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**Ad Hoc Working Group on Further Commitments
for Annex I Parties under the Kyoto Protocol**

Fifteenth session

Cancun, 29 November 2010—*

Agenda item 3

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

Revised proposal by the Chair

* To continue for as long as necessary, as per document FCCC/KP/AWG/2010/3, paragraph 21.

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Chapter I

[Draft decision -/CMP.6

Amendments to the Kyoto Protocol pursuant to its Article 3, paragraph 9

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

Recalling Article 3, paragraph 9, and Articles 20 and 21 of the Kyoto Protocol,

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

Recognizing the importance of ensuring the environmental integrity of the Kyoto Protocol,

Having considered the proposals for amendments to the Kyoto Protocol [and its annexes] submitted under Articles 20 and 21 of the Kyoto Protocol,¹

Noting the reports of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on its sessions to date and the oral report by the Chair to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its sixth session,

Taking into account the proposed amendments to the Kyoto Protocol contained in the annex to the report of the fifteenth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol,²

Noting that Parties listed in the table contained in section A of the annex to this decision have provided, in accordance with Article 21, paragraph 7, of the Kyoto Protocol, their written consent to the adoption of an amendment to Annex B to the Kyoto Protocol,

1.

Option 1

Adopts the amendments to the Kyoto Protocol as contained in the annex to this decision;

Option 2

Decides that it shall, as it considers appropriate in the context of the adoption of a protocol pursuant to -/CP.16 and in order to enable the full, effective and sustained implementation of the Convention beyond 2012 adopt the amendments to the Kyoto Protocol as contained in the annex to this decision;

2. *Takes note* of decisions -/CMP.6 on land use, land-use change and forestry, -/CMP.6 on emissions trading and the project-based mechanisms, -/CMP.6 on greenhouse gases, sectors and source categories, common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks, and other methodological issues, and -/CMP.6 on consideration of information on potential

¹ Documents FCCC/KP/CMP/2009/2–FCCC/KP/CMP/2009/13, FCCC/KP/CMP/2010/3 and FCCC/KP/CMP/2009/21, paragraphs 88–94.

² FCCC/KP/CMP/2010/X.

environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties;³

3. [Decides that the provisions of the amendments contained in the annex to this decision shall apply to all Parties immediately upon the conclusion of the first commitment period under Article 3, paragraph 1, of the Kyoto Protocol, and shall continue to apply on a provisional basis until the entry into force of the amendments for each Party;

4.] Invites Parties to deposit their instruments of acceptance in respect of the amendments contained in the annex to this decision, in accordance with Article 20, paragraph 4, with a view to ensuring that there is no gap between the first and second commitment periods;

[[4][5].Requests the Subsidiary Body for Implementation to assess the implications of the carry-over of assigned amount units to the second commitment period on the scale of emission reductions to be achieved by Annex I Parties in aggregate for the second commitment period;

[5][6]. Also requests the Subsidiary Body for Implementation to recommend, at its thirty-fifth session, appropriate actions to be taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to address the implications referred to in paragraph [4][5] above, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session.]]

³ The draft decisions are contained in Chapters II–V.

Annex

[A. Annex B

The following table shall replace the table in Annex B to the Protocol:

Annex B

Option 1

1	2	3	4	5
<i>Party</i>	<i>Quantified emission limitation or reduction commitment (2008–2012) (percentage of base year or period)</i>	<i>Quantified emission limitation or reduction commitment ([2013–2017] [2013–2020]) (percentage of base year or period)</i>	<i>reference year⁴</i>	<i>Quantified emission limitation or reduction commitment ([2013–2017] [2013–2020]) (expressed as percentage of reference year⁴)</i>

See list of Parties on p. 6.

Option 2

<i>Party</i>	<i>Quantified emission limitation or reduction commitment (2008–2012) (percentage of base year or period)</i>	<i>Quantified domestic emission reduction commitment (2013–2017) (percentage of base year or period) {i.e. minimum reductions required domestically}</i>	<i>Quantified emission reduction commitment (2013–2017) (percentage of base year or period) {i.e. total reductions required, based on historical responsibility and needs of developing countries}</i>
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See list of Parties on p. 6.

Total	[51][50]	[XX]
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Option 3

<i>Party</i>	<i>Quantified emission limitation or reduction commitment (2008–2012) (percentage of base year or period)</i>	<i>Quantified emission reduction commitment (2013–2017) (percentage of base year or period)</i>
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See list of Parties on p. 6.

⁴ “Reference year” may be used by a Party for its own purposes to express its QELRO as a percentage of emissions of that year on an optional basis that is not internationally binding under the Kyoto Protocol, in addition to the listing of its QELRO in relation to the base year in the third column of this table.

<i>Party</i>	<i>Party</i>
Australia	Lithuania ^[*]
Austria	Luxembourg
Belarus ^{a[*]}	Malta ^f
Belgium	Monaco
Bulgaria ^[*]	Netherlands
Canada	New Zealand
Croatia ^{b[*]}	Norway
Czech Republic ^[*]	Poland ^[*]
Denmark	Portugal
Estonia ^[*]	Romania ^[*]
European Union ^{c, d}	Russian Federation ^[*]
Finland	Slovakia ^[*]
France	Slovenia ^[*]
Germany	Spain
Greece	Sweden
Hungary ^[*]	Switzerland
Iceland	Ukraine ^[*]
Ireland	United Kingdom of Great Britain and Northern Ireland
Italy	United States of America ^g
Japan	
Kazakhstan ^{e[*]}	
Latvia ^[*]	
Liechtenstein	

[* Countries that are undergoing the process of transition to a market economy.]

Notes

^a Added to Annex B by an amendment adopted pursuant to decision 10/CMP.2. This amendment has not yet entered into force.

^b Temporary target for Croatia, including decision 7/CP.12. Upon the accession of Croatia to the European Union, the Croatian target shall be replaced by arrangement in line with and part of the European Union mitigation effort.

^c Upon deposit of its instrument of approval to the Kyoto Protocol on 31 May 2002, the European Community had 15 member States.

^d Upon deposit of its instrument of acceptance of the amendment to Annex B to the Kyoto Protocol on [date], the European Union had 27 member States.

^e Kazakhstan has submitted a proposal to amend the Kyoto Protocol to include its name in Annex B with a quantified emission limitation and reduction commitment of 100 per cent for the first commitment period. This proposal is contained in document FCCC/KP/CMP/2010/4.

^f At its fifteenth session, the Conference of the Parties decided to amend Annex I to the Convention by including the name of Malta (decision 3/CP.15). The amendment entered into force on 26 October 2010.

^g Countries that have not ratified the Kyoto Protocol.

Option A

B. Article 3, paragraphs 1 bis[,] [and] 1 ter [and 1 quater]

The following paragraph shall be inserted after paragraph 1 of Article 3 of the Protocol:

1 bis. The Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A [bis] do not exceed their [total] assigned amounts, calculated pursuant to their quantified emission limitation and reduction commitments inscribed in the third column of the table contained in Annex B [and determined by applying the principle of historical responsibility, their emissions debt and addressing the needs of developing countries⁵] and in accordance with the provisions of this Article, with a view to [ensuring a fair allocation of the global atmospheric space to all Parties and] reducing their overall emissions of such gases by at least [X][50][49][33][15] per cent below 1990 levels in the commitment period 2013 to [2017][2020].

[The following paragraph shall be inserted after paragraph 1 bis of Article 3 of the Protocol:

1 ter.⁶ In fulfillment of their obligations under Article 3, paragraph 1 bis, the Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions from domestic sources of the greenhouse gases listed in Annex A [bis] do not exceed their assigned domestic amounts, calculated pursuant to their quantified domestic emission reduction commitments inscribed in Annex B and in accordance with the provisions of this Article, with a view to reducing their overall domestic emissions of such gases by [more than][at least] [50][49] per cent below 1990 levels in the commitment period 2013 to 2017.⁷]

The following paragraph shall be inserted after paragraph 1 [bis][ter]of Article 3 of the Protocol:

1 [ter][quater]. Emission reduction commitments pursuant to Article 3, paragraph 1 bis shall be implemented with a view to Parties included in Annex I reducing their emissions of greenhouse gases [listed in Annex A [bis]] not controlled by the Montreal Protocol by [at least] [25][30][45][X] per cent below 1990 levels by 2020 and by [80 per cent or more][80 to [more than][at least] 95][X] per cent below 1990 levels by 2050 [through the reduction of greenhouse gases from sources and removals by sinks. This shall be achieved by 2050].

C. Article 3, paragraph 7 bis

The following paragraph shall be inserted after paragraph 7 of Article 3 of the Protocol:

7 bis. In the second quantified emission limitation and reduction commitment period, from 2013 to [2017][2020], the assigned amount for each Party included in Annex I shall be equal to the percentage

⁵ In determining the commitments in this Article, the following criteria are taken into account in order to ensure consistency with the ultimate objective of the Convention and the principles of equity and common but differentiated responsibilities and respective capabilities:

- (a) Responsibility of Annex I Parties, individually and jointly, for current atmospheric concentrations of greenhouse gases;
 - (b) The historical and current per-capita emissions originating in developed countries;
 - (c) Technological, financial and institutional capacities; and
 - (d) The share of global emissions required by developing countries in order to meet their social and economic development needs, to eradicate poverty and to achieve the right to development.
- Fulfillment by Annex I Parties of the commitments in paragraph 1 bis of this Article constitutes a contribution to the repayment of emissions debts reflecting excessive consumption of shared atmospheric space and the needs of developing countries.

⁶ Some Parties are of the view that this proposal should only be included in Option B.

⁷ A Party included in Annex I may, with the agreement of other Parties, meet the difference between its total and domestic assigned amounts under Article 3, paragraph 1 bis, through the financial mechanism operating under the authority and guidance of the Conference of Parties, in the context of their obligation to provide the agreed full incremental costs under the Convention.

inscribed for it in the third column of the table contained in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A [bis] in 1990, or the base year or period determined in accordance with paragraph 5 above, multiplied by [five][eight]. [Those Parties included in Annex I for whom land-use change and forestry constituted a net source of greenhouse gas emissions in 1990 shall include in their 1990 emissions base year or period the aggregate anthropogenic carbon dioxide equivalent emissions by sources minus removals by sinks in 1990 from land-use change for the purposes of calculating their assigned amount.]

D. Article 3, paragraph 9

Paragraph 9 of Article 3 of the Protocol should be deleted and replaced by the following paragraph:

9. Commitments for subsequent periods for Parties included in Annex I shall be established in amendments to Annex B to this Protocol, which shall be adopted in accordance with the provisions of Article 21, paragraph 7. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall initiate the consideration of commitments for the third commitment period at least [three][five][six][X] years before the end of the second commitment period [and shall initiate the consideration of commitments for commitment periods other than the third commitment period at least [five][seven][X] years before the end of the commitment period that immediately precedes the commitment period under consideration] [in coordination with relevant processes and reviews under the Convention].

E. Article 4, paragraph 2

The following words shall be added to the end of the first sentence of paragraph 2 of Article 4 of the Protocol:

, or on the date of deposit of their instruments of acceptance of any amendments to Annex B pursuant to Article 3, paragraph 9

F. Article 4, paragraph 3

In paragraph 3 of Article 4 of the Protocol, for the words:

, paragraph 7

there shall be substituted:

to which it relates

Option B

B. Article 3, paragraphs 1 bis [,][and] 1 ter [and 1 quater]

The following paragraph shall be inserted after paragraph 1 of Article 3 of the Protocol:

1 bis. The Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A [bis] do not exceed their [total] assigned amounts, calculated pursuant to their quantified emission limitation and reduction commitments inscribed in the third column of the table contained in Annex B [and determined by applying the principle of historical responsibility, their emissions debt and addressing the needs of developing countries⁵] and in accordance with the provisions of this Article, with a view to [ensuring a fair allocation of the global atmospheric space to all Parties and] reducing their overall emissions of such gases by at least [X][50][49][33][15] per cent below 1990 levels in the commitment period 2013 to [2017][2020].

[The following paragraph shall be inserted after paragraph 1 bis of Article 3 of the Protocol:

1 ter.⁶ In fulfillment of their obligations under Article 3, paragraph 1 bis, the Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions from domestic sources of the greenhouse gases listed in Annex A [bis] do not exceed their assigned domestic amounts, calculated pursuant to their quantified domestic emission reduction commitments inscribed in Annex B and in accordance with the provisions of this Article, with a view to reducing their overall domestic emissions of such gases by [more than][at least] [50][49] per cent below 1990 levels in the commitment period 2013 to 2017.⁷]

The following paragraph shall be inserted after paragraph 1 [bis][ter] of Article 3 of the Protocol:

1 [ter][quater]. Emission reduction commitments pursuant to Article 3, paragraph 1 bis shall be implemented with a view to Parties included in Annex I reducing their emissions of greenhouse gases [listed in Annex A [bis]] not controlled by the Montreal Protocol by [at least] [25][30][45][X] per cent below 1990 levels by 2020 and by [80 per cent or more][80 to [more than][at least] 95][X] per cent below 1990 levels by 2050 [through the reduction of greenhouse gases from sources and removals by sinks. This shall be achieved by 2050].

⁵ In determining the commitments in this Article, the following criteria are taken into account in order to ensure consistency with the ultimate objective of the Convention and the principles of equity and common but differentiated responsibilities and respective capabilities:

- (a) Responsibility of Annex I Parties, individually and jointly, for current atmospheric concentrations of greenhouse gases;
 - (b) The historical and current per-capita emissions originating in developed countries;
 - (c) Technological, financial and institutional capacities; and
 - (d) The share of global emissions required by developing countries in order to meet their social and economic development needs, to eradicate poverty and to achieve the right to development.
- Fulfillment by Annex I Parties of the commitments in paragraph 1bis of this Article constitutes a contribution to the repayment of emissions debts reflecting excessive consumption of shared atmospheric space and the needs of developing countries.

⁶ Some Parties are of the view that this proposal should only be included in Option B.

⁷ A Party included in Annex I may, with the agreement of other Parties, meet the difference between its total and domestic assigned amounts under Article 3, paragraph 1 bis, through the financial mechanism operating under the authority and guidance of the Conference of Parties, in the context of their obligation to provide the agreed full incremental costs under the Convention.

[C. Article 3, paragraph 1 [quater][quinquies]

The following paragraph shall be inserted after paragraph 1 [ter][quater] of Article 3 of the Protocol:

1 [quater][quinquies]. Paragraph 1 bis above shall only apply on the ninetieth day after the date (being a date after the entry into force of the [Agreement] on which:

(a) not less than [X] Parties to the Convention have deposited their instruments of acceptance relating to the amendments establishing the commitment period 2013 to 20XX under this Protocol in accordance with Article 20, paragraph 4 or 5, of this Protocol, or deposited their instrument of ratification, acceptance, approval or accession to the [Agreement]; and

(b) those Parties in subparagraph (a) incorporate Parties to the Convention that:

(i) accounted collectively for at least [X] per cent of the total [cumulative] anthropogenic carbon dioxide equivalent emissions of the greenhouse gases of the Parties to the Convention, determined in accordance with paragraph 1 [quinquies][sexies] below; and

(ii) have each inscribed quantifiable mitigation commitments or actions in either Annex B of this Protocol or Annex [A] of the [Agreement].]

[D. Article 3, paragraph 1 [quinquies][sexies]

The following paragraph shall be inserted after paragraph 1 [quater][quinquies] of Article 3 of the Protocol:

1 [quinquies][sexies]. The calculation in subparagraph 1 [quater][quinquies] (b) (i) above shall be based on those data reported in their national communications submitted in accordance with Article 12 of the Convention for the year [X] or, in the absence of data for that year, the nearest year to [X].]

[E. Article 3, paragraph 1 [sexies][septies]

The following paragraph shall be inserted after paragraph 1 [quinquies][sexies] of Article 3 of the Protocol:

1 [sexies][septies]. For the purposes of this Article, any instrument deposited by a regional economic integration organization shall not be counted as additional to those deposited by States members of the organization.

[F. Article 3, paragraph 4 bis]

The following paragraph shall be inserted after paragraph 4 of Article 3 of the Protocol:

4 bis. For purposes of meeting quantified emission limitation and reduction commitments, additions to assigned amount for each Party included in Annex I under [Article 3, paragraph 3 and 4] [Article 3, paragraph 4] shall be limited to [X][1] per cent of that Party's assigned amount for the second commitment period.]

[G. Article 3, paragraph 7]

Paragraph 7 of Article 3 shall be deleted and replaced by the following paragraph:

7. In the second quantified emission limitation and reduction commitment period, from 2013 to [2017][2020], the assigned amount for each Party included in Annex I shall be equal to the percentage inscribed for it in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990 multiplied

by [five][eight] or its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in its most recently reviewed inventory multiplied by [five][eight], whichever is lower.

H. Article 3, paragraph 7 bis

The following paragraph shall be inserted after paragraph 7 of Article 3 of the Protocol:

7 bis. In the second quantified emission limitation and reduction commitment period, from 2013 to [2017][2020], the assigned amount for each Party included in Annex I shall be equal to the percentage inscribed for it in the third column of the table contained in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A [bis] in 1990, or the base year or period determined in accordance with paragraph 5 above, multiplied by [five][eight]. [Those Parties included in Annex I for whom land-use change and forestry constituted a net source of greenhouse gas emissions in 1990 shall include in their 1990 emissions base year or period the aggregate anthropogenic carbon dioxide equivalent emissions by sources minus removals by sinks in 1990 from land-use change for the purposes of calculating their assigned amount.]

I. Article 3, paragraph 7 ter

The following paragraph shall be inserted after paragraph 7 bis of Article 3 of the Protocol:

7 ter. For each Party included in Annex I, assigned amounts in subsequent commitment periods shall not exceed that Party's assigned amount in the immediately preceding period, or exceed [X][five][eight] times that Party's most recently reviewed inventory, whichever is lower.

J. Article 3, paragraph 7 quater

The following paragraph shall be inserted after paragraph 7 ter of Article 3 of the Protocol:

7 quater. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that a share of the proceeds from the initial issuance of assigned amount units, removal units and any new units established in accordance with [Articles X and Y] is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

K. Article 3, paragraphs 8 bis and 8 ter

Option 1

The following paragraphs shall be inserted after paragraph 8 of Article 3 of the Protocol:

8 bis. Any Party included in Annex I may use 1995 as its base year for hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride, for the purposes of the calculation referred to in paragraph 7 bis above.

8 ter. Any Party included in Annex I may use [1995][19XX][20XX] as its base year for [nitrogen trifluoride,] [trifluoromethyl sulphur pentafluoride,] [fluorinated ethers,] [and perfluoropolyethers] for the purposes of the calculation referred to in paragraph 7 bis above.

Option 2

The following paragraph shall be inserted after paragraph 8 of Article 3 of the Protocol:

8 bis. Any Party included in Annex I may use [1995][199X][20XX] as its base year for hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride, for the purposes of the calculation referred to in paragraph 7 bis above.

L. Article 3, paragraph 9

Paragraph 9 of Article 3 of the Protocol shall be deleted and replaced by the following paragraph:

9. Commitments for subsequent periods for Parties included in Annex I shall be established in amendments to Annex B to this Protocol, which shall be adopted in accordance with the provisions of Article 21, paragraph 7. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall initiate the consideration of commitments for the third commitment period at least [three][five][six][X] years before the end of the second commitment period [and shall initiate the consideration of commitments for commitment periods other than the third commitment period at least [three][five][seven][X] years before the end of the commitment period that immediately precedes the commitment period under consideration] [in coordination with relevant processes and reviews under the Convention].

M. Article 3, paragraph 10 bis

The following paragraph shall be inserted after paragraph 10 of Article 3 of the Protocol:

10 bis. Any part of the [amount calculated in accordance with the [target] established in accordance with Article Y] that a Party acquires from another Party to the Convention in accordance with the provisions of Article 17 shall be added to the assigned amount for the acquiring Party.

N. Article 3, paragraph 10 ter

The following paragraph shall be inserted after paragraph 10 bis of Article 3 of the Protocol:

10 ter. Any part of an assigned amount, which a Party acquires from another Party to the Convention in accordance with the provisions of Article 17 shall be added to the [amount calculated in accordance with the [target] established in accordance with Article Y] for the acquiring Party.

O. Article 3, paragraph 11

In paragraph 11 of Article 3 of the Protocol, for the words:

another Party

there shall be substituted:

a Party to the Convention

[P. Article 3, paragraph 12 bis

The following paragraph shall be inserted after paragraph 12 of Article 3 of the Protocol:

12 bis. Any [names of units generated from new market mechanisms established pursuant to Article[s] [X], [Y]]⁸ and [Z]⁹ which a Party acquires from another Party to the

⁸ “X” and “Y” refer to the Article[s] of the Kyoto Protocol dealing with new market mechanism[s] as proposed below, if such mechanism[s] [is][are] established under the Protocol.

⁹ “Z” refers to the Article[s] of an Agreement under the Convention dealing with new market mechanism[s] if such mechanism[s] [is][are] [recognized][established] under that Agreement.

Convention in accordance with the provisions of those Articles or of Article 17 shall be added to the assigned amount or to the [amount calculated in accordance with the [target] established in accordance with Article Y] for the acquiring Party.]

Q. Article 3, paragraph 12 ter

The following paragraph shall be inserted after paragraph 12 bis of Article 3 of the Protocol:

12 ter. Any [units] generated from new market mechanism established pursuant to Article[s] [Y] and [Z] which a Party transfers to another Party to the Convention in accordance with the provisions of those Articles shall be subtracted from the [amount calculated in accordance with the [target]] for the transferring Party.

R. Article 3, paragraph 12 quater

The following paragraph shall be inserted after paragraph 12 ter of Article 3 of the Protocol:

12 quater. Any part of the [amount calculated in accordance with the [target] established in accordance with Article Y] that a Party transfers to another Party to the Convention in accordance with the provisions of Articles 17 and Y shall be subtracted from the [amount calculated in accordance with the [target] established in accordance with Article Y] for the transferring Party.

S. Article 3, paragraphs 13 and 13 bis

Option 1

Article 3, paragraph 13, of the Kyoto Protocol will not be amended.

Option 2

The following paragraph shall be inserted after paragraph 13 of Article 3 of the Protocol:

13 bis. Any additions to the assigned amount referred to in paragraph 13 above shall be limited to [0.1][1][10] per cent of such Party's assigned amount in the preceding period.

Option 3

Paragraph 13 of Article 3 of the Kyoto Protocol shall be deleted and replaced by the following paragraph:

13. If the emissions of a Party included in Annex I in the first commitment period are less than its assigned amount under this Article, this difference shall, on request of that Party, be recorded as the first commitment period surplus for that Party.

The following paragraph shall be inserted after paragraph 13 of Article 3 of the Protocol:

13 bis. If the emissions of a Party included in Annex I in the second commitment period are more than its assigned amount established under Article 3, paragraphs 7 and 8 for that commitment period, a Party may add to this assigned amount a quantity equal to either the amount by which its emissions have exceeded this assigned amount or the Party's first commitment period surplus, whichever is the lowest.

Option 4

Paragraph 13 of Article 3 of the Protocol shall be deleted and replaced by the following paragraph:

13. If the emissions of a Party included in Annex I in the first commitment period are less than its assigned amount under this Article, this difference shall not be added to the assigned amount for that Party for the second commitment period.

T. Article 3, paragraph 15

The following paragraph shall be inserted after paragraph 14 of Article 3 of the Protocol:

15. The Parties to this Protocol shall undertake and conclude, no later than 31 December 2015, an interim assessment and review of efforts made by Parties included in Annex I to meet quantified emission limitation and reduction commitments for the second commitment period inscribed in Annex B to this Protocol in order to assess progress and determine whether additional measures are needed, based on best available scientific information, to meet the ultimate objective of the Convention. This review shall be completed in sufficient time to enable the Conference of the Parties serving as the meeting of the Parties to this Protocol to specify additional measures to be taken by such Parties, which may include more stringent quantitative emission limitation and reduction commitments.

U. Article 4, paragraph 2

The following words shall be added to the end of the first sentence of paragraph 2 of Article 4 of the Protocol:

, or on the date of deposit of their instruments of acceptance of any amendments to Annex B pursuant to Article 3, paragraph 9

V. Article 4, paragraph 3

In paragraph 3 of Article 4 of the Protocol, for the words:

, paragraph 7

there shall be substituted:

to which it relates

W. Article 6, paragraph 5

The following paragraph shall be inserted after paragraph 4 of Article 6 of the Protocol:

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

[X. Article 9

Paragraphs 1 and 2 of Article 9 of the Protocol shall be deleted and replaced by the following paragraphs:

1. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall periodically provide for a comprehensive review of this Protocol. The review shall evaluate the adequacy of, and consider the need for, strengthening the provisions of this Protocol, in particular the long-term goal for emission reductions and the commitments under this Protocol, in order to contribute to the ultimate objective of the Convention. The review shall be conducted in the light of the best available scientific knowledge, in particular the assessments of the Intergovernmental Panel on Climate Change.

2. Based on the review, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall take appropriate action.

3. Appropriate action may comprise, in particular, new quantified emission limitation and reduction commitments for individual Parties as well as a strengthening of existing quantified emission limitation and reduction commitments through amendment of Annex B in accordance with Article 21. New commitments shall lead to absolute emission reductions for the respective Parties compared to the national total greenhouse gas emissions as reported in national greenhouse gas inventories available at the time of the conclusion of the review.
4. The first review according to paragraph 1 above shall start no later than 2014 and conclude no later than 2016.
5. Further reviews shall be conducted every [4] years, unless the Conference of the Parties serving as meeting of the Parties to this Protocol decides otherwise.]

Y. Article 15 bis

The following Article shall be added after Article 15 of the Protocol as Article 15 bis:

Article 15 bis

Without prejudice to the legal status, immunities accorded to the Convention secretariat, officials, a Party or Parties, persons, officials, representatives of Members by the Headquarters Protocol with the Government of the Federal Republic of Germany, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall examine the issue of immunities for persons serving on bodies constituted under this Protocol.

Z. Article 17

Article 17 of the Protocol shall be deleted and replaced by the following paragraphs:

1. The Conference of the Parties serving as the meeting of the Parties to this Protocol at its [X] session shall define relevant principles, modalities, rules and guidelines, in particular for verification, reporting and accountability for emissions trading, taking into account those principles, modalities rules and guidelines adopted for the first commitment period and relevant decisions by the Conference of the Parties, as appropriate.
 2. Parties included in Annex B may participate in emissions trading for the purposes of fulfilling their commitments under Article 3[, subject to paragraph 4 and in accordance with eligibility requirements as established in paragraph 2 of the Annex to decision 11/CMP.1].
 3. The Parties not included in Annex B, [that meet the requirements, mutatis mutandis, set out in paragraph 2 of the Annex to decision 11/CMP.1,] with [targets] established in accordance with [Article Y], may participate in emissions trading to fulfill those [targets][, subject to paragraph 5].
- 3 bis. Parties to the [Agreement]¹⁰ under the Convention can participate in emissions trading of units that have been generated in accordance with Articles [6, 12, X, Y, Z].¹¹
- [4. Any trading pursuant to paragraph 2 shall be supplemental to domestic actions for the purpose of meeting quantified emission limitation and reduction commitments under Article 3.]

¹⁰ Contemplates the adoption of a new agreement under the Convention.

¹¹ "X" and "Y" refer to the Article[s] of the Kyoto Protocol dealing with new market mechanism[s] as proposed below, if such mechanism[s] [is][are] established under the Protocol. [Z] refers to the Article[s] of an Agreement under the Convention dealing with new market mechanism[s] if such mechanism[s] [is][are] recognised under that Agreement.

[5. Any trading pursuant to paragraph 3 shall be supplemental to domestic actions for the purpose of meeting [targets] under [Article Y].]

AA. Article 18

The current paragraph of Article 18 of the Protocol shall be renumbered as paragraph 1, and the following new paragraph shall be inserted after paragraph 1 of Article 18 as paragraph 2 of Article 18:

2. In accordance with paragraph 1 above, the procedures and mechanisms relating to compliance under this Protocol adopted by decision 27/CMP.1 of the Conference of the Parties serving as the meeting of the Parties to this Protocol shall apply. Further procedures and mechanisms to address cases of non-compliance under paragraph 1 above shall be adopted by the Conference of the Parties serving as the meeting of the Parties to this Protocol.

BB. Article X

The following Article shall be inserted after Article W as Article X:

Article X

1. A new market mechanism is hereby defined.
2. The purpose of the new market mechanism shall be to enable Parties not included in Annex I to strengthen their contribution to the ultimate objective of the Convention, to assist them in achieving their sustainable development, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3[, to promote sustainable development].
3. Under the new market mechanism:
 - (a) Parties not included in Annex I may propose, on a voluntary basis, emission thresholds for broad segments of the economy, [set significantly below business as usual emissions][reflecting a contribution to global mitigation];
 - (b) [Units] may be issued in respect of emission reductions beyond the emission threshold;
 - (c) Parties not included in Annex I will benefit from emission reduction activities resulting in [units]; [and]
 - (d) Parties included in Annex I may use the [units] accruing from such activities to contribute to compliance with part of their quantified emission limitation and reduction commitments under Article 3, as determined by the Conference of the Parties serving as the meeting of the Parties to this Protocol, and
 - (e) Parties with a [target] established in accordance with Article Y may use [units] accruing from such activities to contribute to compliance with part of their [target] established in accordance with Article Y.
4. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its [X] session, elaborate modalities and procedures with the objective of ensuring transparency, efficiency and accountability in the preparation, submission, review and [approval][acceptance] of proposals for inscribing emissions thresholds and monitoring, reporting and verification of emissions and accounting of units, taking into account the ultimate objective of the Convention, the environmental integrity of the Protocol.

CC. Article Y

The following Article shall be inserted after Article X as Article Y:

Article Y

1. A [name of new market mechanism] is hereby defined.
2. The purpose of the [name of new market mechanism] shall be to enable Parties not included in Annex I to strengthen their contribution to the ultimate objective of the Convention, to assist in achieving their sustainable development, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3.
3. The Parties not included in Annex I may propose, on a voluntary basis, [targets] in respect of broad segments of the economy with a view to reducing their emissions in those segments [significantly from business as usual][reflecting a contribution to global mitigation].
4. A Party with a [target] established in accordance with this article will ensure that their emissions from the broad segment of the economy for the period do not exceed the [amount calculated in accordance with the target].
5. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall at its [X] session elaborate modalities and procedures for the additional new market mechanism with the objective of ensuring transparency, efficiency and accountability in the preparation, submission, review and acceptance of proposals for inscribing targets and monitoring, reporting and verification of emissions and accounting of units, [and shall, as a minimum, ensure that [targets] deviate significantly from business as usual emissions and be established in a conservative manner,] taking into account the ultimate objective of the Convention, the environmental integrity of the Protocol.
- [6. A Party [not included in Annex I] may also issue [units] representing units issued or recognized under mandatory emissions trading systems established by that Party. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its [X] session, elaborate modalities and procedures for this purpose, and shall, at a minimum, ensure that environmental integrity and accuracy is ensured through monitoring, reporting and verification of emissions and accounting for units, taking into account the ultimate objective of the Convention, the environmental integrity of the Protocol.]

DD. Article Z

The following Article shall be inserted after Article Y as Article Z:

Article Z

The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, taking fully into account any relevant decisions by the Conference of the Parties, define modalities and procedures [for the avoidance of][to ensure that there is no] double counting [of emission reductions removals][between the mechanisms established] under this Protocol or any other legal instrument under the Convention.

EE. Article 21

Paragraph 4 of Article 21 of the Protocol shall be deleted and replaced with the following paragraph:

4. The Parties shall make every effort to reach agreement on any proposed annex or amendment to an annex by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the annex or amendment to an annex [other than Annex A, B [or

...]] shall as a last resort be adopted by a three-fourths majority vote of the Parties present and voting at the meeting. Amendments to Annex [A,] B [and ...] shall be adopted [by consensus and in relation to Annex B [and ...]], only with the written consent of the Party concerned. The adopted annex or amendment to an annex shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.

Paragraph 5 of Article 21 of the Protocol shall be deleted and replaced with the following paragraph:

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

Paragraph 7 of Article 21 of the Protocol shall be deleted and replaced with the following paragraph:

7. Amendments to Annexes A [, B [or ...]] to this Protocol shall enter into force [in accordance with the procedure set out in Article 20][for all Parties to this Protocol six months after the date of the communication by the Depositary to such Parties of the adoption of the annex or adoption of the amendment to the annex].

FF. Annex A

Option 1

The list of greenhouse gases contained in Annex A of the Protocol will not be amended.

Option 2

The following table shall replace the list under the heading “Greenhouse gases” in Annex A to the Protocol:

Greenhouse gases

Carbon dioxide (CO₂)
 Methane (CH₄)
 Nitrous oxide (N₂O)
 Hydrofluorocarbons (HFCs)
 Perfluorocarbons (PFCs)
 [Perfluorinated compounds]*
 Sulphur hexafluoride (SF₆)
 [Nitrogen trifluoride (NF₃)]
 [Trifluoromethyl sulphur pentafluoride (SF₅CF₃)]
 [Fluorinated ethers (HFEs)]
 [Perfluoropolyethers
 Perfluoropolymethylisopropyl ether (PFPMIE)]]

* SF₆, NF₃ and SF₅CF₃ could be listed as individual gases if the group “Perfluorinated compounds” is deleted.

Chapter II

Land use, land-use change and forestry

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

1. *Affirms* that the principles contained in paragraph 1 of decision 16/CMP.1 continue to govern the treatment of land use, land-use change and forestry activities in the second and subsequent commitment periods of the Kyoto Protocol;
2. *Decides* that anthropogenic greenhouse gas emissions by sources and removals by sinks shall be accounted for in accordance with the annex to this decision;
3. *Also decides* that the information referred to in paragraph 2 above shall be reviewed in accordance with relevant decisions under Article 8 of the Kyoto Protocol;
4. *[Agrees to consider, at its [seventh] session, the need to revise decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol that are relevant to the annex contained in this decision, including those related to reporting and review under Articles 5, 7 and 8 of the Kyoto Protocol;*
5. *Also agrees* that it is desirable to move towards complete coverage of managed lands when accounting for the land use, land-use change and forestry sector, while addressing technical challenges and the need to focus on accounting for anthropogenic emissions by sources and removals by sinks;
6. *Requests* the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to explore ways of moving towards more comprehensive accounting of anthropogenic emissions by sources and removals by sinks from land use, land-use change and forestry, including through a more inclusive activity-based approach and a land-based approach, and to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its [eighth] session on the outcomes of this work programme;
7. *[Requests* the Subsidiary Body for Scientific and Technological Advice to provide guidance for the provision and review of transparent and verifiable data on emissions from the harvested wood products pool, taking into account emission estimation methodologies, as revised and refined by the Intergovernmental Panel on Climate Change, and the fact that the best available data for use in estimating emissions arising from wood harvested by a Party prior to 31 December 2007 [and since 1990] may be data provided in guidance issued by the Intergovernmental Panel on Climate Change;]
8. *Requests* the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to consider and, as appropriate, develop and recommend modalities and procedures for possible additional land use, land-use change and forestry activities under the clean development mechanism with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [eighth] session;
9. *Further requests* the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to consider and, as appropriate, develop and recommend modalities and procedures for alternative approaches to addressing the risk of non-permanence under the clean development mechanism with a view to forwarding a draft

decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [seventh] session;

10. *Invites* the Intergovernmental Panel on Climate Change to revise and develop, as necessary [and in time to enable the Subsidiary Body for Scientific and Technological Advice to complete its work as set out in paragraph 11 below], supplementary methodologies for estimating anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, related to the annex to this decision, on the basis of, inter alia, chapter 4 of its *Good Practice Guidance for Land Use, Land-Use Change and Forestry*;

11. *Requests* the Subsidiary Body for Scientific and Technological Advice to consider, following the completion of methodological work by the Intergovernmental Panel on Climate Change outlined in paragraph 10 above, the revised supplementary methodologies related to the annex to this decision, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption [at its [xxth session]] [prior to the adoption of the second commitment period, to enable those methodologies to be used for the purpose of ascertaining compliance with commitments under Article 3 starting with the second commitment period, in accordance with Article 5, paragraph 2, of the Kyoto Protocol];]

12. *Adopts* [provisionally] the definitions, modalities, rules and guidelines relating to land use, land-use change and forestry activities under the Kyoto Protocol contained in the annex to this decision for application [only] in the second commitment period;

13. [*Requests* each Annex I Party to submit to the secretariat, by 28 February 2011, information on the forest management reference level inscribed in the appendix to Annex I to this decision, following the guidelines outlined in Part I of Annex II to this decision. These submissions may also contain an update to the forest management reference level value inscribed in the appendix to this annex;

14. *Decides* that each submission shall be subject to a technical assessment by a review team in accordance with the guidelines outlined in Part II of Annex II to this decision with the view of consider the outcomes of the technical assessment by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session.

15. *Requests* the secretariat, subject to the availability of funds, to organize the technical assessments referred to in paragraph 14 above;

16. *Decides* that a forest management reference level for each Annex I Party resulting from the consideration of the technical assessment by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session referred in paragraph 14 above shall replace the value of the appendix to Annex I to this decision, taking into account the reports on the review process, the synthesis report by the secretariat and the responses by Parties referred to in paragraph 33 of Annex II to this decision;

17. *Encourages* Parties to invite their land use, land-use change and forestry experts to apply for the UNFCCC roster of experts, with a view to increasing the number of land use, land-use change and forestry reviewers.

18. *Requests* the Subsidiary Body for Scientific and Technological Advice *to develop methodologies in paragraph 14 quinquies of Annex I to this decision.*]

19. [*Requests* the Subsidiary Body for Scientific and Technological Advice to consider developing a work programme at its Xth session to explore concepts, methodologies and definitions for force majeure, harvested wood products, rewetting and drainage, and alternative methods of accounting for forest management, for consideration by the

Conference of Parties serving as the meeting of Parties to the Kyoto Protocol in time for possible inclusion in the third commitment period of the Kyoto Protocol, if appropriate;

20. *Requests* the Subsidiary Body for Scientific and Technological Advice to initiate a work programme to develop and recommend modalities and procedures for applying the concept of additionality as referred to in paragraph 2 and paragraph 11 of the Annex to this decision, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [eighth] session.]

Annex I

Definitions, modalities, rules and guidelines relating to land use, land-use change and forestry activities under the Kyoto Protocol

A. Definitions

1. For land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4 of the Kyoto Protocol, the following definitions shall apply [provisionally only for the second commitment period]:

(a) “Forest” is a minimum area of land of 0.05–1.0 hectares with tree crown cover (or equivalent stocking level) of more than 10–30 per cent with trees with the potential to reach a minimum height of 2–5 metres at maturity in situ. A forest may consist of either closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open forest. Young natural stands and all plantations which have yet to reach a crown density of 10–30 per cent or tree height of 2–5 metres are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention such as harvesting or natural causes, but which are expected to revert to forest;

(b) “Afforestation” is the direct human-induced conversion of land that has not been forested for a period of at least 50 years to forested land through planting, seeding and/or the human-induced promotion of natural seed sources;

(c) “Reforestation” is the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-forested land. For the second commitment period of the Kyoto Protocol, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989;

(d) “Deforestation” is the direct human-induced conversion of forested land to non-forested land;

(e) “Revegetation” is a direct human-induced activity to increase carbon stocks on sites through the establishment of vegetation that covers a minimum area of 0.05 hectares and does not meet the definitions of afforestation and reforestation contained here. It includes direct human-induced activities related to emissions of greenhouse gas and/or decreases in carbon stocks on sites which have been categorized as revegetation areas and do not meet the definition of deforestation;

(f) “Forest management” is [a] [the] system of practices for stewardship and use of forest land aimed at fulfilling relevant ecological (including biological diversity),

economic and social functions of the forest, and includes emissions by sources and removals by sinks;

(g) “Cropland management” is the system of practices on land on which agricultural crops are grown and on land that is set aside or temporarily not being used for crop production;

(h) “Grazing land management” is the system of practices on land used for livestock production aimed at manipulating the amount and type of vegetation and livestock produced;

(i) [“Rewetting and drainage” is a system of practices for rewetting and draining on land with organic soil that covers a minimum area of 1 hectare. The activity applies to all lands that have been drained and/or rewetted since 1990 and that are not accounted for under any other activity as defined in this annex, where drainage is the direct human-induced lowering of the soil water table and rewetting is the direct human-induced partial or total reversal of drainage;]

(j) [“Force majeure” means, for the purposes of this decision, extraordinary occurrences,¹² defined as those occurrences whose severity was beyond the control of, and not materially influenced by, a Party [and whose associated total annual greenhouse gas emissions by sources and removals by sinks are a minimum of [X per cent][Y to [5] [Z] per cent] of the total national emissions included in the base year].]

B. Article 3, paragraph 3

2. For the purposes of Article 3, paragraph 3, eligible activities are those direct human-induced afforestation, reforestation [and/or deforestation] activities that meet the requirements set forth in this annex and that started on or after 1 January 1990 and before 31 December of the last year of the commitment period [and which any removal is additional to any that would have occurred in the absence of the Kyoto Protocol].

3. [For the purposes of Article 3, paragraph 3, those direct human-induced deforestation activities that are consistent with the definition in this annex and that started on or after 1 January 1990 and before 31 December of the last year of the commitment period shall be accounted for.

4. Each Party included in Annex I shall report and account for, in accordance with Article 7, all emissions arising from the conversion of natural forests to planted forests and the conversion of primary forest to secondary forests.]

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

6. [Debits arising from harvesting a unit of land that was subject to afforestation or reforestation between 1 January 1990 and 31 December 2007, and has not been harvested since, shall not be greater than the credits accounted for in total on that unit of land since 1 January 2008.]

7. Each Party included in Annex I shall report, in accordance with Article 7, on how harvesting or forest disturbance that is followed by the re-establishment of a forest is

¹² Associated with wildfires, insect and disease infestations, extreme weather events and/or geological disturbances.

distinguished from deforestation. This information will be subject to review in accordance with Article 8.

C. Article 3, paragraph 4

8. A Party included in Annex I may choose to account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from any or all of the following activities: [revegetation,] [forest management,] [cropland management,] [grazing land management,] [rewetting and drainage]

8 bis. [All Parties included in Annex I shall account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from the following: any activity under Article 3, paragraph 4, elected in the first commitment period; and [revegetation,] [forest management,] [cropland management,] [grazing land management,] [rewetting and drainage]

9. [All Parties included in Annex I shall account for anthropogenic greenhouse gas emissions by sources resulting from any activity under Article 3, paragraph 4, elected in the first commitment period].

10. [A Party included in Annex I wishing to account for activities under Article 3, paragraph 4, in the second commitment period shall identify, in its report to enable the establishment of its assigned amount pursuant to Article 3, paragraphs 7 and 8, the activities under Article 3, paragraph 4, that it elects to include in its accounting for the second commitment period. Upon election, a decision by a Party will be fixed for the second commitment period. *(Delete or revise if all or some activities are mandatory.)*]

11. During the second commitment period, a Party included in Annex I shall demonstrate that activities referred in paragraph 8 above, in addition to those already selected for the first commitment period, have occurred since 1990 and are human-induced [, and which any removal is additional to any that would have occurred in the absence of the Kyoto Protocol.] A Party included in Annex I shall not account for emissions by sources and removals by sinks resulting from activities under Article 3, paragraph 4, if these are already accounted for under Article 3, paragraph 3.

12. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from revegetation, cropland management, grazing land management, [rewetting and drainage] under Article 3, paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less [X] times the anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from these eligible activities [in the base year of that Party] [, while avoiding double accounting]. *(Forest management would be deleted from this paragraph depending on the option adopted).*

13. [Accounting for rewetting and drainage shall be in accordance with the definitions and estimation methodologies in the most recently adopted Intergovernmental Panel on Climate Change guidelines and any subsequent clarifications agreed by the Conference of the Parties.]

Accounting for forest management

[Option 1 *(reference levels)*]:

14. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and

removals by sinks in the commitment period, less [X] times the reference level inscribed in the appendix¹³

[14 bis:

Option a: [Neither credits nor debits shall result if net removals or emissions are [between the reference level and zero] [within X per cent¹⁴ of the reference level. In this case, credits or debits outside this range shall be generated by the difference calculated with reference to X per cent above or below the reference level according to whether the net removals or emissions are above or below.]]

Option b: [Debits shall not be generated if anthropogenic greenhouse gas emissions by sources and removals by sinks from forest management under Article 3, paragraph 4, in the commitment period result in net removals.]

14 ter. [For the second commitment period, additions to [and subtractions from] the assigned amount of a Party resulting from forest management under Article 3, paragraph 4, and from forest management project activities undertaken under Article 6 shall not exceed [[x] per cent of base year emissions excluding LULUCF [its assigned amount in the second commitment period][its anthropogenic net emissions in the base year][the difference between the anthropogenic net emissions in the base year and its assigned amount in the second commitment period] pursuant to Article 3, paragraphs 7 and 8].] [Parties may use removals from forest management under Article 3.4, in excess of the quantitative limitation, to account for a net source of emissions under Article 3.3, up to a limit of 2 MtC/yr multiplied by the duration of the commitment period in years, provided that land use change did not constitute a net source of emissions in 1990.]

(additional to 14 ter) [The quantitative limitations mentioned in paragraph [14 ter] for the accounting of anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4, in the commitment period shall not be applied if the reference level of the Party is set on the basis of historical data.]

14 quater. When accounting for forest management, Annex I Parties shall ensure methodological consistency between the reference level and reporting for forest management during the second commitment period, including consistency in the area accounted for under forest management in the reference level and the commitment period. This shall be reviewed as part of the national inventory report to the Kyoto Protocol for the second commitment period in accordance with any provision and relevant decisions associated with Articles 5, 7 and 8 of the Kyoto Protocol.

¹³ [The forest management reference levels inscribed in the appendix were set transparently, taking into account:

- (a) Removals or emissions from forest management as shown in greenhouse gas inventories and relevant historical data;
- (b) Age-class structure;
- (c) Forest management activities already undertaken;
- (d) Projected forest management activities under business as usual;
- (e) Continuity with the treatment of forest management in the first commitment period;
- (f) The need to exclude removals from accounting in accordance with decision 16/CMP.1, paragraph 1.

Points (c), (d) and (e) above were applied where relevant. [The forest management reference levels also took into account the need for consistency with the provisions of paragraph 24 and the provisions for addressing force majeure contained in paragraphs 30 to 33 [by excluding emissions by sources and removals by sinks due to force majeure.]]

¹⁴ "X per cent" refers to a percentage of the reference level. It assumes the same value would apply for all Parties.

14 quinquies. After adoption of the reference level for forest management, if the reported data on forest management or forest land remaining forest land used to establish the reference level are subject to recalculations, a technical correction shall be applied to include in the accounting the impact of the recalculation on the reported data that have been used by the Party to set the reference level.] [A technical correction shall be applied in case of inconsistency in the level of disturbances in the context of force majeure used to set the reference level and in the reporting for forest management during second commitment period.]

14 sexes. [Emissions that occur during the commitment period from harvested wood products removed from forests prior to 1 January 2013 [and since 1990] shall also be accounted, unless the forest management reference level is based on a projection, subject to the provision regarding consistency referred to in paragraph 14 septies below. Emissions from harvested wood products already accounted during the first commitment period on the basis of instantaneous oxidation shall be excluded.

14 septies. Parties included in Annex I shall ensure unbiased accounting and maintain methodological consistency in the treatment of accounting for emissions from harvested wood products in the forest management reference level and in the commitment period, and in order to do so shall make a technical modification if necessary, and shall report on how the modification was made.]

[Option 2 (baselines)]

14. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less the average of [X] times the reference level inscribed in the appendix¹⁵ and [X] times the yearly average of anthropogenic greenhouse gas emissions by sources and removals by sinks on forest land remaining forest land from 2000 until 2009, while ensuring comparability between forest land and managed lands in the commitment period. Where the reference level inscribed in the appendix² is a projection of emission/removals, this projection will be for the period 2010 until the end of the second commitment period.

[14 bis:

Option a: [Neither credits nor debits shall result if net removals or emissions are [between the baseline and zero] [within X per cent¹⁶ of the baseline. In this case, credits or debits outside this range shall be generated by the difference calculated with reference to X

¹⁵ [The forest management reference levels inscribed in the appendix were set transparently, taking into account:

- (a) Removals or emissions from forest management as shown in greenhouse gas inventories and relevant historical data;
- (b) Age-class structure;
- (c) Forest management activities already undertaken;
- (d) Projected forest management activities under business as usual;
- (e) Continuity with the treatment of forest management in the first commitment period;
- (f) The need to exclude removals from accounting in accordance with decision 16/CMP.1, paragraph 1.

Points (c), (d) and (e) above were applied where relevant. [The forest management reference levels also took into account the need for consistency with the provisions of paragraph 24 and the provisions for addressing force majeure contained in paragraphs 30 to 33 [by excluding emissions by sources and removals by sinks due to force majeure.]]

¹⁶ "X per cent" refers to a percentage of the reference level. It assumes the same value would apply for all Parties.

per cent above or below the baseline according to whether the net removals or emissions are above or below.]]

Option b: [Debits shall not be generated if anthropogenic greenhouse gas emissions by sources and removals by sinks from forest management under Article 3, paragraph 4, in the commitment period result in net removals.]

14 ter. [For the second commitment period, additions to [and subtractions from] the assigned amount of a Party resulting from forest management under Article 3, paragraph 4, and from forest management project activities undertaken under Article 6 shall not exceed [[x] per cent of base year emissions excluding LULUCF [its assigned amount in the second commitment period][its anthropogenic net emissions in the base year][the difference between the anthropogenic net emissions in the base year and its assigned amount in the second commitment period] pursuant to Article 3, paragraphs 7 and 8].] [Parties may use removals from forest management under Article 3.4, in excess of the quantitative limitation, to account for a net source of emissions under Article 3.3, up to a limit of 2 MtC/yr multiplied by the duration of the commitment period in years, provided that land use change did not constitute a net source of emissions in 1990.]

(additional to 14 ter) [The quantitative limitations mentioned in paragraph [14 ter] for the accounting of anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4, in the commitment period shall not be applied if the baseline of the Party is set on the basis of historical data only.]

14 quater. When accounting for forest management, Annex I Parties shall ensure methodological consistency between the baseline and reporting for forest management during the second commitment period, including consistency in the area accounted for under forest management in the baseline and the commitment period. This shall be reviewed as part of the national inventory report to the Kyoto Protocol for the second commitment period in accordance with any provision and relevant decisions associated with Articles 5, 7 and 8 of the Kyoto Protocol.

14 quinquies. After adoption of the baseline for forest management, if the reported data on forest management or forest land remaining forest land used to establish the baseline are subject to recalculations, a technical correction shall be applied to include in the accounting the impact of the recalculation on the reported data that have been used by the Party to set the baseline.] [A technical correction shall be applied in case of inconsistency in the level of disturbances in the context of force majeure used to set the baseline and in the reporting for forest management during second commitment period.]

14 sexies. For subsequent commitment periods, accountable greenhouse gas emissions by sources and removals by sink averages resulting from forest management under Article 3, paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks for each subsequent commitment period, less the average of [X] times the reference level inscribed in the appendix, and [X] times the yearly average of anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management for all previous commitment periods.]

14 septies. [Emissions that occur during the commitment period from harvested wood products removed from forests prior to 1 January 2013 [and since 1990] shall also be accounted, unless the forest management reference level is based on a projection, subject to the provision regarding consistency referred to in paragraph 14 octies below. Emissions from harvested wood products already accounted during the first commitment period on the basis of instantaneous oxidation shall be excluded.

14 octies. Parties included in Annex I shall ensure unbiased accounting and maintain methodological consistency in the treatment of accounting for emissions from harvested wood products in the forest management reference level and in the commitment period, and

in order to do so shall make a technical modification if necessary, and shall report on how the modification was made.]]

[Option 3 (*net-net accounting relative to the first commitment period*):

14. For the second commitment period, accountable greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the second commitment period, less [X]¹⁷ times the yearly average of anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management activities for the first commitment period.

14 bis. For those Parties that did not elect forest management as an eligible activity under Article 3, paragraph 4, in the first commitment period, the accountable greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4, in the second commitment period, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the second commitment period, less [X] times the yearly average of anthropogenic greenhouse gas emissions by sources and removals by sinks on forest land remaining forest land during the first commitment period.

14 ter. For subsequent commitment periods, accountable greenhouse gas emissions by sources and removals by sink averages resulting from forest management under Article 3, paragraph 4, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks for each subsequent commitment period, less [X] times the yearly average of anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management for all previous commitment periods.]

[Option 4 (*cap*):

14. For the second commitment period, the total of additions to a Party's assigned amount resulting from forest management under Article 3, paragraph 4, and from forest management project activities undertaken under Article 6 shall not exceed [X] per cent of base year emissions of that Party, times [Y].]

[Option 5:

14. For the second commitment period, additions to and subtractions from a Party's assigned amount resulting from forest management under Article 3, paragraph 4, and from forest management project activities undertaken under Article 6 shall not exceed the value inscribed in the appendix to the annex to decision 16/CMP.1, times [X].

D. Article 12

15. Afforestation and reforestation are eligible projects activities under the clean development mechanism in the second commitment period. [Activities additional to afforestation and reforestation will be eligible if agreed by any future decision of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.]

16. The modalities and procedures contained in decision 5/CMP.1 for afforestation and reforestation project activities under the clean development mechanism, and in decision 6/CMP.1 for small-scale afforestation and reforestation project activities under the clean development mechanism, shall apply, *mutatis mutandis*, to the second commitment period. [Alternative approaches to addressing the risk of non-permanence may apply in accordance

¹⁷ This figure could be 5, consistent with a five-year commitment period.

with any future decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.]

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

E. General

18. Each Party included in Annex I shall, for the purpose of applying the definition of "forest" as contained in paragraph 1 (a) above, apply the definition of forest selected in the first commitment period.

19. Those Parties included in Annex I that did not select a definition of forest for the first commitment period shall, for the purpose of applying the definition of "forest" as contained in paragraph 1 (a) above, select a single minimum tree crown cover value of between 10 and 30 per cent, a single minimum land area value of between 0.05 and 1 hectare and a single minimum tree height value of between 2 and 5 metres.

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

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

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

23. National inventory systems established under Article 5, paragraph 1, shall ensure that areas of land subject to land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, are identifiable, and information on these areas shall be provided by each Party included in Annex I in their national inventories in accordance with Article 7. Such information will be reviewed in accordance with Article 8.

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

25. [When accounting for greenhouse gas emissions by sources and removals by sinks, Parties included in Annex I may remove the impacts of inter-annual variability.]

26. [Emissions from harvested wood products removed from forests which are accounted by a Party under Article 3 shall be accounted only by that Party. Accounting shall be on the basis of a first-order decay function with default half-lives of two years for paper products and 30 years for solid-wood products, or alternatively for domestically produced and consumed harvested wood products only, provided that verifiable and transparent activity data are available, a Party may account for such products in accordance with the definitions and estimation methodologies in the most recently adopted IPCC Guidelines and any subsequent clarifications agreed by the Conference of the Parties.]

27. Where CO₂ emissions from harvested wood products in solid waste disposal sites are separately accounted, this shall be on the basis of instantaneous oxidation. Wood harvested for energy purposes should be accounted on the basis of instantaneous oxidation.

28. [[Each Party shall, for the purposes of applying the definition of force majeure, select a single minimum value in the range [Y to [5] [Z] per cent]. The selection made by the Party shall be fixed for the duration of the commitment period. The Party shall explain why and how the value was chosen.]

29. Where force majeure has occurred on lands subject to Article 3, paragraph 3, and Article 3, paragraph 4, and provided that the requirements of paragraphs 30 and 31 below are met, Parties may exclude from the accounting, annually or at the end of the commitment period, annual emissions [above the threshold] due to the force majeure minus any removals until the end of the second commitment period on the lands affected. The treatment of emissions and removals that occur on these lands in subsequent commitment periods shall be reflected in LULUCF accounting for those commitment periods.¹⁸ Emissions associated with salvage logging shall be accounted for in the commitment period during which the salvage logging has occurred. In the case of land use change following force majeure, Parties shall not exclude emissions.

30. A Party included in Annex I that applies the provisions of force majeure shall calculate the emissions and removals subject to the provisions contained in paragraph 29 above, showing that these emissions and removals comply with the definition of force majeure, and shall provide transparent information:

(a) That demonstrates unbiased accounting by ensuring consistency with the treatment of disturbances in the context of force majeure in the reference level established according to paragraph 14 (*Option 1*);

(b) Showing that all lands subject to the provisions contained in paragraph 31 above are identified, including the geo-referenced location, year and type of force majeure;

(c) Showing that no land-use change has occurred on lands subject to the provisions contained in paragraph 29 above and explaining methods and criteria for identifying any future land-use changes on those land areas during the commitment period;

(d) That demonstrates that the occurrences were beyond the control of, and not materially influenced by, the Party in the commitment period, by demonstrating efforts to manage or control, where practicable, the occurrences that led to the application of the provisions contained in paragraph 29 above;

(e) That demonstrates efforts taken to rehabilitate, where practicable, the carbon stocks on the lands subject to the provisions contained in paragraph 29 above;

(f) Showing that emissions associated with the salvage logging were not excluded.

¹⁸ By inclusion of removals in the reference levels or by other agreed approach.

31. The supplementary information described in paragraph 30 above shall be included in the national greenhouse gas inventory reports of Parties. All information and estimates referred to in paragraph 30 above shall be subject to expert review as part of the expert review of the national greenhouse gas inventory reports submitted by Parties.]

32. [Emissions from the conversion to non-forest land of a forest that was established before 1 January 1990 by direct human-induced planting and/or seeding of non-forest land may be accounted for as forest management under Article 3, paragraph 4, provided that the converted forest is replaced with a forest of at least equivalent carbon stock, established on land that would otherwise qualify as afforestation or reforestation.

33. All lands subject to the provision referred to in paragraph 32 above shall not be accounted for as afforestation, reforestation or deforestation under Article 3, paragraph 3, and shall be accounted as forest management under Article 3, paragraph 4.

34. All lands subject to the provision referred to in paragraph 32 above shall be identified and reported separately, including the geo-referenced location and year.]

[Appendix (Option 1 (reference levels), paragraphs 14–14 septies)]

<i>Party</i>	<i>Reference level (Mt CO₂e/yr)</i>	<i>[Quantitative limitation]</i>
Australia	[-9.16]	
Austria	[-2.12]	
Belarus	[-24.93]	
Belgium	[-3.40]	
Bulgaria	[-10.08]	
Canada	[-105.40]	
Croatia	[xx]	
Cyprus ^a	[-0.16]	
Czech Republic	[-3.86]	
Denmark	[0.18]	
Estonia	[-1.97]	
European Union (27)	[-283.20] ^a	
Finland	[-13.70]	
France	[-66.98]	
Germany	[-2.07]	
Greece	[-1.38]	
Hungary	[-0.50]	
Iceland	[xx]	
Ireland	[-0.07]	
Italy	[-15.61]	
Japan	[0.00]	
Latvia	[-12.93]	
Liechtenstein	[xx]	
Lithuania	[-11.48]	
Luxembourg	[-0.26]	
Malta ^a	[-0.05]	
Monaco	[xx]	
Netherlands	[-1.69]	
New Zealand	[17.05]	
Norway	[-14.20]	
Poland	[-34.67]	
Portugal	[-0.92]	
Romania	[-29.43]	
Russian Federation	[-89.10]	
Slovakia	[-0.51]	
Slovenia	[-2.73]	
Spain	[-41.53]	
Sweden	[-21.84]	
Switzerland	[0.48]	
Ukraine	[xx]	

<i>Party</i>	<i>Reference level (Mt CO₂e/yr)</i>	<i>[Quantitative limitation]</i>
United Kingdom		[-3.44]

^a The European Union total includes Cyprus and Malta. Cyprus and Malta are member States of the European Union but are not Parties to the Convention that are also Parties to the Kyoto Protocol with a commitment inscribed in Annex B to the Kyoto Protocol.

NOTE: Parties have made different assumptions in the construction of the reference levels proposed in the appendix above. These assumptions are found in Parties' submissions. See: <http://unfccc.int/meetings/ad_hoc_working_groups/kp/items/4907.php>.

Applicable only under Option 1 (reference levels) of Accounting for forest management (paragraphs 14 - 14 septies):

[Annex II

Guidelines for the submission and review of information on forest management reference levels

1. Each Party included in Annex I shall include in its submission transparent, complete, consistent, comparable and accurate information required under Part I of these guidelines, for the purpose of allowing a technical assessment, as specified in Part II, of the data, methodologies and procedures used in the construction of reference levels as specified in the appendix [*containing reference levels*] to facilitate the consideration at CMP.7 of an agreement on the forest management reference level to be used by each Annex I Party during the second commitment period of the Kyoto Protocol.

Part I: Guidelines for submissions of information on forest management reference levels

Objectives

2. The objectives of the submission are:

(a) To provide information consistent with the general reporting principles set out by the UNFCCC and elaborated by the Intergovernmental Panel on Climate Change,¹⁹ on how the elements contained in footnote 2 in paragraph 14 of annex I were taken into account by Parties in the construction of forest management reference levels, and to provide any additional relevant information;

(b) To document the information that was used by Parties in constructing forest management reference levels in a comprehensive and transparent way;

(c) To provide transparent, complete, consistent, comparable and accurate methodological information used at the time of construction of forest management reference levels to facilitate the application of the provisions of paragraph 14 quater in annex I of this decision.

3. Parties shall provide submissions in accordance with the following guidelines:

General description

4. Provide a general description of the construction of the forest management reference levels consistent with footnote 2 in paragraph 14 of annex I.

5. Provide a description on how each element contained in footnote 2 of paragraph 14 of annex I was taken into account in the construction of the forest management reference level.

Pools and Gases

6. Identify pools and gases which have been included in the reference level and explain the reasons for omitting a pool or gas from the reference level construction.

7. Explain consistency between paragraph 24 of annex I and the pools included in the reference level.

¹⁹ UNFCCC Annex I Reporting Guidelines, IPCC *Good Practice Guidance for land use, land-use change and forestry*.

Approaches, methods and models used

8. Provide a general description of approaches, methods and models, including assumptions used in the construction of the forest management reference level, referring, where relevant, to the most recently submitted National Inventory Report reviewed.

Description of construction of reference levels

9. Provide description of how each of the following elements were considered or treated in the construction of the forest management reference level[, taking into account the principles in decision 16/CMP.1, in particular 1(d)]:

- (a) Area under forest management;
- (b) Emissions and removals from forest management and the relationship between forest management and forest land remaining forest land as shown in GHG inventories and relevant historical data, including information provided under Article 3.3., and, if applicable, Article 3.4 forest management of the Kyoto Protocol and under forest land remaining forest land under the Convention;
- (c) Forest characteristics including age class structure, increments, rotation length, and other relevant information, including information on forest management activities under “business as usual”;
- (d) Historical and assumed harvesting rates;
- (e) Harvested wood products;
- (f) Disturbances in the context of force majeure;
- (g) Factoring out in accordance with paragraph 1(h) (i) and 1(h) (ii) of decision 16/CMP.1.

10. Provide description of any other relevant elements considered or treated in the construction of the forest management reference level, including any additional information related to footnote 2 of paragraph 14 of Annex I.

Policies included

11. Provide description of the domestic policies adopted and implemented no later than [2009] considered in the construction of the forest management reference level and explain how these policies have been considered in the construction of the reference level.

12. Provide confirmation that the construction of the forest management reference level neither includes assumptions about changes to domestic policies adopted and implemented after [December 2009], nor includes new domestic policies.

Part II: Guidelines for review of submissions of information on forest management reference levels

Objectives of review

13. The objectives of the review are:
- (a) To assess whether Parties have provided transparent, complete, consistent, comparable and accurate information on how the elements contained in footnote 2 in paragraph 14 of Annex I were taken into account in the construction of forest management reference levels;
 - (b) To ascertain whether the construction of the forest management reference level is consistent with the information and descriptions used by the Party;
 - (c) To provide, as appropriate, to the Annex I Party, technical recommendations

(d) To provide a technical assessment to support consideration by the CMP at its seventh session of the forest management reference levels to be used during the second commitment period of the Kyoto Protocol;

(e) To assess whether Parties have provided transparent, complete, consistent, comparable and accurate methodological information to facilitate reviews of methodological consistency as specified in paragraph 14 quater.

Scope of the review

14. A technical assessment of the data, methodologies, assumptions and procedures used in the construction of the forest management reference levels of Annex I Parties to determine whether they are consistent with the guidelines in part I of this annex.

15. The review team will assess the following issues:

(a) Whether the Party has identified pools and gases included in the forest management reference level and explained the reasons for omitting a pool listed in paragraph 24 or a gas from the forest management reference level and whether the coverage of pools in the forest management reference level is consistent with the provisions contained in paragraph 24;

(b) The description of approaches, methods and models used in the construction of reference levels;

(c) How each element in paragraphs 9 and 10 of Part I is considered, including justification for why any particular element was not considered;

(d) Whether the forest management reference level value is consistent with the information and descriptions provided by the Party;

(e) Whether the information was provided by the Party in a transparent manner;

(f) Whether a description is provided of domestic policies included in accordance with the provisions contained in paragraph 11 above that were used in the construction of the reference level and how these policies were used in the construction of the reference level;

(g) Whether confirmation has been provided that the construction of the forest management reference level does not include assumptions about changes to domestic policies according to paragraph 12 above.

16. As part of the technical assessment, the review process may provide technical recommendations to the Annex I Party on the construction of its forest management reference level. This may include the recommendation to make a technical revision to elements used in its construction.

17. Review teams shall refrain from making any judgment on domestic policies taken into account in the construction of the reference level.

Review procedures

General procedures

18. Review teams will meet in a single location to perform a centralized review of all forest management reference level submissions.

19. Each submission will be assigned to a review team responsible for performing the technical assessment in accordance with procedures and timeframes established in these guidelines.

20. Each review team will provide a thorough and comprehensive assessment of the forest management reference level submission and will under its collective responsibility prepare a report.

21. The review process will be coordinated by the secretariat. Review teams will be composed of LULUCF review experts selected from the roster of experts. Participating experts will serve in their personal capacity and will be neither nationals of the Party under review, nor funded by that Party.

22. Review teams will work under the same rules as those set out in paragraphs 9 and 10 of the annex to decision 22/CMP.1.

Composition of the review teams

23. Review teams should be made up of at least three LULUCF experts. The secretariat shall ensure that in any review team one co-lead reviewer shall be from an Annex I Party and one co-lead reviewer shall be from a non-Annex I Party. The Secretariat will select the members of the review team with a view to achieving balance between experts from Annex I Parties and non-Annex I Parties.

Timing

24. In order to facilitate the secretariat's work, each Party should confirm to the secretariat by the end of February 2011, their active experts on the LULUCF roster of experts who will be able to participate in the review of forest management reference levels in 2011.

25. The Secretariat should forward all relevant information to the review teams in good time before the start of the review.

26. Prior to the review, the review teams should identify any preliminary questions requiring clarifications from the Party, as appropriate.

27. The review should take place no later than by the end of May 2011 and be conducted according to the indicative timings set out in paragraphs 28 to 32 below. The Party being reviewed may interact with the review team during the review of their submission to respond to questions and provide additional information as requested by the review teams.

28. The review teams may seek any additional clarification from the Party no later than one week following the review. This may include technical recommendations to the Party on the construction of its reference level. The Party is to provide any required clarifications to the review team no later than five weeks following the request and may also submit a revised reference level in response to the technical recommendations of the review team.

29. The review team will prepare a draft report and make it available to the Party no later than eight weeks following the review. The report should include a short summary.

30. The Party will have three weeks to respond to the draft report of the review team.

31. If the Party does not agree with the findings in the draft report, in responding to the Party's comments, the review team will seek advice from a small group of experienced reviewers to be convened by the secretariat, which will consider comparability across Parties.

32. The review team will prepare a final report within three weeks following the Party's response and the report will be sent to the secretariat for publication on the UNFCCC website. The final report contains the technical assessment, technical recommendations, if appropriate, and the responses by the Parties and where provided, the advice of the small group of experienced reviewers convened by the Secretariat.

33. The secretariat will prepare a synthesis report of key conclusions of the forest management reference level review process, including comments by Parties for consideration at CMP.7. The synthesis report will be made publicly available and be published on the UNFCCC website.]

Chapter III

[Emissions trading and the project-based mechanisms

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

Recalling Articles 6, 12 and 17 of the Kyoto Protocol,

[Recognizing that developed country Parties shall achieve their quantified emissions limitation and reduction commitments primarily through domestic reduction efforts,]
[Recalling decision 2/CMP.1, paragraph 1,]

Noting the reports of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on its sessions to date,

Acknowledging the mechanisms established under the Kyoto Protocol and supporting the continuation of the use of those mechanisms [and all their related units],

1. *[Decides that emission reduction units and assigned amount units under Articles 6 and 17, as well as removal units resulting from activities under Article 3, paragraphs 3 and 4, that have been issued during the first commitment period of the Kyoto Protocol, may be used in the trading of units after 31 December 2012;]*
2. *[Decides that emission reduction units can continue to be created after 31 December 2012, using assigned amount units issued during the first commitment period;]*
3. *[Decides that the [clean development mechanism] [mechanisms established under the Kyoto Protocol] will continue after 31 December 2012 for all purposes set out in that Article and that certified emission reductions under Articles 12 can continue to be created and may be used in the trading of units after 31 December 2012. The work of the Executive Board and the secretariat will continue for that purpose;]*
4. *[Decides that the trading and issuance of emission reduction units, assigned amount units and certified emission reductions after 31 December 2012 will only apply for those Parties that have ratified the second commitment period;]*

A. Clean development mechanism

Carbon dioxide capture and storage

Option 1:

5. *Decides* that activities relating to carbon dioxide capture and storage shall not be eligible under the clean development mechanism in the second commitment period owing to unresolved concerns and issues at the international level, including:
 - (a) Non-permanence, including long-term permanence;
 - (b) Measurement, reporting and verification;
 - (c) Environmental impacts;
 - (d) The definition of project activity boundaries;
 - (e) Issues of international law;
 - (f) Issues of liability;

- (g) The potential for the creation of perverse incentives for increased dependency on fossil fuels;
- (h) Safety;
- (i) The absence of insurance coverage to provide compensation for damage to the environment and to the atmosphere resulting from storage site leakage;

Option 2:

6. *Decides* that activities relating to carbon dioxide capture and storage in geological formations shall be eligible under the clean development mechanism in the second and subsequent commitment periods;

7. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for inclusion under the clean development mechanism of the activities referred to in paragraph 6 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its [seventh] [eighth] session, including in relation to:

- (a) Non-permanence, including long-term permanence;
- (b) Measurement, reporting and verification;
- (c) Environmental impacts;
- (d) The definition of project activity boundaries;
- (e) Issues of international law;
- (f) Issues of liability;
- (g) Insurance coverage to provide compensation for damage to the environment and to the atmosphere resulting from storage site leakage;
- (h) The potential for the creation of perverse incentives for increased dependency on fossil fuels;
- (i) Safety;

Nuclear

Option 1:

8. *Decides* that activities relating to nuclear facilities shall not be eligible under the clean development mechanism in the second commitment period;

Option 2:

9. *Recognizes* that Parties included in Annex I to the Convention that are also Parties to the Kyoto Protocol are to refrain from using certified emission reductions generated from nuclear facilities to meet their quantified emission limitation and reduction commitments;

Option 3:

10. *Decides* that activities relating to nuclear facilities that commenced operation on or after 1 January 2008 shall be eligible under the clean development mechanism in the second and subsequent commitment periods;

11. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for inclusion under the clean development mechanism of the activities referred to in paragraph 10 above, with a view to forwarding a

draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its eighth session;

Standardized baselines

Option 1:

12. *No decision to be made with respect to this issue*

Option 2:

13. *Decides* that, where appropriate, in order to enhance the environmental integrity, efficiency and regional distribution of the clean development mechanism, standardized baselines shall be used on a national or subnational level for specific project activity types in the determination of additionality and the calculation of emission reductions and removals;

14. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the definition, periodic adjustment and use of standardized baselines as referred to in paragraph 13 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its seventh session;

Use of CERs from project activities in certain host Parties

15. *Decides* that Parties included in Annex I to the Convention that are also Parties to the Kyoto Protocol which are in a position to do so should take reasonable measures to increase the number of project activities in [least developed countries, small island developing states, countries in Africa and Parties with fewer than 10 registered project activities] [developing countries as defined in Article 4, paragraph 8, of the Convention], and [report on] [list] them;

16. *Requests* the Executive Board of the clean development mechanism to include in its annual report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, as of 2011, an update on actions taken relating to the measures referred to in paragraph 15 above;

Co-benefits

17. *Requests* the Executive Board of the clean development mechanism to develop measures to enhance the visibility of the co-benefits of CDM project activities, [as well as identifying any inconvenience or negative impacts of the project activities,] [while ensuring that sustainable development remains the prerogative of host countries and transaction costs are not increased];

Discount factors

Option 1:

18. *No decision to be made with respect to this issue*

Option 2:

19. *Decides* that for the second and subsequent commitment periods discount factors shall apply to the generation of certified emission reductions by specific project activity types under the clean development mechanism;

20. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the discount factors referred to in paragraph 19 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its eighth session;

B. Joint implementation

Nuclear

Option 1:

21. *Decides* that activities relating to nuclear facilities shall not be eligible under joint implementation in the second commitment period;

Option 2:

22. *Recognizes* that Parties included in Annex I to the Convention that are also Parties to the Kyoto Protocol are to refrain from using emission reduction units generated from nuclear facilities to meet their quantified emission limitation and reduction commitments;

Option 3:

23. *Decides* that activities relating to nuclear facilities that commenced operation on or after 1 January 2008 shall be eligible under joint implementation in the second and subsequent commitment periods;

24. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for inclusion under joint implementation of the activities referred to in paragraph 23 above, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its eighth session;

Co-benefits

Option 1:

25. *No decision to be made with respect to this issue*

Option 2:

26. *Requests* the Joint Implementation Supervisory Committee to implement measures in the determination and ongoing assessment of projects under the Joint Implementation Supervisory Committee to enhance the visibility of their co-benefits;

C. Other

Carry-over (banking)

Option 1:

27. *Decides* that limits on the carry-over of units from the first commitment period to the second commitment period shall apply to the carry-over of units from the second and subsequent commitment periods to future commitment periods;

Option 2:

28. *Decides* that new limits shall be placed on the carryover of units from the first commitment period to the second commitment period and from the second and subsequent commitment periods to future commitment periods in order to protect the environmental integrity of the Kyoto Protocol and increase the overall effective ambition of Annex I Party mitigation efforts, through approaches that may include, inter alia, quantitative limits, a limitation of the use of surplus units to domestic use, and/or measures to ensure that surplus units are not tradable, recognizing that certain approaches may need to be implemented in combination and/or through amendment to the Kyoto Protocol;

Option 3:

29. *Decides* that there shall be no restrictions on the carry-over of units from the second and subsequent commitment periods to future commitment periods;

Share of proceeds for AAU/RMU/new unit issuance

Option 1:

30. *No decision to be made with respect to this issue*

Option 2:²⁰

31. *Decides* that the share of proceeds to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change [and/or the impact of the implementation of response measures] to meet the costs of adaptation, as referred to in [Article 3, paragraph 7 quater,] of the Kyoto Protocol, shall be [x] per cent of the assigned amount units issued by an Annex I Party, [x] per cent of the removal units issued by an Annex I Party and [x] per cent of the new units issued in accordance with [article(s) establishing new mechanisms] of the Kyoto Protocol;

Share of proceeds for CER issuance

Option 1:

32. *No decision to be made with respect to this issue*

Option 2:

33. *Decides* that the share of proceeds to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation, as referred to in Article 12, paragraph 8 of the Kyoto Protocol, shall be increased to [x] per cent of certified emission reductions [for the second and subsequent commitment periods];

Commitment period reserve

34. *Decides* to review at its eighth session, and revise as appropriate, the design of the commitment period reserve for the second commitment period to support the effective operation of emissions trading, taking into account, inter alia, the relevant rules, modalities, guidelines and procedures for measuring, reporting, verification and compliance;

Emissions trading

Option 1:

35. *No decision to be made with respect to this issue*

Option 2:²¹

36. *Decides* that any market mechanisms and associated units that may be provided for under the Convention and its instruments may be used by Parties included in Annex I to contribute to compliance with their quantified emission limitation and reduction commitments under Article 3 and by Parties not included in Annex I to strengthen their contribution to the ultimate objective of the Convention;

37. *Further decides* to elaborate modalities and procedures for the use of market mechanisms and associated units referred to in paragraph 36 above and to adopt such further provisions as may be necessary, including any amendments to the Kyoto Protocol, at its [X] session;

²⁰ This option may require an amendment to the Kyoto Protocol.

²¹ This option may require an amendment to the Kyoto Protocol.

38. *Invites* Parties to make submissions to the secretariat by [x] 2011 on modalities and procedures for compilation into a miscellaneous document for consideration by [the Subsidiary Body for Scientific and Technological Advice] at its [X] session;

New market-based mechanisms

Option 1:

39. *No decision to be made with respect to this issue*

Option 2:²²

40. *Decides* that new market mechanisms shall be established, the purpose of which shall be to enable Parties not included in Annex I to strengthen their contribution to the ultimate objective of the Convention, to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3, to promote sustainable development;

41. *Further decides* to elaborate modalities and procedures for the new market mechanisms referred to in paragraph 40 above and to adopt such further provisions as may be necessary, including any amendments to the Kyoto Protocol, at its [X] session, such modalities and procedures, at a minimum, to ensure that environmental integrity and accuracy is ensured through monitoring, reporting and verification of emissions and accounting for units, taking into account the ultimate objective of the Convention and the environmental integrity of the Kyoto Protocol;

42. *Invites* Parties to make submissions to the secretariat by [x] 2011 on modalities and procedures for compilation into a miscellaneous document for consideration by [the Subsidiary Body for Scientific and Technological Advice] at its [X] session;

Supplementarity

Option 1:

43. *No decision to be made with respect to this issue*

Option 2:

44. *Decides* that, for the second commitment period, the net result of additions to and subtractions from the assigned amount of an Annex I Party resulting from emissions trading and the project-based mechanisms shall not exceed 30 per cent of the percentage inscribed for that Party in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990 multiplied by the number of years in the second commitment period.]

²² This option may require an amendment to the Kyoto Protocol.

Chapter IV

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

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

Recalling Article 3, paragraph 9, and Articles 5, 7, 8, 20 and 21 of the Kyoto Protocol,

Also recalling decisions 1/CMP.1 and 1/CMP.5,

Having considered proposals by Parties relating to greenhouse gases, sectors and source categories, common metrics to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks, and other methodological issues,

Taking into account proposals by Parties for elements of draft decisions contained in the annex to the report of the Ad Hoc Working Group on Further Commitments for Annex I Parties to the Kyoto Protocol at its tenth session,

A. Greenhouse gases

Option 1

1. *Decides* that, for the second commitment period of the Kyoto Protocol, actual emissions of the species of hydrofluorocarbons, perfluorocarbons, [fluorinated ethers] [and perfluoropolyethers] listed in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change,²³ as well as actual emissions of sulphur hexafluoride, [nitrogen trifluoride] [, and trifluoromethyl sulphur pentafluoride], should be estimated, where data or methodologies are available, and used for the reporting of emissions and shall be included in the coverage of the quantified emission limitation and reduction objectives for the second commitment period;

Option 2

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

B. Common Metrics

Option 1

2. *Decides* that, for the second commitment period of the Kyoto Protocol, the global warming potentials used by Parties to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks of greenhouse gases listed in Annex A to the Kyoto Protocol shall be those listed in the column entitled “Global Warming Potential for Given Time Horizon” in table 2.14 of the Errata to the contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on

²³ The list of gases and species of gases in table 2.14 of the Errata to the contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.

Climate Change, based on the effects of greenhouse gases over a 100-year time horizon, taking into account the inherent and complicated uncertainties involved in global warming potential estimates;

Option 2

2. *Decides* that, for the second commitment period of the Kyoto Protocol, the global warming potentials used by Parties to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks of greenhouse gases listed in Annex A to the Kyoto Protocol shall be those provided by the Intergovernmental Panel on Climate Change in its Second Assessment Report as referred to in decision 2/CP.3 (“1995 IPCC GWP values”), based on the effects of greenhouse gases over a 100-year time horizon, taking into account the inherent and complicated uncertainties involved in global warming potential estimates. Also decides that for those greenhouse gases listed in Annex A to the Kyoto Protocol for which values for global warming potentials are not provided in the Second Assessment Report, the values used shall be those listed in the column entitled “Global Warming Potential for Given Time Horizon” in table 2.14 of the Errata to the contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, based on the effects of greenhouse gases over a 100-year time horizon;

3. *Requests* the Subsidiary Body for Scientific and Technological Advice to conduct an assessment, based on the work of, inter alia, the Intergovernmental Panel on Climate Change, of the implications of the choice of metrics used to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks of the greenhouse gases listed in Annex A to the Kyoto Protocol for the third or subsequent commitment periods;

4. *Also requests* the Subsidiary Body for Scientific and Technological Advice to initiate such an assessment no later than 2015 and present its recommendations on the most appropriate metric and related values to be used by Parties to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, with a view to the Conference of the Parties serving as the meeting of the Parties adopting a decision on the metric and related values;

5. *Decides* that any decision adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to change the metric or revise the values used by Parties to calculate carbon dioxide equivalence shall apply only to commitments under Article 3 of the Kyoto Protocol in respect of any commitment period adopted subsequent to that change or revision;

6. *Encourages* the Parties to the Convention, the Kyoto Protocol and any related legal instruments to strive for a consistent approach in relation to the metric and related values used by Parties to calculate the carbon dioxide equivalence of greenhouse gases;

C. Application of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories

7. *Acknowledges* that the Subsidiary Body for Scientific and Technological Advice, at its thirtieth session, agreed to launch a work programme in 2010 to revise the “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual inventories” (hereinafter referred to as the UNFCCC Annex I reporting guidelines) and to address the methodological issues related to reporting when using the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, with a view to recommending a draft decision on

revised UNFCCC Annex I reporting guidelines for adoption by the Conference of the Parties for regular use starting in 2015;

8. *Decides* that, starting with the second commitment period of the Kyoto Protocol, the methodologies for estimating anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for the greenhouse gases and sectors/source categories listed in Annex A to the Kyoto Protocol shall be consistent with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories as implemented through the revised UNFCCC Annex I reporting guidelines to be adopted through the process referred to in paragraph 8 above;

[9. *Also decides* that for the estimation and accounting of anthropogenic emissions by sources and removals by sinks of greenhouse gases under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall agree on supplementary methodologies, referred to in paragraph xx of decision -/CMP.6, at its [...] session at the latest which shall be based on, inter alia, chapter 4 of the Good Practice Guidance for Land Use, Land-Use Change and Forestry of the Intergovernmental Panel on Climate Change;]

10. *Further decides* that time series of emissions by sources and removals by sinks of greenhouse gases, including base year emissions, shall be recalculated for the second commitment period.

D. In relation to cross-cutting issues

11. *Requests* the Subsidiary Body for Scientific and Technological Advice to assess the implications of the action taken in accordance with paragraphs 1–10 above on the decisions that guide the reporting and review under Articles 5, 7 and 8 of the Kyoto Protocol, with a view to preparing relevant draft decisions for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session, at the latest, and noting that issues related to paragraphs 4 and 8 may need to be addressed at subsequent sessions of the CMP;

12. *Also requests* the Subsidiary Body for Scientific and Technological Advice to address any transitional issues arising from actions taken in accordance with paragraphs 1–11 above on the decisions that guide the reporting and review under Articles 5, 7 and 8 of the Kyoto Protocol, with a view to preparing relevant draft decisions for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session, at the latest, and noting that issues related to paragraphs 4 and 8 may need to be addressed at subsequent sessions of the CMP.

Chapter V

Consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties

Recalling that the work of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on the consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties (hereinafter referred to as potential consequences) should be guided and informed by Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol, the relevant provisions and principles of the Convention and the best available relevant scientific, social, environmental and economic information,

Emphasizing that the work of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol should be guided by the ultimate objective of the Convention, as set out in its Article 2,

Noting that a framework for consideration of potential consequences has been established through decisions 15/CMP.1, 27/CMP.1 and 31/CMP.1,

Also noting that additional work on this issue should, in accordance with the provisions, principles and relevant Articles of the Convention and its Kyoto Protocol, build on relevant decisions of the Conference of the Parties and of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and work being carried out by other bodies and in other processes under the Convention and its Kyoto Protocol, with the aim of maintaining an approach that is coherent with other work under the UNFCCC process,

Further noting that striving to minimize the adverse impacts of mitigation policies and measures is a common concern of both developing and developed countries,

Noting that there could be both positive and negative consequences of mitigation policies and measures,

Also noting that the work on the consideration of potential consequences should focus on minimizing negative potential consequences for Parties, especially developing country Parties,

Noting the challenges in anticipating, attributing and quantifying potential consequences,

Underlining the importance of Article 3 of the Convention in the implementation of Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol,

Noting that the work on potential consequences should benefit from the experiences of Parties and lessons learned, should take into consideration the role of national policies and measures and should consider both negative and positive potential consequences,

Also noting that the impacts of potential consequences may be influenced by the institutional capacity and regulatory framework in Parties not included in Annex I to the Convention,

1. *Urges* Parties included in Annex I to the Convention (Annex I Parties) to support the efforts of Parties not included in Annex I to the Convention (non-Annex I Parties) in strengthening such capacities and frameworks in this regard;
2. *Recognizes* that there is a need to deepen the understanding of potential consequences and any observed impacts and that this can be achieved through various means, including:
 - (a) The regular and systematic provision by all Parties of information that is as complete as possible on potential and observed impacts of policies and measures, in particular through national communications, and the regular review of this information;
 - (b) Assessment of potential consequences and observed impacts carried out by, inter alia, relevant national institutions and international organizations;
 - (c) Information from work being carried out by other UNFCCC bodies that may be relevant in considering potential consequences;
3. *Encourages* Annex I Parties to design their policies and measures under Article 2 of the Kyoto Protocol in order to assist them in striving to implement such policies and measures in accordance with Article 2, paragraph 3, of the Kyoto Protocol.
4. Option 1:

Decides to establish a permanent forum as a means for Parties to report and evaluate impacts and consequences of policies and measures; this would offer a common space where Parties may provide information on their specific needs and concerns relating to such consequences, and identify ways to minimize negative consequences of the policies and measures adopted by Annex I Parties on non-Annex I Parties;

Option 2:

Decides that Parties should use existing channels, including national communications, and report on observed impacts and specific needs and concerns relating to social, environmental and economic consequences of mitigation actions taken by Parties.
