to delete the square brackets

XI. APPENDIXES

*Pag.83 (116 option 2) To insist that the Annex I member Countries do not fulfill their obligations under article 3, mainly through extraterritorial means. The other options have a background more measured in terms of the GHG emission levels

*Pag.83 (116 option 3i) To review topic about net acquisition and the adequate levels in terms of excess

PAPER NO. 5: REPUBLIC OF KOREA

Submission of proposed revision to "Part TWO: Article 12 of the Kyoto Protocol" of the Note by the Chairman on Mechanisms pursuant to articles 6,12, and 17 of the Kyoto protocol in document FCCC/SB/2000/4

Republic of Korea
July 31, 2000

Text Page 52

INSERT:

2nd para. Non-discrimination, prevention of distortion of competition: All developing countries may participate in----- **or initiate** -----CDM project activities on a voluntary basis. No unilateral measures should preclude a party not included in Annex 1 from participating in -----**or initiating**----- any CDM project activities;

NEW ADDITION :

<project eligibility> CDM project activities should simultaneously contribute to the sustainable development of host country, give rise to real, measurable and long-term benefits and be additional to any that would occur in the absence of the certified project activity. Commercially viable business as usual project activities should not be eligible as CDM project.

<prevention of distortion of commercial competition> CDM activities should not distort competitiveness in the market of the host country.

Text Page 55

INSERT

A. Role of the COP/MOP

Para. 3. (c) <Considering annual reports of the executive board, and if appropriate, providing guidance to the executive board regarding issues such as>

--- INSERT--- **project eligibility, criteria for additionality** ----

<methodologies for determining baselines;---

Text Page 57

REPLACE

Para. 9 : Option 3: REPLACE <three persons from> ---- WITH **<seven persons from>**

Text Page 59

REPLACE

Para.20. <The executive board shall be the accreditation body for operational entities.>

AS FOLLOWS

<The executive board shall establish the accreditation body responsible for accreditation and supervision of the operation of operational entities.>

NEW ADDITION

Para.20. AFTER <The executive board shall be the accreditation body for operational entities.>

ADD The executive board shall submit the list of operational entities to the COP/MOP for approval as defined in Article 12.5 for designation of operational entities.

Text Page 60

REPLACE

B. Accreditation body

Para.26.

1st sentence <The accreditation body shall accredit operational entities --- >

----- to be replaced

<The accreditation body to be responsible for the works related with the accreditation of operational entities shall be established by the executive board as a separate subsidiary organ of the executive board. The accreditation body will function under the guidance of the executive board.>

2nd sentence < This accreditation by the -----.>

----- to be replaced

<The list of the operational entities accredited should be submitted to the COP/MOP for approval for designation as defined in the article 12.5.>

Text Page 61

Para31. Designated operational entities shall:

NEW ADDITION

:

(k) ensure that there is no conflict of interest with the participants of the CDM project activities which they are selected to validate, monitor, verify and certify.

Text Page 62

Para.33.

INSERT:

A party not included in Annex 1 may [benefit from] [participate in] ----

----- insert **[initiate]** CDM project activities if it:

Text page 66.

Para. 46. 2nd line from bottom.

INSERT

[in accordance with procedures under Article 18] -- [in ---- article 18 **and 19**]

Text page 72

Para. 67.

NEW ADDITION:

Projects which are commercially viable without CERs should not qualify as CDM projects.

Text Page 72

Para.68.

INSERT

The executive board shall have final responsibility for --- **reviewing**--- the additionality for CDM project activities -----**under the guidance of the COP/MOP.**

PAPER NO. 6: SAUDI ARABIA

**FURTHER SUBMISSIONS OF SAUDI ARABIA CONCERNING
MECHANISMS PURSUANT TO ARTICLES 6, 12 AND 17 OF KYOTO PROTOCOL**

28 July 2000

Note: The SBI and the SBSTA decided at their twelfth sessions that further submissions of Parties concerning Articles 6, 12 and 17 of the Kyoto Protocol should be “in succinct, legal language and directly related to the text in document FCCC/SB/2000/4, by 1 August 2000, for inclusion in a miscellaneous document to be issued before the thirteenth sessions of the subsidiary bodies.” The following submission of Saudi Arabia directly relates its further proposals to the document numbered “**FUTURE** FCCC/SB/2000/4,” which was distributed to Parties on the last day of the twelfth sessions of the subsidiary bodies. This is because the final version of FCCC/SB/2000/4 had not been posted on the UNFCCC web site as recently as 27 July, but it was necessary to engage in substantial preparation of the following proposals prior to that date.

Page 7, 2nd paragraph:

- Insert (after “account”): “all of the relevant”
- Insert (after “in”): “Articles 4 and 12 of the Convention and”
- Place square brackets around “3 and 6” and insert (after “Articles”): “2, 3, 4, 5, 6, 7, 11, and 18”

Page 8, Paragraph 2: Insert (after “Protocol” at the end of the paragraph): “and shall be administered in accordance with the guidelines for Article 6 contained in the annex to this decision.”

Page 9, Subparagraph 1(b): Insert (after “regarding”): “its administration of the decisions of the COP/MOP that establish the guidelines on”

Page 9, Paragraph 2: Place square brackets around “technical and procedural”

Page 9, Paragraph 3: Insert (after “Convention”): “; provided, however, that such arbitration shall not limit or in any other manner preempt or prejudice the authority or the decisions of the COP/MOP, the executive board referred to in these guidelines, or the compliance body referred to in Decision”

Also, insert a footnote at the end of the revised Paragraph 3: “The reference to ‘Decision . . .’ is to the decision establishing a compliance system pursuant to Article 18.”

Page 10, Subparagraph 5(a):

- Place square brackets around “Revise and amend” and insert at the beginning of the subparagraph: “Make recommendations to the COP/MOP concerning”
- Place square brackets around “determine”

Page 10, Subparagraph 5(b): Place square bracket around “following” and insert (after “participants”): “in accordance with”

Page 10, Footnote 7: Place square brackets around “or a Party which has made a notification under Article 4, paragraph 2(g) of the Convention”

Page 14, Subparagraph 17(b): Place square brackets around Subparagraph 17(b).

Page 14, Subparagraph 17(c):

- Place square brackets around Subparagraph 17(c), and, in addition, place square brackets around “Is bound by a compliance regime adopted by the COP/MOP”
- Insert as an alternative to Subparagraph 17(c): “Is in compliance with the provisions of Article 4, paragraphs 3, 5, 8, and 9 of the Convention and the decisions of the COP thereunder and the provisions of Article 2, paragraphs 1 and 3, Article 3, paragraphs 2 and 14, and Articles 4, 5, 6, 7 and 11 of the Protocol and the decisions of the COP/MOP thereunder;”

Page 14, insert new Subparagraph 17 (f): “(f) Has submitted all national communications required of the Party by Article 12 of the Convention and by Article 7 of the Protocol, containing all of the information and supplementary information required by Article 12 of the Convention or by Article 7 of the Protocol, as those requirements may be elaborated from time to time by the COP or by the COP/MOP, respectively, as well as all of the information required by Appendix C to this annex on guidelines for Article 6 project activities, and the Party’s submission of such national communication for the year immediately preceding the year in which the Party proposes to acquire ERUs was made in strict compliance with the timetable applicable to such submission;”

Also insert a footnote at the end of this new Subparagraph 17(f): “This Subparagraph 17(f) contemplates that, concurrently with adoption by the COP of its decision concerning these guidelines for Article 6, the COP also will adopt appropriate decisions requiring the Annex I Party to include in its national communication detailed information to demonstrate the Party’s compliance with Articles 4.3, 4.5, 4.8, and 4.9 of the Convention and the decisions of the COP thereunder and compliance with Articles 2.1, 2.3, 3.2, 3.14, 4, 5, 6, 7 and 11 of the Protocol and the decisions of the COP/MOP thereunder (including the COP’s recommended decisions to the COP/MOP concerning those Articles of the Protocol).”

Page 14: insert new Paragraph 17 bis: “If an issue is raised in accordance with Decision . . . concerning compliance by a Party included in Annex I with a provision of Paragraph 17, above:

“(a) the issue shall be resolved in accordance with Decision . . . ;

“(b) ERUs may be acquired by the Party after the issue of its possible non-compliance has been raised, provided that any ERUs acquired after the issue has been raised may not be used by the Party to meet its commitment under Article 3, paragraph 1 of the Protocol until any issue of its compliance with a provision of Paragraph 17, above, has been finally resolved; and

“(c) if it is determined that, at the time a Party included in Annex I acquired ERUs pursuant to Article 6, the Party was not in compliance with any provision of Paragraph 17, above, any addition of such ERUs to the Party’s assigned amount pursuant to Article 3, paragraph 10 of the Protocol by reason of such acquisition shall be cancelled as of the date of the final determination of non-compliance made pursuant to Decision . . . and thereafter shall not be counted as part of the Party’s assigned amount. ”

Also, insert a footnote at the end of this new Paragraph 17 bis: “The reference to ‘Decision . . . ’ is to the decision establishing a compliance system pursuant to Article 18.”

Page 14, Paragraph 18 -- chapeaux: Insert (after “Parties”): “included in Annex I”

Page 14, Subparagraph 18(b):

- Place square brackets around Subparagraph 18(b), and, in addition, place square brackets around “The Party is bound by a compliance regime adopted by the COP/MOP”
- Insert as an alternative to Subparagraph 18(b): “The Party is in compliance with the provisions of Article 4, paragraphs 3, 5, 8, and 9 of the Convention and the decisions of the COP thereunder and the provisions of Article 2, paragraphs 1 and 3, Article 3, paragraphs 2 and 14, and Articles 4, 5, 6, 7 and 11 of the Protocol and the decisions of the COP/MOP thereunder;”

Page 15, Subparagraph 18(g): Place square brackets around Subparagraph 18(g), and, as an alternative to Subparagraph 18(g), insert: “(g) The Party has submitted all national communications required of the Party by Article 12 of the Convention and by Article 7 of the Protocol, containing all of the information and supplementary information required by Article 12 of the Convention or by Article 7 of the Protocol, as those requirements may be elaborated from time to time by the COP or by the COP/MOP, respectively, as well as all of the information required by Appendix C to this annex on guidelines for Article 6 project activities, and the Party’s submission of such national communication for the year immediately preceding the year in which the Party proposes to transfer or acquire ERUs was made in strict compliance with the timetable applicable to such submission;”

Also insert a footnote at the end of this alternative Subparagraph 18(g): “This Subparagraph 18(g) contemplates that, concurrently with adoption by the COP of its decision concerning these guidelines for Article 6, the COP also will adopt appropriate decisions requiring the Annex I Party to include in its national communication detailed information to demonstrate the Party’s compliance with Articles 4.5, 4.8, and 4.9 of the Convention and the decisions of the COP thereunder and compliance with Articles 2.1, 2.3, 3.2, 3.14, 4, 5, 6, 7 and 11 of the

Protocol and the decisions of the COP/MOP thereunder (including the COP's recommended decisions to the COP/MOP concerning those Articles of the Protocol)."

Page 15, Paragraph 19 – chapeaux:

- Insert (after "shall,"): "in accordance with the rules of procedure established in Decision . . . and"
- Insert (after "review teams"): "or by any Party in accordance with the procedures established in Decision"

Also, insert a footnote at the end of this revised chapeaux: "The references to 'Decision' are to the decision establishing a compliance system pursuant to Article 18."

Page 15, Subparagraph 19(d): Place square brackets around Subparagraph 19(d), and, as an alternative to Subparagraph 19(d), insert: "(d) Submission of all national communications required of the Party by Article 12 of the Convention and by Article 7 of the Protocol, containing all of the information and supplementary information required by Article 12 of the Convention or by Article 7 of the Protocol, as those requirements may be elaborated from time to time by the COP or by the COP/MOP, respectively, as well as all of the information required by Appendix C to this annex on guidelines for Article 6 project activities, and the Party's submission of such national communication for the year immediately preceding the year in which the Party proposes to transfer or acquire ERUs was made in strict compliance with the timetable applicable to such submission;"

Page 15, Paragraph 19: Insert new Subparagraph 19 (e): "Compliance with the provisions of Article 4, paragraphs 3, 5, 8, and 9 of the Convention and the decisions of the COP there-under and the provisions of Article 2, paragraphs 1 and 3, Article 3, paragraphs 2 and 14, and Articles 4, 5, 6, 7 and 11 of the Protocol and the decisions of the COP/MOP thereunder;"

Page 17, Paragraph 31: Place square brackets around "contained in the UNFCCC Article 6 reference manual"

Page 17, Paragraph 32: Place square brackets around "the UNFCCC Article 6 reference manual" and insert (after "in accordance with"): "the requirements set forth in appendix B,"

Page 18, Paragraph 33: Place square brackets around "the UNFCCC Article 6 reference manual" and insert (after "contained in"): "appendix B."

Page 18, Subparagraph 34(e): Place square brackets around "the UNFCCC Article 6 reference manual" and insert (after "and in"): "appendix B."

Page 18, Subparagraph 34(g): Place square brackets around "the UNFCCC Article 6 reference manual" and insert (after "document and"): "appendix B."

Page 18, Subparagraph 34(i): Place square brackets around "the UNFCCC Article 6 reference manual" and insert (after "document and"): "appendix B."

Page 18, Paragraph 35: Place square brackets around “the UNFCCC Article 6 reference manual” and insert (after “contained in”): “appendix B.”

Page 19, Subparagraph 36(a): Place square brackets around “the UNFCCC Article 6 reference manual” and insert (after “contained in”): “appendix B.”

Page 20, Paragraph 39: Place square brackets around “the UNFCCC Article 6 reference manual” and insert (after “and in”): “appendix B.”

Page 21, Subparagraph 46(a): Place square brackets around “the UNFCCC Article 6 reference manual” and insert (after “document and”): “appendix B.”

Page 21, Paragraph 47: Place square brackets around the entire paragraph.

Page 22, Paragraph 50 - chapeaux: Place square brackets around “the UNFCCC Article 6 reference manual”

Page 22, Subparagraph 50(b): Place square brackets around “the UNFCCC Article 6 reference manual” and insert (after “provisions in”): “appendix B.”

Page 23, Paragraph 61: Place square brackets around the entire paragraph and, also, around “contained in the UNFCCC Article 6 reference manual”

Page 25, Subparagraph 67(c): Place square brackets around the entire subparagraph.

Page 27, 1st Paragraph (beginning with “Comparability”): Place square brackets around “the UNFCCC Article 6 reference manual” and insert (after “listed in”): “appendix B.”

Page 27, 5th Paragraph (beginning with “Good practice”):

- Place square brackets around “the UNFCCC Article 6 reference manual”
- Insert (after “listed in”): “appendix B”
- Insert (immediately before “to take into account”): “by the COP/MOP”
- Place square brackets around “and best practices”

Page 41, Paragraph 110 – chapeaux:

- Place square brackets around “continuously” and insert (after “updated”): “periodically”
- Place square brackets around “reflecting” and around “and the executive board”

Page 42, Paragraph 111 – chapeaux: Insert (immediately before “shall publish”): “COP/MOP”

Page 42, Subparagraph 111(h): Place square brackets around “Best practice”

Page 44, Subparagraph 114(d)(i): Place square brackets around the material beginning with “please indicate” through the end of the sentence.

Page 47, Subparagraph 117(c):

- Place square brackets around Subparagraph 117(c) and insert as an alternative:

“(c) The Party’s current, best estimates of:

“(i) the total amount of greenhouse gas emissions (expressed in tonnes of carbon dioxide equivalent) that the Party will be required to reduce, avoid, or sequester during the first commitment period, without taking into account net acquisitions of ERUs, CERs, or [AAUs]/[PAAs], in order to comply with its quantified emission limitation and reduction commitment under Article 3 of the Protocol; and

“(ii) the amounts of ERUs, CERs, and [AAUs]/[PAAs], individually and in the aggregate, the Party expects to acquire (net of transfers by the Party) during each year of the first commitment period;”

Page 47, Paragraph 117: Insert **new Subparagraphs (d) through (h):**

“(d) The principal assumptions and the methodologies used by the Party in developing the estimates required by Subparagraph 117(c), which shall be in a level of detail sufficient to enable a clear understanding of the bases for the estimates;

“(e) The annual contributions by the Party to each of the Funds established by the COP with respect to Article 4, paragraphs 3, 5, 8, and 9 of the Convention and to each of the Funds established by the COP/MOP with respect to Article 2, paragraph 3, Article 3, paragraph 14, and Article 12 of the Protocol, showing the date of each contribution since establishment of each Fund;

“(f) The Party’s current, best estimate, expressed qualitatively and quantitatively, of the effects of its policies and measures undertaken pursuant to Article 2, paragraphs 1 and 2 and otherwise undertaken to achieve its quantified emission limitation and reduction commitment under Article 3, paragraph 1 on developing countries and in particular those identified in Article 4, paragraphs 8 and 9 of the Convention, including the Party’s best quantitative estimates of the effects of those policies and measures on such developing countries with respect to :

“(i) the unit quantity and monetary amount of raw materials, fuels, and finished goods exported to the Party by developing countries in each year during the period 2000 through 2012;

“(ii) the prices of finished goods imported from the Party by developing countries in each year during the period 2000 through 2012; and

“(iii) the interest rates and the total interest payable by developing countries to the Party and its legal entities on the external debt of developing countries during the period 2000 through 2012,

together with disclosure of the principal assumptions and the methodologies used by the Party in developing all of the estimates required by this Subparagraph 117(f), which shall be in a level of detail sufficient to enable a clear understanding of the bases for the estimates;

“(g) All steps taken by the Party to comply with its commitments contained in Article 2, paragraph 3 and Article 3, paragraph 14 of the Protocol, and detailed information describing how and the extent to which each such step contributed to minimizing the adverse effects and impacts referred to in those Articles and in the information provided pursuant to Paragraph 117(f), together with a statement of the principal assumptions and the methodologies used by the Party in developing the information required by this Subparagraph (g), which shall be in a level of detail sufficient to enable a clear understanding of the bases for the information; and

“(h) All steps the Party has taken and anticipates taking to comply with its commitment contained in Article 3, paragraph 2 of the Protocol, including detailed explanation as to why the Party believes, with respect to each of its separate commitments contained in the Protocol, the described steps do or do not constitute ‘demonstrable progress in achieving’ each such commitment.”

Page 47, Paragraph 118: Place square brackets around the last sentence of Paragraph 118.

Page 50, 4th Paragraph of Decision - /[CMP.1]: Place square brackets around the entirety of the paragraph beginning with “Also bearing in mind . . .”

Page 51, 5th Paragraph: Place square brackets around the sentence beginning with “However, these activities”

Page 54, Paragraph 1: Place square brackets around all of Paragraph 1.

Page 54, Paragraph 2 – Chapeaux: Place square brackets around the chapeaux of Paragraph 2 and insert as an alternative chapeaux: “Recognizing that the executive board is subordinate to the COP/MOP:”

Page 54, Subparagraph 2(a):

- Place square brackets around “Whether” in the first sentence
- Place square brackets around “Whether or not such ‘appeals’ are allowed, it must be made clear that”

Page 54, Subparagraph 2(b): Place square brackets around Subparagraph 2(b)

Page 54, Subparagraph 2(c):

- Place square brackets around Subparagraph 2(c)
- Insert as an alternative Subparagraph 2(c): “The rules and procedures governing appeals from decisions of the executive board and COP/MOP review on its own initiative of decisions of the executive board, including guidelines concerning the respective roles of the SBI and the SBSTA in those proceedings, are set forth in Appendix F.”

Page 54, Subparagraph 2(d): Place square brackets around Subparagraph 2(d).

Page 55, Subparagraph 2(e): Place square brackets around Subparagraph 2(e).

Page 55, Subparagraph 3(a):

- Place square brackets around “Approving”
- Insert (at the beginning of the Subparagraph): “Periodically reviewing and revising as necessary the”
- Insert (at the end of the Subparagraph): “set forth in Appendix G.”

Page 55, Subparagraph 3(c): Insert (after “regarding”): “its administration of the decisions of the COP/MOP that establish the guidelines on”

Page 55, Paragraph 4: Place square brackets around “technical and procedural”

Page 55, Paragraph 5: Insert (after “entities”): “in the host country directly”

Page 55, Paragraph 6: Insert (after “Convention”): “; provided, however, that such arbitration shall not limit or in any other manner preempt or prejudice the authority or the decisions of the COP/MOP, the executive board referred to in these guidelines, or the compliance body referred to in Decision”

Also, insert a footnote at the end of the revised Paragraph 6: “The reference to ‘Decision . . .’ is to the decision establishing a compliance system pursuant to Article 18.”

Page 56, Subparagraph 8(a):

- Place square brackets around “Revise and amend” and insert at the beginning of the paragraph: “Make recommendations to the COP/MOP concerning”
- Place square brackets around “determine”

Page 56, Subparagraph 8(c): Place square bracket around “following” and insert (after “participants”): “in accordance with”

Page 56, Subparagraph 8(e): Place square brackets around “decisions on rules and procedures” and insert (after “COP/MOP”): “revisions by the COP/MOP to the rules and procedures set forth in Appendix G”

Page 58, Paragraph 14: Place square brackets around the material beginning with “whenever possible” (on the first line of the paragraph) and ending with “Annex B]” (on the sixth line of the paragraph).

Page 59, Paragraph 19:

- Place square brackets around “dealing with” and insert (immediately before “technical”): “advice on”
- Insert (at the end of the paragraph): “, subject to strict compliance with the rules set forth in Appendix H concerning avoidance of conflicts of interest.”

Page 59, Paragraph 20: Place square brackets around the first sentence of Paragraph 20.

Page 59, Paragraph 21:

- Insert (after “board may”): “recommend to the COP/MOP that the COP/MOP”
- Place square brackets around “withdraw” (on the seventh line of Paragraph 21) and insert (after “board to” on the seventh line): “recommend the suspension or withdrawal of”

Page 60, Paragraph 25: Place square brackets around all of Paragraph 25.

Page 60, Paragraph 26: Place square brackets around all of Paragraph 26 and insert the following alternative Paragraph 26: “Based on the standards contained in appendix A, the executive board shall recommend to the COP/MOP the potential designation of operational entities referred to in Article 12.5.”

Page 60, Paragraph 27: Place square brackets around Paragraph 27.

Page 60, Paragraph 28: Place square brackets around “accreditation body” and insert (immediately before “shall review”): “executive board”

Page 60, Paragraph 29: Place square brackets around “accreditation body” and insert (immediately before “may request”): “executive board”

Page 61, Subparagraph 31(a): Place square brackets around “through the accreditation body”

Page 61, Subparagraph 31(g): Place square brackets around “accreditation body” in all places it appears in Subparagraph 31(g) and insert in its place: “executive board”

Page 62, Subparagraph 33(b): Place square brackets around Paragraph 33(b).

Page 62, Paragraph 34:

- Insert (at the beginning of the second sentence): “Except for the CERs set aside for the purposes stated in Article 12, paragraph 8,”
- Place square brackets around “can, in accordance with the national policies of the host Parties”
- Insert (after “generated by such projects”): “shall”
- Insert (after “transferred to”): “the” and capitalize “Parties”
- Insert (after “Annex I” in the last sentence of the paragraph): “that participated in the project”
- Place square brackets around “their” in the last sentence of the paragraph and insert (immediately before “commitments”): “those participating Parties”

Page 62, Subparagraph 35(b): Place square brackets around “and relevant provisions of the Protocol”

Page 62, Subparagraph 35(c): Place square brackets around all of Paragraph 35(c) and also around “Is bound by a compliance regime adopted by the COP/MOP and”

Page 63, Subparagraph 36(b): Place square brackets around “Is bound by a compliance regime adopted by the COP/MOP and”

Page 63, Paragraph 37 – chapeaux:

- Insert (after “shall,”): “in accordance with the rules of procedure established in Decision . . . and”
- Insert (after “review teams”): “or by any Party in accordance with the procedures established in Decision . . . “

Also, insert a footnote at the end of this revised chapeaux: “The references to ‘Decision’ are to the decision establishing a compliance system pursuant to Article 18.”

Page 65, Paragraph 43: Place square brackets around the last sentence of Paragraph 43.

Page 66, Paragraph 46: Insert (at the end of the first sentence of Paragraph 46: “in accordance with Decision”

Also, insert a footnote at the end of the proposed insert in first sentence: “The reference to ‘Decision’ is to the decision establishing a compliance system pursuant to Article 18.”

Page 67, Paragraph 52 – Option 2: Place square brackets around “a formula to be determined by the COP/MOP” and insert (after “in accordance with”) “the formula set forth in Appendix ___.”

Page 68, Paragraph 54: Place square brackets around “contained in the UNFCCC CDM reference manual”

Page 68, Paragraph 55: Place square brackets around “the UNFCCC CDM reference manual” and insert (after “in accordance with”): “the requirements set forth in appendix B.”

Page 68, Paragraph 56: Place square brackets around “the UNFCCC CDM reference manual” and insert (after “contained in”): “appendix B.”

Page 68, Subparagraph 57(d): Insert (after “stakeholders”): “, which are directly affected citizens of the host country, and the project participants”

Page 69, Subparagraph 57(e): Place square brackets around “the UNFCCC CDM reference manual” and insert (after “and in”): “appendix B.”

Page 69, Subparagraph 57(g): Place square brackets around “the UNFCCC CDM reference manual” and insert (after “document and”): “appendix B.”

Page 69, Subparagraph 57(i): Place square brackets around “the UNFCCC CDM reference manual” and insert (after “document and”): “appendix B.”

Page 70, Paragraph 59: Place square brackets around “the UNFCCC CDM reference manual” and insert (after “contained in”): “appendix B.”

Page 70, Subparagraph 61(a): Place square brackets around “the UNFCCC CDM reference manual” and insert (after “contained in”): “appendix B.”

Page 71, Subparagraph 63(e): Place square brackets around “the transportation sector” and insert (after “reducing emissions from”): “all sectors, without discrimination against any of them.”

Page 71, Paragraph 64: Place square brackets around “and in the UNFCCC CDM reference manual.”

Page 72, Paragraph 68: Insert (at the end of the first sentence): “, subject to appeal to the COP/MOP or review by the COP/MOP on its own initiative of any decision by the executive board.”

Page 73, Paragraph 73: Place square brackets around “the UNFCCC CDM reference manual” and insert (after “document and”): “appendix B.”

Page 73, Paragraph 74: Place square brackets around the entire paragraph.

Page 73, Paragraph 77 - chapeaux: Place square brackets around “and in the UNFCCC CDM reference manual”

Page 74, Subparagraph 77(b): Place square brackets around “the UNFCCC CDM reference manual” and insert (after “contained in”): appendix B.

Page 76, Paragraph 90: Place square brackets around the entire paragraph and, also, around “contained in the UNFCCC CDM reference manual”

Page 77, Subparagraph 93(c): Place square brackets around Subparagraph 93(c).

Page 79, Paragraph 101 (subparagraph beginning with “Comparability”): Place square brackets around “the UNFCCC CDM reference manual” and insert (after “listed in”): “appendix B.”

Page 79, Paragraph 101 (subparagraph beginning with “Good practice”):

- Place square brackets around “the UNFCCC CDM reference manual”
- Insert (after “listed in”): “appendix B”
- Insert (immediately before “to take into account”): “by the COP/MOP”
- Place square brackets around “and best practices”

Page 82, Subparagraph 115(b): Insert (after “participants”): “from Parties included in Annex I”

Page 89, title: Place square brackets around the title “UNFCCC CDM reference manual”

Page 89, Paragraph 123:

- Place square brackets around all of Paragraph 123
- Insert as an alternative Paragraph 123: “This Appendix B and its annex contain provisions that are intended to facilitate the administration of the “Modalities and procedures for a clean development mechanism” set forth in the Annex to Decision -/[CMP.1]. “

Page 89, Paragraph 124 - chapeaux: Place square brackets around the chapeaux of Paragraph 124 and, as an alternative chapeaux, insert: “The executive board periodically may recommend to the COP/MOP decisions concerning: . . .”

Page 96, Paragraph 3 (apparently Option 2, meaning the second of the proposals labeled “Option 1” – second paragraph): Place square brackets around “Funding for adaptation projects under the adaptation fund shall be consistent with ongoing work on adaptation under the Convention.”

Page 97, Subparagraph 4(b): Place square brackets around “in a manner consistent with work on adaptation under the Convention.”

Page 98, Paragraph beginning with “Taking into account:”

- Insert (after “account”): “all of the relevant”
- Insert (after “in”): “Articles 4 and 12 of the Convention and”
- Place square brackets around “3 and 17” and insert (after “Articles”): “2, 3, 4, 5, 7, 11, 17 and 18”

Page 101, Subparagraph 1(b): Place square brackets around Subparagraph 1(b).

Page 101, Subparagraph 1(c):

- Place square brackets around Subparagraph 1(c), and, in addition, place square brackets around “Is bound by a compliance regime adopted by the COP/MOP”
- Insert as an alternative to Subparagraph 1(c): “Is in compliance with the provisions of Article 4, paragraphs 3, 5, 8, and 9 of the Convention and the decisions of the COP thereunder and the provisions of Article 2, paragraphs 1 and 3, Article 3, paragraphs 2 and 14, and Articles 4, 5, 7, 11, and 17 of the Protocol and the decisions of the COP or the COP/MOP thereunder;”

Page 101: Insert new Subparagraph 1(g): “(g) Has submitted all national communications required of the Party by Article 12 of the Convention and by Article 7 of the Protocol, containing all of the information and supplementary information required by Article 12 of the Convention or by Article 7 of the Protocol, as those requirements may be elaborated from time to time by the COP or by the COP/MOP, respectively, as well as all of the information required by Appendix B to this annex on modalities, rules and guidelines for emissions trading, and the Party’s submission of such national communication for the year immediately preceding the year in which the Party proposes to transfer or acquire [AAUs]/[PAAs] was made in strict compliance with the timetable applicable to such submission.”

Also insert a footnote at the end of this new subparagraph 1(g): “This Subparagraph 1(g) contemplates that, concurrently with adoption by the COP of its decision concerning the rules and guidelines for Article 17, the COP also will adopt appropriate decisions requiring each Annex I Party to include in its national communication detailed information to demonstrate the Party’s compliance with Articles 4.3, 4.5, 4.8, and 4.9 of the Convention and the decisions of the COP thereunder and compliance with Articles 2.1, 2.3, 3.2, 3.14, 4, 5, 6, 7 and 11 of the Protocol and the decisions of the COP/MOP thereunder (including the COP’s recommended decisions to the COP/MOP concerning those Articles of the Protocol).”

Page 101: insert new Paragraph 1 bis: “If an issue is raised in accordance with Decision . . . concerning compliance by a Party included in Annex I and Annex B with a provision of Paragraph 1, above:

(a) the issue shall be resolved in accordance with Decision . . . ;

(b) [AAUs]/[PAAs] may be acquired or transferred by the Party after the issue has been raised, provided that any [AAUs]/[PAAs] acquired after the issue has been raised may not be used by an acquiring Party to meet its commitment under Article 3, paragraph 1 of the Protocol until any issue of its compliance with a provision of Paragraph 1, above, has been finally resolved;

(c) if it is determined that, at the time a Party included in Annex I and Annex B acquired [AAUs]/[PAAs] pursuant to Article 17, the Party was not in compliance with any provision of Paragraph 1, above, any addition of such [AAUs]/[PAAs] to the Party's assigned amount pursuant to Article 3, paragraph 10 by reason of such acquisition shall be cancelled as of the date of the final determination of non-compliance made pursuant to Decision . . . and thereafter shall not be counted as part of the Party's assigned amount. ”

Also, insert a footnote at the end of this new Paragraph 1 bis: “The reference to ‘Decision . . . ’ is to the decision establishing a compliance system pursuant to Article 18.”

Page 101, Paragraph 2 -- chapeaux: Insert (after “Parties”): “included in Annex I and Annex B”

Page 102, Subparagraph 2(b):

- Place square brackets around Subparagraph 2(b), and, in addition, place square brackets around “The Party is bound by a compliance regime adopted by the COP/MOP”
- Insert as an alternative to Subparagraph 2(b): “The Party is in compliance with the provisions of Article 4, paragraphs 3, 5, 8, and 9 of the Convention and the decisions of the COP thereunder and the provisions of Article 2, paragraphs 1 and 3, Article 3, paragraphs 2 and 14, and Articles 4, 5, 7, 11, and 17 of the Protocol and the respective decisions of the COP or COP/MOP thereunder;”

Page 102, Subparagraph 2(g): Place square brackets around Subparagraph 2(g), and, as an alternative to Subparagraph 2(g), insert: “(g) Has submitted all national communications required of the Party by Article 12 of the Convention and by Article 7 of the Protocol, containing all of the information and supplementary information required by Article 12 of the Convention or by Article 7 of the Protocol, as those requirements may be elaborated from time to time by the COP or by the COP/MOP, respectively, as well as all of the information required by Appendix B to this annex on modalities, rules and guidelines for on emissions trading, and the Party's submission of such national communication for the year immediately preceding the year in which the Party proposes to transfer or acquire [AAUs]/[PAAs] was made in strict compliance with the timetable applicable to such submission;”

Also insert a footnote at the end of this alternative Subparagraph 2(g): “This Subparagraph 2(g) contemplates that, concurrently with adoption by the COP of its decision concerning these modalities, rules, and guidelines for Article 17, the COP also will adopt appropriate decisions requiring the Annex I and Annex B Party to include in its national communication

detailed information to demonstrate the Party's compliance with Articles 4.5, 4.8, and 4.9 of the Convention and the decisions of the COP thereunder and compliance with Articles 2.1, 2.3, 3.2, 3.14, 4, 5, 7, 11, and 17 of the Protocol and the respective decisions of the COP or the COP/MOP thereunder (including the COP's recommended decisions to the COP/MOP concerning those Articles of the Protocol)."

Page 102, Paragraph 3 – chapeaux:

- Insert (after "shall,"): "in accordance with the rules of procedure established in Decision . . . and"
- Insert (after "review teams"): "or by any Party in accordance with the procedures established in Decision . . . "

Also, insert a footnote at the end of this revised chapeaux: "The references to 'Decision . . .' are to the decision establishing a compliance system pursuant to Article 18."

Page 102, Subparagraph 3(d): Place square brackets around Paragraph 3(d) and, as an alternative to Paragraph 3(d), insert: "Submission of all national communications required of the Party by Article 12 of the Convention and by Article 7 of the Protocol, containing all of the information and supplementary information required by Article 12 of the Convention or by Article 7 of the Protocol, as those requirements may be elaborated from time to time by the COP or by the COP/MOP, respectively, as well as all of the information required by Appendix B to this annex on modalities, rules and guidelines for on emissions trading, and the Party's submission of such national communication for the year immediately preceding the year in which the Party proposes to transfer or acquire [AAUs]/[PAAs] was made in strict compliance with the timetable applicable to such submission;"

Page 102, Paragraph 3: Insert new Subparagraph 3 (e): "Compliance with the provisions of Article 4, paragraphs 3, 5, 8, and 9 of the Convention and the decisions of the COP thereunder and the provisions of Article 2, paragraphs 1 and 3, Article 3, paragraphs 2 and 14, and Articles 4, 5, 7, 11 and 17 of the Protocol and the respective decisions of the COP or COP/MOP thereunder;"

Page 103, Paragraph 6: Place square brackets around "or changes pertaining to new entrants that meet the eligibility criteria"

Page 113, Subparagraph 25(c):

- Place square brackets around Subparagraph 25(c) and insert as an alternative:
“(c) The Party's current, best estimates of:

“(i) the total amount of greenhouse gas emissions (expressed in tonnes of carbon dioxide equivalent) that the Party will be required to reduce, avoid, or sequester during the first commitment period, without taking into account net acquisitions of ERUs, CERs, or [AAUs]/[PAAs], in order to comply with its quantified emission limitation and reduction commitment under Article 3 of the Protocol; and

“(ii) the amounts of ERUs, CERs, and [AAUs]/[PAAs], individually and in the aggregate, the Party expects to acquire (net of transfers by the Party) during each year of the first commitment period;”

Page 113, Paragraph 25: Insert new Subparagraphs (d) through (h):

“(d) The principal assumptions and the methodologies used by the Party in developing the estimates required by Subparagraph 25(c), which shall be in a level of detail sufficient to enable a clear understanding of the bases for the estimates;

“(e) The annual contributions by the Party to each of the Funds established by the COP with respect to Article 4, paragraphs 3, 5, 8, and 9 of the Convention and to each of the Funds established by the COP/MOP with respect to Article 2, paragraph 3, Article 3, paragraph 14, and Article 12 of the Protocol, showing the date of each contribution since establishment of each Fund;

“(f) The Party’s current, best estimate, expressed qualitatively and quantitatively, of the effects of its policies and measures undertaken pursuant to Article 2, paragraphs 1 and 2 and otherwise undertaken to achieve its quantified emission limitation and reduction commitment under Article 3, paragraph 1 on developing countries and in particular those identified in Article 4, paragraphs 8 and 9 of the Convention, including the Party’s best quantitative estimates of the effects of those policies and measures on such developing countries with respect to :

“(i) the unit quantity and monetary amount of raw materials, fuels, and finished goods exported to the Party by developing countries in each year during the period 2000 through 2012;

“(ii) the prices of finished goods imported from the Party by developing countries in each year during the period 2000 through 2012; and

“(iii) the interest rates and the total interest payable by developing countries to the Party and its legal entities on the external debt of developing countries during the period 2000 through 2012,

together with disclosure of the principal assumptions and the methodologies used by the Party in developing all of the estimates required by this Subparagraph 25(f), which shall be in a level of detail sufficient to enable a clear understanding of the bases for the estimates;

“(g) All steps taken by the Party to comply with its commitments contained in Article 2, paragraph 3 and Article 3, paragraph 14 of the Protocol, including steps taken to remove subsidies and other market distortions and tax restructuring to reflect the GHGs content of the emitting sectors, and detailed information describing how and the extent to which each such step contributed to minimizing the adverse effects and impacts referred to in those Articles and in the information provided pursuant to Subparagraph 25(f), together with a statement of the principal assumptions and the

methodologies used by the Party in developing the information required by this Subparagraph (g), which shall be in a level of detail sufficient to enable a clear understanding of the bases for the information; and

“(h) All steps the Party has taken and anticipates taking to comply with its commitment contained in Article 3, paragraph 2 of the Protocol, including detailed explanation as to why the Party believes, with respect to each of its separate commitments contained in the Protocol, the described steps do or do not constitute ‘demonstrable progress in achieving’ each such commitment.”

Page 113, Paragraph 26: Place square brackets around the last sentence of Paragraph 26
Page 118, Subparagraph 11(b): Insert (after “participants”): “that are Parties included in Annex I”

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