

**Ad Hoc Working Group on Further Commitments
for Annex I Parties under the Kyoto Protocol**
Sixteenth session, part three
Panama City, 1–7 October 2011

Agenda item 3

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

Revised proposal by the Chair to facilitate negotiations

1. The proposal contained in this document, prepared under the Chair's responsibility, aims to capture the work undertaken by Parties during the third part of the sixteenth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol.
2. This work has included streamlining, clarifying and updating the text contained in FCCC/KP/AWG/2011/CRP.1.

Contents

	<i>Page</i>
Chapters	
I. Draft decision -/CMP.7 Amendments to the Kyoto Protocol pursuant to its Article 3, paragraph 9	3
II. Draft decision -/CMP.7 Land use, land-use change and forestry.....	25
III. Draft decision -/CMP.7 Emissions trading and the project-based mechanisms	37
IV. Draft decision -/CMP.7 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	42
V. Draft decision -/CMP.7 Consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties	48

Chapter I

[Draft decision -/CMP.7

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, 1/CMP.5, 1/CMP.6 and 2/CMP.6,

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 seventh session,

Taking into account the proposed amendments to the Kyoto Protocol contained in the annex to the report of the seventeenth 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.17 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.7 on land use, land-use change and forestry, -/CMP.7 on emissions trading and the project-based mechanisms, -/CMP.7 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.7 on consideration of information on potential environmental, economic

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/AWG/2011/X.

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-seventh 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 eighth 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 year^a</i>	<i>Quantified emission limitation or reduction commitment ([2013–2017] 2013–2020)) (expressed as percentage of reference year^d)</i>
Australia	108			
Austria	92			
Belarus ^{a[*]}				
Belgium	92			
Bulgaria ^[*]	92			
Canada	94			
Croatia ^{b[*]}	95			
Czech Republic ^[*]	92			
Denmark	92			
Estonia ^[*]	92			
European Union ^{c, d}	92			
Finland	92			
France	92			
Germany	92			
Greece	92			
Hungary ^[*]	94			
Iceland	110			
Ireland	92			
Italy	92			
Japan	94			

⁴ A reference year may be used by a Party on an optional basis for its own purposes to express its QELRO as a percentage of emissions of that year, 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 second and third columns of this table, which are internationally legally binding.

<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 year^A</i>	<i>Quantified emission limitation or reduction commitment ([2013–2017] 2013–2020) (expressed as percentage of reference year^A)</i>
Kazakhstan ^{e[*]}	92			
Latvia ^[*]	92			
Liechtenstein	92			
Lithuania ^[*]	92			
Luxembourg	92			
Malta ^f				
Monaco	92			
Netherlands	92			
New Zealand	100			
Norway	101			
Poland ^[*]	94			
Portugal	92			
Romania ^[*]	92			
Russian Federation ^{g[*]}	100			
Slovakia ^[*]	92			
Slovenia ^[*]	92			
Spain	92			
Sweden	92			
Switzerland	92			
Ukraine ^[*]	100			
United Kingdom of Great Britain and Northern Ireland	92			
United States of America ^h	93			

[* 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 an 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 *In a communication dated 8 December 2010 that was received by the secretariat on 9 December 2010, the Russian Federation has indicated that it does not intend to assume a quantitative emission limitation or reduction commitment for the second commitment period.*

^h *Countries that have not ratified the Kyoto Protocol.*

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>
Australia	108		
Austria	92		
Belarus ^{a[*]}			
Belgium	92		
Bulgaria ^[*]	92		
Canada	94		
Croatia ^{b[*]}	95		
Czech Republic ^[*]	92		
Denmark	92		
Estonia ^[*]	92		
European Union ^{c, d}	92		
Finland	92		
France	92		
Germany	92		
Greece	92		
Hungary ^[*]	94		
Iceland	110		
Ireland	92		
Italy	92		
Japan	94		
Kazakhstan ^{e[*]}			
Latvia ^[*]	92		
Liechtenstein	92		
Lithuania ^[*]	92		
Luxembourg	92		
Malta ^f			
Monaco	92		
Netherlands	92		
New Zealand	100		
Norway	101		

⁺ This option relates to the proposal for an Article 3, paragraph 1 ter, which some Parties consider should be included only in option B.

Poland ^[*]	94	
Portugal	92	
Romania ^[*]	92	
Russian Federation ^{g[*]}	100	
Slovakia ^[*]	92	
Slovenia ^[*]	92	
Spain	92	
Sweden	92	
Switzerland	92	
Ukraine ^[*]	100	
United Kingdom of Great Britain and Northern Ireland	92	
United States of America ^h	93	
Total	[51][50]	[XX]

[* 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 an 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 In a communication dated 8 December 2010 that was received by the secretariat on 9 December 2010, the Russian Federation has indicated that it does not intend to assume a quantitative emission limitation or reduction commitment for the second commitment period.

^h Countries that have not ratified the Kyoto Protocol.

Option 3

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 year⁵</i>	<i>Quantified emission limitation or reduction commitment ([2013–2017] 2013–2020)) (expressed as percentage of reference year⁵)</i>
Australia	108			
Austria	92			
Belarus ^{a*}				
Belgium	92			
Bulgaria [*]	92			
Canada	94			
Croatia ^{b*}	95			
Czech Republic [*]	92			
Denmark	92			
Estonia [*]	92			
European Union ^{c, d}	92			
Finland	92			
France	92			
Germany	92			
Greece	92			
Hungary [*]	94			
Iceland	110			
Ireland	92			
Italy	92			
Japan	94			
Kazakhstan ^{e*}				
Latvia [*]	92			
Liechtenstein	92			
Lithuania [*]	92			
Luxembourg	92			
Malta ^f				
Monaco	92			
Netherlands	92			
New Zealand	100			

⁵ A reference year may be used by a Party on an optional basis for its own purposes to express its QELRO as a percentage of emissions of that year, 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 second and third columns of this table, which are internationally legally binding.

Norway	101
Poland [*]	94
Portugal	92
Romania [*]	92
Russian Federation ^{g*}	100
Slovakia [*]	92
Slovenia [*]	92
Spain	92
Sweden	92
Switzerland	92
Ukraine [*]	100
United Kingdom of Great Britain and Northern Ireland	92
United States of America ^h	93

* 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 an 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 In a communication dated 8 December 2010 that was received by the secretariat on 9 December 2010, the Russian Federation has indicated that it does not intend to assume a quantitative emission limitation or reduction commitment for the second commitment period.

^h 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 countries⁶] 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 (*This proposal should be read in conjunction with option 2 in section A above.*):

1 ter.⁷ In fulfilment 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 2017.⁸

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].

⁶ 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.

Fulfilment 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.

⁷ Some Parties are of the view that this proposal should only be included in Option B.

⁸ 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 the Parties, in the context of their obligation to provide the agreed full incremental costs under the Convention.

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 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 such commitments at least seven years before the end of the first commitment period referred to in paragraph 1 above. 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 [four][five][seven] years before the end of the second commitment period. [Consideration of commitment periods shall be undertaken 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, paragraph[s] [1 and] 1 bis [,][and] 1 ter [and 1 quater]

Option 1

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 countries⁶] 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 (*This proposal should be read in conjunction with option 2 in section A above.*):

1 ter.⁷ In fulfilment 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 2017.⁸

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].

⁶ 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.

Fulfilment 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.

⁷ Some Parties are of the view that this proposal should only be included in Option B.

⁸ 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 the Parties, in the context of their obligation to provide the agreed full incremental costs under the Convention.

Option 2

(to be read in conjunction with section G below)

Paragraph 1 of Article 3 of the Protocol shall be deleted and replaced by the following paragraph:

1. 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 do not exceed their assigned amounts in accordance with the provisions of this Article, plus their [high-trend adjustment amounts] if any, with a view to reducing their overall emission of such gases by at least [X][40] per cent below 1990 levels in the commitment period [2013 to [2017][2020]].

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

1 bis. [High-trend adjustment amounts] for each Party included in Annex I whose assigned amounts are equal to their average annual aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in its three most recently reviewed inventories shall be the difference between 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] and its assigned amounts.

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

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

1 [ter][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]⁹) 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 [quater][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 [quater][quinquies][sexies]

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

1 [quater][quinquies][sexies]. The calculation in subparagraph 1 [ter][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].]

⁹ Contemplates the adoption of a new agreement under the Convention.

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

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

1 [quinquies][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 the 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 of the Protocol 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 average annual aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in its three most recently reviewed inventories 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

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][200X] 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][200X] 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.

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 such commitments at least seven years before the end of the first commitment period referred to in paragraph 1 above. 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 [four][five][seven] years before the end of the second commitment period. [Consideration of commitment periods shall be undertaken 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]]¹⁰ and [Z]¹¹ which a Party acquires from another Party to the 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 mechanisms 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 Protocol will not be amended.

Option 2 a

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 for the second commitment period shall be limited to [X][0.1][1] per cent of such a Party's first

¹⁰ "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.

¹¹ "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.

commitment period assigned amount, and shall not be available for use in any third or subsequent commitment periods.

Option 2 b

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

13 bis. Any additions to the assigned amount [for the second commitment period] referred to in paragraph 13 above shall be limited to [X][0.1][1][5][10] per cent of such Party's assigned amount in the [preceding][first commitment] period or [X] thousand tonnes, whichever is greater.

Option 3

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, 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 in the second commitment period of a Party included in Annex I are more than its assigned amount established under Article 3, paragraphs 7 [bis] and 8 bis and ter, 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 with 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 in accordance with paragraph 1 above shall start no later than [2013][2014] and conclude no later than [2015][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 and 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 fulfil those [targets][, subject to paragraph 5].

3 bis. Parties to the [Agreement]¹² under the Convention can participate in emissions trading of units that have been generated in accordance with Articles [6, 12, X, Y, Z].¹³

[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.]

[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 of the Protocol as Article X:

Article X

¹² Contemplates the adoption of a new agreement under the Convention.

¹³ “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.

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 of the Protocol 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.]

Note: A group of Parties has submitted a proposal for a REDD+ mechanism, which they would pursue under the AWG-KP to the extent that the issue is not resolved under the AWG-LCA.

DD. Article Z

The following Article shall be inserted after Article Y of the Protocol 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 A¹⁴

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)
Sulphur hexafluoride (SF₆)
[Nitrogen trifluoride (NF₃)]

Option B¹⁵

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)
Sulphur hexafluoride (SF₆)
[Nitrogen trifluoride (NF₃)]
[Trifluoromethyl sulphur pentafluoride (SF₅CF₃)]
[Fluorinated ethers (HFEs)]
[Perfluoropolyethers]]

¹⁴ This option should be read in conjunction with Option A from Chapter IV.

¹⁵ This option should be read in conjunction with Option B from Chapter IV. The text for this option is based on section FF in Option B of Chapter I of document FCCC/KP/AWG/2010/18/Add.1.

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,

[Affirming that the implementation of land use, land-use change and forestry activities included under the provisions of the Kyoto Protocol shall be consistent with the objectives and principles of, and any decisions taken under, the Convention and its Kyoto Protocol,]

[Having considered decision 16/CMP.1,]

Recalling decision 2/CMP.6,

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 principles and definitions referred to in paragraphs 1 and 2 of decision 2/CMP.6 and 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 [eighth] 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 [ninth] 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 [ninth] 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 [eighth] 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 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, wetland drainage and rewetting, and alternative methods of accounting for forest management, for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol in time for possible inclusion in the third commitment period of the Kyoto Protocol, if appropriate;
14. 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 12 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 [ninth] 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, in addition to those contained in decision 16/CMP.1 and referred to in paragraph 2 of decision 2/CMP.6, shall apply:

(a) ["Wetland drainage and rewetting" 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;]

(Placeholder to address concerns related to the definition of forests)

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 forests to secondary forests;]

5. For the purposes of determining the area of deforestation to come under 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 this must be 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 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,] [wetland drainage and rewetting];

9. 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,] [wetland drainage and rewetting];

10. [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];

11. [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)*]

12. During the second commitment period, a Party included in Annex I shall demonstrate that activities referred to 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;

13. For the second commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from revegetation, cropland management, grazing land management, [wetland drainage and rewetting] 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 duration of the commitment period in years] [$Y = \text{length CP}$] 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;

14. [Accounting for wetland drainage and rewetting shall be based on estimation methodologies for wetlands, lands converted to wetlands and land use on drained organic soils in the most [recent] [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*):

15. 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 [$Y = \text{length CP}$] times the reference level inscribed in the appendix;¹⁶

15 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] [and [z]]per cent of the base year greenhouse gas emissions excluding LULUCF pursuant to Article 3, paragraphs [7 and] 8 [respectively] [times $Y = \text{length CP}$]]. [Parties may use removals from forest management under Article 3, paragraph 4, in excess of the quantitative limitation, to account for a net source of emissions under Article 3, paragraph 3, up to a limit of [2] MtC/yr multiplied by the duration of the commitment period in years,

¹⁶ The forest management reference levels inscribed in the appendix to this annex 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 inclusion of carbon pools [and the provisions for addressing disturbances contained in paragraphs 29 to 32 below] [by excluding emissions by sources and removals by sinks due to disturbances.]

provided that land-use change and forestry did not constitute a net source of emissions in 1990;]

(*additional to 15 ter*) [The quantitative limitations mentioned in paragraph 15 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 not based on projection;]

15 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 in the area accounted for, in the treatment of harvested wood products, and in the accounting of any emissions from disturbances.¹⁷ Parties shall make technical corrections, if necessary, to ensure consistency and shall report on how these corrections were made. Technical corrections shall be reported as part of the annual greenhouse gas inventories and inventory reports, in accordance with relevant decisions under Articles 5 and 7 of the Kyoto Protocol, and reviewed as part of the review of the annual greenhouse gas inventory review in accordance with relevant decisions under Article 8 of the Kyoto Protocol;

15 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 recalculations on the reported data that have been used by the Party to set the reference level;

15 sexies. [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 for, unless the forest management reference level is based on a projection, subject to the provision regarding consistency referred to in paragraph 15 quater above. Emissions from harvested wood products already accounted for during the first commitment period on the basis of instantaneous oxidation shall be excluded;]

[Option 2 (*baselines*)

15. 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 [$Y = \textit{length CP}$] times the average of the reference level inscribed in the appendix and the 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 remaining forest land and managed lands in the commitment period. Where the reference level inscribed in the appendix is a projection of emission/removals, this projection will be for the period 2010 until 2020;

15 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] [and [z]] per cent of base year greenhouse gas emissions excluding LULUCF pursuant to Article 3, paragraphs [7 and] 8 [respectively] [times $Y = \textit{length CP}$]]. [Parties may use removals from forest management under Article 3, paragraph 4, in excess of the quantitative limitation, to account for a net source of emissions under Article 3, paragraph 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;]

¹⁷ Disturbances include wildfires, insect and disease infestations, extreme weather events and/or geological disturbances but exclude harvesting.

(additional to 15 ter) [The quantitative limitations mentioned in paragraph [15 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 not based on projection]

15 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 in the area accounted for, in the treatment of harvested wood products, and in the accounting of any emissions from disturbances.¹⁸ Parties shall make technical corrections, if necessary, to ensure consistency and shall report on how these corrections were made. Technical corrections shall be reported as part of the annual greenhouse gas inventories and inventory reports, in accordance with relevant decisions under Articles 5 and 7 of the Kyoto Protocol, and reviewed as part of the review of the annual greenhouse gas inventory review in accordance with relevant decisions under Article 8 of the Kyoto Protocol;

15 quinques. 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 recalculations on the reported data that have been used by the Party to set the baseline;

15 sexies. [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 for, unless the forest management reference level is based on a projection, subject to the provision regarding consistency referred to in paragraph 15 quater above. Emissions from harvested wood products already accounted for during the first commitment period on the basis of instantaneous oxidation shall be excluded;]

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

15. 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 $[Y=length\ CP]^{19}$ 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;

15 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 $[Y=length\ CP]$ 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;

15 ter. For subsequent commitment periods, accountable greenhouse gas emissions by sources and removals by sinks, 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 $[Y=length\ CP]$ 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*):

¹⁸ Disturbances include wildfires, insect and disease infestations, extreme weather events and/or geological disturbances but exclude harvesting.

¹⁹ This figure could be 5, consistent with a five-year commitment period.

15. 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=length CP].]

[Option 5:

15. 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 [Y=length CP];]

(Placeholder to address incompleteness of accounting in forest lands subject to human activities)

D. Article 12

16. Afforestation and reforestation are eligible project 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;]

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

18. 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 the base year emissions of that Party, times [Y=length CP];

E. General

19. Each Party included in Annex I shall, for the purpose of applying the definition of "forest" as contained in decision 16/CMP.1, apply the definition of forest selected in the first commitment period;

20. 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 decision 16/CMP.1, 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;

21. 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 to 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)*

22. The 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; (*This paragraph may need to be revised*)

23. Once land is accounted for under Article 3, paragraphs 3 and 4, this land must be accounted for throughout subsequent and contiguous commitment periods;

24. 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;

25. 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, 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;

26. [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;]

27. Emissions from harvested wood products removed from forests which are accounted for by a Party under Article 3 shall only be accounted for by that Party. Accounting shall be on the basis of [the first-order decay function²⁰ with default half-lives²¹ of two years for paper, 25 years for wood panels and 35 years for sawn wood] [the default decay functions prescribed in annex Z]. Alternatively, for domestically produced and consumed harvested wood products only, a Party may use country-specific data to replace the default half-lives specified above, or to 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, provided that verifiable and transparent data are available. [Harvested wood products resulting from deforestation shall be accounted for on the basis of instant oxidation;]

28. Where carbon dioxide 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 shall be accounted for on the basis of instantaneous oxidation;

29. With respect to the treatment of disturbance emissions:

(a) Parties shall provide country-specific information in their national greenhouse gas inventory report for 2015 on a background level²² of emissions associated with annual disturbances that have been explicitly included in their forest management reference levels, and how the background level has been estimated;

(b) [With respect to forest management under Article 3, paragraph 4, and provided that requirements of paragraph 30 below are met, a Party may exclude from the accounting, either annually or at the end of the second commitment period, emissions from disturbances that in any single year exceed the background level in paragraph 29 (a), [in

²⁰ Using equation 12.1 of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

²¹ Half-lives are based on Table 3a.1.3 of the 2003 IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry.

²² [Background level can be defined as the average of the time series of emissions associated with disturbances after application of an iterative process to remove outliers, based on twice the standard deviation around the mean until no outliers can be identified. Alternatively, Parties may apply a transparent [and comparable] country specific approach. All approaches should avoid the expectation of net-credits or net-debits during the commitment period.]

years where those emissions are above the background level plus the margin needed to avoid the expectation of net-credits or net-debits from inclusion of the background level of disturbances²³], and any subsequent removals on the lands affected;]

(c) [With respect to afforestation and reforestation under Article 3, paragraph 3, and provided that requirements of paragraph 30 below are met, a Party may exclude from the accounting, either annually or at the end of the second commitment period, emissions from disturbances and any subsequent removals on the lands affected;]

(d) Parties shall account for emissions associated with salvage logging in the commitment period during which the salvage logging has occurred;

(e) Parties shall not exclude from accounting emissions from disturbances on those lands that are subject to land-use change following the disturbance.

30. A Party included in Annex I that applies the provisions described in paragraph 29 above shall calculate the net emissions and removals subject to the provisions and shall provide transparent information:

(a) Showing that all lands subject to this provisions are identified, including their geo-referenced location, year and types of disturbances;

(b) Showing how annual emissions resulting from disturbances and the subsequent removals in those areas are estimated;

(c) Showing that no land-use change has occurred on lands for which the provision in paragraph 29 is applied and explaining the 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 land for which the provision in paragraph 29 is applied;

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

31. The supplementary information described in paragraph 30 above shall be included in the national greenhouse gas inventory reports of Parties that apply paragraph 29 above. All information and estimates referred to in paragraphs 29 and 30 above shall be subject to review as part of the periodical review of annual greenhouse gas inventory reports submitted by Parties;]

32. The treatment of emissions and removals that occur on the lands referred to in paragraph 29 above in the subsequent commitment periods shall be reflected in LULUCF accounting for those commitment periods.

33. [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 land;

²³ [In the case that the background level is defined using the first approach in footnote 22, the margin would equal twice the standard deviation of the time series defining the background level. In the case that the background level is defined using a country specific approach, the Party must describe how the margin is established.]

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

35. All lands subject to the provision referred to in paragraph 33 above shall be identified and reported separately, including the geo-referenced location and year:]]

[Appendix (Option 1 (reference levels/baselines), paragraphs 15–15 sexies)]

<i>Party</i>	<i>Reference level (Mt CO₂ eq/year)</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	[-28.5 ^b]	
United Kingdom of Great Britain	[-3.44]	

<i>Party</i>	<i>Reference level (Mt CO₂ eq/year)</i>	<i>[Quantitative limitation]</i>
and Northern Ireland		

^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.

^b As per the submission from Ukraine received by the secretariat on 10 December 2010, this number is based on the assumption of a 50/50 per cent split between managed and unmanaged forests and will be updated as soon as possible on the basis of the most recent information.

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>.

Annex Z

Default decay functions for harvested wood products

Default decay functions for harvested wood products

Construction	50 years
Windows, doors, interior work	20 years
Furniture	12 years
Packaging	3 years
Paper	2 years
Other	5 years

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 emission 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],

[A. General

Option 1:

1. *[Reaffirms that the mechanisms, their institutions, and associated units created pursuant to Articles 6, 12 and 17 of the Kyoto Protocol, as well as decisions relevant to them, shall continue to operate while the Kyoto Protocol is in force.]*
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;]*

Option 2:

3. *[Decides that the trading and issuance of emission reduction units, assigned amount units and certified emission reductions after 31 December 2012 will only apply to those Parties that have ratified the second commitment period;]*]

B. Clean development mechanism

Nuclear

Option 1:

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

Option 2:

5. *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:

6. *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;*

7. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the 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 eighth session;

C. Joint implementation

Nuclear

Option 1:

8. *Decides* that activities relating to nuclear facilities shall not be eligible under joint implementation 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 emission reduction units 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 joint implementation in the second and subsequent commitment periods;

11. *Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the inclusion under joint implementation 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;

D. Other

Carry-over (banking)

Option 1:

12. *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:

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

Option 3:

14. *Decides* that new limits shall be placed on the carry-over 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 Parties' mitigation efforts, through approaches that may include, inter alia, quantitative limits, a limitation on 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 an amendment to the Kyoto Protocol;

Share of proceeds for AAU/RMU/new unit issuance

Option 1:

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

Option 2:²⁴

16. *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:

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

Option 2:

18. *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

19. *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:

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

Option 2:²⁵

21. *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;

22. *Further decides* to elaborate modalities and procedures for the use of market mechanisms and associated units referred to in paragraph 21 above and to adopt such further provisions as may be necessary, including any amendments to the Kyoto Protocol, at its [X] session;

23. *Invites* Parties to make submissions to the secretariat, by [x] 2011, on such modalities and procedures, for compilation into a miscellaneous document for

²⁴ This option may require an amendment to the Kyoto Protocol.

²⁵ This option may require an amendment to the Kyoto Protocol.

consideration by [the Subsidiary Body for Scientific and Technological Advice] at its [X] session;

New market-based mechanisms

Option 1:

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

Option 2:²⁶

25. *Decides* that new market-based 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, and to promote sustainable development;

26. *Further decides* to elaborate modalities and procedures for the new market-based mechanisms referred to in paragraph 25 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;

27. *Invites* Parties to make submissions to the secretariat, by [x] 2011, on such 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:

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

Option 2:

29. *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 [x][30] per cent of the percentage inscribed for that Party in Annex B to the Kyoto Protocol of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A to the Kyoto Protocol in 1990 multiplied by the number of years in the second commitment period;

Items under consideration in different processes

Carbon dioxide capture and storage in the CDM

This item is currently under consideration by the SBSTA in accordance with decision 7/CMP.6;

Standardized baselines in the CDM

This item is currently under consideration by the CDM Executive Board in accordance with decision 3/CMP.6, paragraphs 44-52;

Items that may be referred to other groups

Use of CERs from project activities in certain host Parties

²⁶ This option may require an amendment to the Kyoto Protocol.

30. *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;

31. *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 30 above;

Co-benefits in the CDM

32. *Requests* the Executive Board of the clean development mechanism to develop measures to enhance the visibility of the co-benefits of clean development mechanism 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 that transaction costs are not increased;

Co-benefits in JI

Option 1:

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

Option 2:

34. *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.]

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

Option A²⁷

[This option reflects a proposal by a number of Parties for a package agreement whereby if agreement could be reached to lift the brackets from nitrogen trifluoride in paragraph 1, those Parties would be ready to delete option B in its entirety]

A. Greenhouse gases²⁸

1. *Decides* that, for the second commitment period of the Kyoto Protocol, actual emissions of the species of hydrofluorocarbons and perfluorocarbons listed in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change,²⁹ and of sulphur hexafluoride [and nitrogen trifluoride], should be estimated where data or methodologies are available to Parties and reported, and included in the coverage of the quantified emission limitation and reduction commitments for that period;
2. *Recognizes* that there are other new greenhouse gases with high GWPs listed in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) that are not yet produced in significant quantities but which should be further monitored to identify whether it is necessary to address them as part of mitigation commitments;
3. *Encourages* Parties in a position to do so to report the emissions of such gases in their greenhouse gases inventories;
4. *Agrees* that in deciding whether to add additional greenhouse gases to those listed in Annex A to the Kyoto Protocol, the following considerations would be relevant:

²⁷ This option should be read in conjunction with Option A of Annex A in Option B of chapter I.

²⁸ Some of the paragraphs in this section may require a corresponding amendment to the Kyoto Protocol.

²⁹ 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.

- (a) The current contribution and projections of future contributions to global warming of anthropogenic sources of a gas, expressed in terms of carbon dioxide equivalent;
- (b) Practical considerations regarding the availability of data or agreed estimation methodologies, and additional resource needs for data collection and development of common methodologies;
- (c) Potential for, or early recognition of trends in, substitution of greenhouse gases already listed in Annex A to the Kyoto Protocol;

B. Common metrics

5. *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 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;
6. *Notes* that alternative common metrics and the shortcomings in the use of GWPs are still being assessed by the Intergovernmental Panel on Climate Change in the context of its work on the Fifth Assessment Report;
7. *Notes* that GWP is a well-defined metric based on radiative forcing that continues to be useful in a multi-gas approach; however, the GWP was not designed with a particular policy goal in mind and, depending on the specific policy goals, alternative metrics may be preferable;
8. *Notes* the limitations in the use of GWP based on the 100-year time horizon in evaluating the contribution to climate change of emissions of greenhouse gases with short lifetimes;
9. *Notes with appreciation* the request of the Subsidiary Body for Scientific and Technological Advice that the secretariat organize, subject to the availability of resources, a workshop on common metrics to be held in the first half of 2012;
10. *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;
11. *Also requests* the Subsidiary Body for Scientific and Technological Advice to initiate such an assessment no later than 2015 and to present to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol its recommendations on the most appropriate metric and related values to be used by Parties with a view to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol adopting a decision on the metric and related values;
12. *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;

13. *Encourages* 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

14. *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 Guidelines for National Greenhouse Gas Inventories* of the Intergovernmental Panel on Climate Change (hereinafter referred to as 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 regular use starting in 2015, for adoption by the Conference of the Parties;

15. *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 14 above;

[16. *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 *IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry of the Intergovernmental Panel on Climate Change*;

17. *Further decides* that the 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

18. *Requests* the Subsidiary Body for Scientific and Technological Advice to assess the implications of the action taken in accordance with paragraphs 1–17 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 11 and 15 above may need to be addressed at subsequent sessions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

19. *Also requests* the Subsidiary Body for Scientific and Technological Advice to address any transitional issues arising from actions taken in accordance with paragraphs 1–18 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 11 and 15 above may need to be addressed at subsequent sessions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

Option B³⁰

A. Greenhouse gases

*Option 1:*³¹

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,³² 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. *Decides* that the provisions of the Kyoto Protocol relating to coverage of greenhouse gases and sectors shall 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 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

³⁰ This option should be read in conjunction with Option B of Annex A in Option B of chapter I.

³¹ This option may require an amendment to the Kyoto Protocol.

³² 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.

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 to present to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol its recommendations on the most appropriate metric and related values to be used by Parties with a view to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol 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 Guidelines for National Greenhouse Gas Inventories* of the Intergovernmental Panel on Climate Change (hereinafter referred to as 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 regular use starting starting in 2015, for adoption by the Conference of the Parties;

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 7 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 the 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 above may need to be addressed at subsequent sessions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

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 above may need to be addressed at subsequent sessions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

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.
