



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

**Report of the Ad Hoc Working Group on Further Commitments for
Annex I Parties under the Kyoto Protocol on the first part of its sixth session,
held in Accra from 21 to 27 August 2008**

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I. Opening of the session

(Agenda item 1)

A. Host Government welcoming ceremony

1. The formal opening of the session was preceded by a welcoming ceremony organized by the Government of Ghana to mark the opening of the first part of the sixth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) and the fourth session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention.
2. Statements were made by Mr. Kwadwo Adjei-Darko, Minister of Local Government, Rural Development and Environment of Ghana, Ms. Connie Hedegaard, Minister of Climate and Energy of Denmark, Mr. Rachmat Witoelar, State Minister for the Environment of Indonesia and President of the Conference of the Parties at its thirteenth session and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its third session, Mr. Yvo de Boer, Executive Secretary of the UNFCCC, and Mr. John Agyekum Kufuor, President of Ghana.

B. Opening of the session

3. The first part of the sixth session of the AWG-KP was held at the Accra International Conference Centre in Accra, Ghana, from 21 to 27 August 2008.
4. The Chair of the AWG-KP, Mr. Harald Dovland (Norway), opened the session and welcomed all Parties and observers. He also welcomed Mr. Mama Konate (Mali) as Vice-Chair of the AWG-KP. He informed delegates that Mr. Chan-Woo Kim (Republic of Korea) has replaced Mr. Boo-Nam Shin (Republic of Korea) as Rapporteur, in accordance with rule 25 of the draft rules of procedure being applied, and also welcomed Mr. Kim to Accra.
5. Mr. Dovland recalled that, in accordance with its work programme, the AWG-KP should adopt conclusions at the first part of its sixth session on the means that may be available to Annex I Parties to reach emission reduction targets and on relevant methodological issues. He stressed that clarifying the rules for the period beyond 2012 is an essential precursor to agreeing on further commitments for Annex I Parties under the Kyoto Protocol.

II. Organizational matters

(Agenda item 2)

A. Adoption of the agenda

(Agenda item 2 (a))

6. At its 1st meeting, on 21 August, the AWG-KP considered a note by the Executive Secretary containing the provisional agenda and annotations (FCCC/KP/AWG/2008/4).
7. At the same meeting, the Chair reminded Parties that, in accordance with the conclusions adopted at the resumed fourth session of the AWG-KP, the sixth session of the AWG-KP is divided into two parts, and that this session will be resumed and concluded in Poznan, Poland, in December 2008.¹
8. At the 1st meeting, the agenda was adopted as follows:
 1. Opening of the session.
 2. Organizational matters:
 - (a) Adoption of the agenda;

¹ FCCC/KP/AWG/2007/5, paragraph 20.

- (b) Organization of the work of the session;
 - (c) Election of officers.²
3. Analysis of means to reach emission reduction targets and identification of ways to enhance their effectiveness and contribution to sustainable development:³
 - (a) Emissions trading and the project-based mechanisms;
 - (b) Land use, land-use change and forestry;
 - (c) Greenhouse gases, sectors and source categories;
 - (d) Possible approaches targeting sectoral emissions.
 4. Consideration of relevant methodological issues.⁴
 5. Consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties.⁵
 6. Analysis of mitigation potentials and identification of ranges of emission reduction objectives of Annex I Parties.⁶
 7. Consideration of further commitments by Annex I Parties.⁷
 8. Work programme for 2009.⁸
 9. Other matters.
 10. Report on the session.

9. At the same meeting, statements were made by representatives of eight Parties, including one speaking on behalf of the Group of 77 and China, one on behalf of the Alliance of Small Island States (AOSIS), one on behalf of the Umbrella Group, one on behalf of the African Group, one on behalf of the European Community and its member States,⁹ one on behalf of the least developed countries, one on behalf of the Eastern European Group, and one on behalf of the Environmental Integrity Group.

B. Organization of the work of the session (Agenda item 2 (b))

10. The AWG-KP considered this sub-item at its 1st meeting. The Chair recalled that the AWG-KP had useful discussions on the means that may be available to Annex I Parties to reach emission reduction targets as well as on relevant methodological issues during its fifth session. He emphasized the need for moving expeditiously to agreeing on conclusions on these issues at the present session. He also noted that at this session, the AWG-KP would take up for the first time agenda item 5, "Consideration of information on potential environmental, economic and social consequences, including spillover effects,

² To be taken up at the resumed sixth session of the AWG-KP.

³ Conclusions on these issues to be adopted at the first part of the sixth session of the AWG-KP.

⁴ As footnote 3 above.

⁵ Work to be initiated at the first part of the sixth session of the AWG-KP and conclusions to be adopted at the resumed sixth session of the AWG-KP.

⁶ As footnote 2 above.

⁷ As footnote 2 above.

⁸ As footnote 2 above.

⁹ The position reflected in this statement was supported by Bosnia and Herzegovina, Croatia, Montenegro and Turkey.

of tools, policies, measures and methodologies available to Annex I Parties". The AWG-KP agreed to proceed according to this proposal.

C. Election of officers

(Agenda 2 (c))

11. This sub-item will be taken up at the resumed sixth session of the AWG-KP.

III. Analysis of means to reach emission reduction targets and identification of ways to enhance their effectiveness and contribution to sustainable development

(Agenda item 3)

1. Proceedings

12. The AWG-KP considered this item, together with item 4 (see chapter IV below), at its 1st and 2nd meetings, on 21 and 27 August, respectively. At the 2nd meeting, a statement was made by a representative of the World Wildlife Fund, speaking on behalf of Climate Action Network International.

13. At its 1st meeting, the AWG-KP agreed to establish three contact groups to further consider:

- (a) Item 3 in general, sub-item 3 (c), "Greenhouse gases, sectors and source categories", sub-item 3 (d), "Possible approaches targeting sectoral emissions", and item 4, "Consideration of relevant methodological issues", to be chaired by the Chair of the AWG-KP;
- (b) Sub-item 3 (a), "Emissions trading and the project-based mechanisms", to be co-chaired by Ms. Christiana Figueres (Costa Rica) and Mr. Nuno Lacasta (Portugal);
- (c) Sub-item 3 (b), "Land use, land-use change and forestry", to be co-chaired by Mr. Marcelo Rocha (Brazil) and Mr. Bryan Smith (New Zealand).

14. At the 2nd meeting, the Chair reported on the discussions of the contact group referred to in paragraph 13 (a) above in relation to item 3 in general. The AWG-KP considered and adopted conclusions¹⁰ proposed by the Chair.

2. Conclusions

15. The AWG-KP continued its work on means that may be available to Annex I Parties to reach their emission reduction targets, and on identification of ways to enhance their effectiveness and their contribution to sustainable development and to the ultimate objective of the Convention as set out in its Article 2.

16. The AWG-KP noted with appreciation the information contained in documents FCCC/KP/AWG/2008/INF.2 and FCCC/TP/2008/2 and Corr.1, which were prepared by the secretariat as requested by the AWG-KP at its resumed fourth session.¹¹

17. Noting the iterative nature of its work programme, the AWG-KP agreed to continue, at its resumed sixth session and, as appropriate, as part of its discussions of its work programme for 2009, its work on the analysis of means that may be available to Annex I Parties to reach their emission reduction targets, including emissions trading and the project-based mechanisms under the Kyoto Protocol, the rules to guide the treatment of land use, land-use change and forestry (LULUCF), the greenhouse gases

¹⁰ Adopted as document FCCC/KP/AWG/2008/L.13.

¹¹ FCCC/KP/AWG/2007/5, paragraph 21 (b) (i) and (ii).

(GHGs), sectors and source categories to be covered, and possible approaches targeting sectoral emissions.

A. Emissions trading and the project-based mechanisms

(Agenda item 3 (a))

1. Proceedings

18. At the 2nd meeting, Ms. Figueres reported on the discussions of the contact group referred to in paragraph 13 (b) above. The AWG-KP considered and adopted conclusions¹² proposed by the Chair.

2. Conclusions

19. In accordance with its work programme and conclusions at its resumed fifth session,¹³ the AWG-KP further considered possible improvements to emissions trading and the project-based mechanisms under the Kyoto Protocol, which are means that may be available to Annex I Parties to reach their emission reduction targets, and ways to enhance the effectiveness of these means and their contribution to sustainable development and to achieving the ultimate objective of the Convention.

20. The AWG-KP noted the importance of further assessing possible improvements to emissions trading and the project-based mechanisms and clarifying any implications for the ability of Annex I Parties to achieve their mitigation objectives, as an input to the work of the AWG-KP pursuant to its work programme, including relevant conclusions adopted at its second and resumed fourth sessions.¹⁴

21. The AWG-KP agreed to continue, at its resumed sixth session, its deliberations on possible improvements to emissions trading and the project-based mechanisms under the Kyoto Protocol on the basis of, inter alia, the elements contained in annexes I and II, which have been compiled from views submitted by Parties.

22. The AWG-KP encouraged Parties to share information on these elements. To facilitate this, the AWG-KP invited Parties to submit to the secretariat, by 17 October 2008, further input in relation to the elements contained in annexes I and II, for compilation into a miscellaneous document.

23. The AWG-KP further requested its Chair to elaborate the elements contained in annexes I and II, based on views submitted previously by Parties under its work and the submissions referred to in paragraph 22 above, and make the results of this work available to Parties prior to its resumed sixth session.

24. The AWG-KP recalled that Parties have been invited to submit, by 15 February 2009, their views on the legal implications arising from the work of the AWG-KP pursuant to Article 3, paragraph 9, of the Kyoto Protocol¹⁵ and urged Parties to include their views on the potential need to amend the Kyoto Protocol in those submissions.

25. The AWG-KP noted that further elaboration of possible improvements to emissions trading and the project-based mechanisms is required before agreement may be reached and that the inclusion of elements in annexes I and II does not prejudice such agreement.

¹² Adopted as document FCCC/KP/AWG/2008/L.12.

¹³ FCCC/KP/AWG/2008/3.

¹⁴ FCCC/KP/AWG/2006/4, paragraph 17, and FCCC/KP/AWG/2007/5, paragraphs 19–23.

¹⁵ FCCC/KP/AWG/2007/5, paragraph 23 (a).

B. Land use, land-use change and forestry

(Agenda item 3 (b))

1. Proceedings

26. At the 2nd meeting, Mr. Smith reported on the consultations of the contact group referred to in paragraph 13 (c) above. The AWG-KP considered and adopted conclusions¹⁶ proposed by the Chair.

2. Conclusions

27. In accordance with its conclusions at its resumed fifth session,¹⁷ the AWG-KP continued its consideration of how to address, where applicable, the definitions, modalities, rules and guidelines for the treatment of LULUCF in the second commitment period of the Kyoto Protocol as means that may be available to Annex I Parties to reach their emission reduction targets, and as ways to enhance the effectiveness of these means and their contribution to sustainable development.

28. The AWG-KP decided to continue consideration at its resumed sixth session of possible options for addressing, where applicable, the definitions, modalities, rules and guidelines for the treatment of LULUCF, taking into account the information contained in annex III and noting annex IV to the report of the AWG-KP at its resumed fifth session.¹⁸

29. The AWG-KP encouraged Parties to share information in order to enhance understanding of the implications of possible options for addressing, where applicable, the definitions, modalities, rules and guidelines for the treatment of LULUCF, including implications for accounting, before its resumed sixth session. To facilitate this sharing of information, the AWG-KP invited Parties to submit relevant information to the secretariat on a voluntary and informal basis and requested the secretariat to make the information available on the UNFCCC website by 20 November 2008.

C. Greenhouse gases, sectors and source categories

(Agenda item 3 (c))

1. Proceedings

30. At the 2nd meeting, Mr. Dovland reported on the discussions of the contact group referred to in paragraph 13 (a) above in relation to sub-item 3 (c). The AWG-KP considered and adopted conclusions¹⁹ proposed by the Chair.

2. Conclusions

31. In accordance with its conclusions at its resumed fifth session,²⁰ the AWG-KP continued its consideration of broadening the coverage of GHGs, sectors and source categories.

32. The AWG-KP agreed that the aggregate carbon dioxide (CO₂) equivalent treatment of GHGs provided for in Article 3 of the Kyoto Protocol (also known as the “basket approach”) should continue for the second commitment period.

¹⁶ Adopted as document FCCC/KP/AWG/2008/L.11.

¹⁷ FCCC/KP/AWG/2008/3, paragraphs 23–27.

¹⁸ FCCC/KP/AWG/2008/3.

¹⁹ Adopted as document FCCC/KP/AWG/2008/L.15.

²⁰ FCCC/KP/AWG/2008/3, paragraph 32.

33. The AWG-KP noted the need to maintain a coherent approach between the Convention and the Kyoto Protocol, where appropriate, when considering GHGs, sectors and source categories in relation to the commitments of Annex I Parties.

34. The AWG-KP noted the new hydrofluorocarbons and perfluorocarbons that have been developed since the adoption of the Kyoto Protocol. The AWG-KP also noted the following new gases and groups of gases included in the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change:

- (a) Nitrogen trifluoride (NF₃);
- (b) Trifluoromethyl sulphur pentafluoride (SF₅CF₃);
- (c) Fluorinated ethers;
- (d) Perfluoropolyethers;
- (e) Hydrocarbons and other compounds including dimethylether (CH₃OCH₃), methyl chloroform (CH₃CCl₃), methylene chloride (CH₂Cl₂), methyl chloride (CH₃Cl), dibromomethane (CH₂Br₂), bromodifluoromethane (CHBrF₂) and trifluoroiodomethane (CF₃I).

35. The AWG-KP agreed to further consider, at its resumed sixth session, inter alia, the scientific, technical, methodological and legal aspects of possible inclusion in the second commitment period of gases listed in paragraph 34 above, taking into account: information on existing and projected levels of their emissions; their contribution to global warming; mitigation options, the availability of common CO₂ equivalence metrics, robust methodologies and substitutes for these gases; implications for Parties; and the expertise available, including that of the Technology and Economic Assessment Panel to the Montreal Protocol on Substances that Deplete the Ozone Layer.

36. The AWG-KP noted that the Montreal Protocol is aimed at phasing out chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs) by addressing consumption, production and trade aspects of these gases, but does not address their emissions. It also noted that at present, according to the AR4, these gases are more substantial contributors to climate change than the gases listed in paragraph 34 above.

37. The AWG-KP requested the secretariat to prepare a compilation of technical information on the gases listed in paragraph 34 above and on existing stocks and potential emissions of CFCs and HCFCs, and to make it available on the UNFCCC website for consideration by the AWG-KP at its resumed sixth session.

D. Possible approaches targeting sectoral emissions (Agenda item 3 (d))

Proceedings

38. At the 2nd meeting, Mr. Dovland informed Parties that the contact group referred to in paragraph 13 (a) above did not have time to consider this sub-item and that it will be considered at the resumed sixth session.

IV. Consideration of relevant methodological issues

(Agenda item 4)

1. Proceedings

39. The AWG-KP considered this item, together with item 3, at its 1st and 2nd meetings. At the 1st meeting, the AWG-KP agreed that this item would be considered further in the contact group referred to in paragraph 13 (a) above. At the 2nd meeting, the Chair reported on the contact group's discussions on item 4. The AWG-KP considered and adopted conclusions²¹ proposed by the Chair.

2. Conclusions

40. In accordance with its conclusions at its resumed fifth session,²² the AWG-KP continued its work on the consideration of relevant methodological issues.

41. The AWG-KP noted the need to maintain a coherent approach between the Convention and the Kyoto Protocol, where appropriate, when considering relevant methodological issues, in relation to the commitments of Annex I Parties.

42. The AWG-KP acknowledged that the application of the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* for the purpose of providing information on anthropogenic GHG emissions by sources and removals by sinks for the second commitment period of the Kyoto Protocol should be subject to any decisions of the Conference of the Parties and the CMP that result from the consideration of these guidelines by the Subsidiary Body for Scientific and Technological Advice (SBSTA) at its thirtieth session.

43. The AWG-KP took note of the new information on global warming potentials (GWPs) in the AR4, which are used to calculate the CO₂ equivalence of anthropogenic emissions by sources and removals by sinks of the GHGs listed in Annex A to the Kyoto Protocol. It also took note of the findings of the AR4 relating to the shortcomings of GWPs.

44. The AWG-KP acknowledged that there are common metrics other than GWPs that could be used to calculate the CO₂ equivalence of anthropogenic emissions by sources and removals by sinks of GHGs listed in Annex A to the Kyoto Protocol. These include global temperature potentials (GTPs), which were mentioned in the AR4. The AWG-KP also acknowledged that the AR4 does not include GTP values and that, currently, GTP values are not published for all GHGs included in the AR4.

45. The AWG-KP invited the Intergovernmental Panel on Climate Change (IPCC) to undertake further technical assessment of alternative common metrics. It noted the need for work to be carried out by the SBSTA, drawing on the results of the work of the IPCC on the potential implications of applying alternative common metrics.

46. The AWG-KP agreed to further consider, at its resumed sixth session, GWPs and alternative common metrics, as well as the implications of their application in the second commitment period.

²¹ Adopted as document FCCC/KP/AWG/2008/L.14.

²² FCCC/KP/AWG/2008/3, paragraph 37.

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

(Agenda item 5)

1. Proceedings

47. The AWG-KP considered this item at its 1st and 2nd meetings. At the 1st meeting, a statement was made by the representative of one Party speaking on behalf of the European Community and its member States. At the 2nd meeting, a statement was made by a representative speaking on behalf of the International Trade Union Confederation.

48. Also at the 1st meeting, the AWG-KP agreed that this item should be considered further in the contact group referred to in paragraph 13 (a) above. At the 2nd meeting, the Chair reported on the contact group's discussions on item 5. The AWG-KP considered and adopted conclusions²³ proposed by the Chair.

2. Conclusions

49. The AWG-KP initiated its consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties. The AWG-KP took note of the deliberations on this matter and was encouraged by the constructive discussions.

50. The AWG-KP took note of the views submitted by Parties²⁴ on this matter in response to the request made at its resumed fourth session.

51. The AWG-KP invited Parties and relevant organizations to submit to the secretariat, by 3 October 2008, further information on the potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties. The AWG-KP requested the secretariat to compile the submissions into a miscellaneous document for consideration at its resumed sixth session.

52. The AWG-KP requested the secretariat to organize, as part of its programme of work for 2009 and under the guidance of the Chair of the AWG-KP, a workshop on this matter, taking into account the miscellaneous document mentioned in paragraph 51 above.

53. The AWG-KP agreed to continue its consideration of this matter at its resumed sixth session.

VI. Analysis of mitigation potentials and identification of ranges of emission reduction objectives of Annex I Parties

(Agenda item 6)

54. This item will be taken up at the resumed sixth session of the AWG-KP.

VII. Consideration of further commitments by Annex I Parties

(Agenda item 7)

55. This item will be taken up at the resumed sixth session of the AWG-KP.

²³ Adopted as document FCCC/KP/AWG/2008/L.10.

²⁴ FCCC/KP/AWG/2008/MISC.1, Add.1 and Add.1/Corr.1, and Add.2-4.

VIII. Work programme for 2009

(Agenda item 8)

56. This item will be taken up at the resumed sixth session of the AWG-KP.

IX. Other matters

(Agenda item 9)

57. No other matters were raised or considered.

X. Report on the session

(Agenda item 10)

58. At its 2nd meeting, the AWG-KP considered and adopted the draft report on the first part of its sixth session.²⁵ At the same meeting, on a proposal by the Chair, the AWG-KP authorized the Rapporteur to complete the report on the session, with the assistance of the secretariat and under the guidance of the Chair.

XI. Closure of the session

59. At the 2nd meeting, the Chair thanked the delegates for their contributions and the secretariat for its support. He noted that the AWG-KP will need to continue to work on the means to reach emission reduction targets and identification of ways to enhance their effectiveness and contribution to sustainable development as well as on relevant methodological issues. The Chair also drew attention to the agenda for the resumed sixth session of the AWG-KP and noted that time at that session will be very limited. He urged Parties to focus on the most urgent issues. Finally, the Chair reminded delegates of the need to forward to Parties via the secretariat, six months in advance, any draft texts for proposed amendments to the Kyoto Protocol before the CMP considers them with a view to their adoption, in accordance with Article 20, paragraph 2, of the Protocol. He recalled that the AWG-KP, at its resumed fourth session, agreed to forward to the fifth session of the CMP the results of its work.

60. At this same meeting, statements were made by representatives of five Parties, including one speaking on behalf of the Group of 77 and China, one on behalf of the Umbrella Group, one of behalf of least developed countries, one on behalf of AOSIS and one on behalf of the European Community and its member States.²⁶

61. Also at the 2nd meeting, a representative of Grenada, speaking on behalf of AOSIS, wished to note, for the record, the concern of AOSIS over the rate of progress and the absence of a sense of urgency in the work of the AWG-KP.

²⁵ Adopted as FCCC/KP/AWG/2008/L.9.

²⁶ The position reflected in this statement was supported by Bosnia and Herzegovina, Croatia, Montenegro and Turkey.

Annex I

[ENGLISH ONLY]

Possible improvements to emissions trading and the project-based mechanisms under the Kyoto Protocol with potentially significant implications for the ability of Annex I Parties to achieve mitigation objectives

Note: For each element contained in this annex, there exists a 'status quo' option representing the maintenance of the current approaches and rules adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP).

Note: Some Parties expressed the view that the elements in sections I.E, I.F, I.G, I.J, II.A, III.A, III.B, III.C, IV.C and IV.D below would require an amendment to the Kyoto Protocol and would not be within the mandate of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP). Some other Parties expressed the view that legal analysis is needed to determine which elements in this annex would require a decision of the CMP or an amendment to the Kyoto Protocol and that such amendments would be within the mandate of the AWG-KP.

I. Clean development mechanism

A. Include other land use, land-use change and forestry activities¹

Note: The following activities have been proposed by Parties as candidates for inclusion:

- *Reducing emissions from deforestation and degradation;*
- *Restoration of wetlands;*
- *Sustainable forest management and other sustainable land management activities.*

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Resolution of non-permanence and methodological issues;*
- *Modalities for inclusion of such land use, land-use change and forestry (LULUCF) activities.*

B. Introduce a cap for newly eligible land use, land-use change and forestry activities²

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Application of the limit to the issuance of certified emission reductions (CERs) or use of CERs for compliance;*
- *Establishment of a single overall limit or limits by individual LULUCF activity;*
- *Determination of the limit or limits.*

C. Include carbon dioxide capture and storage³

1. Option 1: Carbon dioxide capture and storage (CCS) activities are not eligible as clean development mechanism (CDM) project activities.

Option 2: Annex I Parties are to refrain from using CERs generated from CCS activities to meet their commitments under Article 3, paragraph 1.

¹ Discussion to be informed by outcomes from the consideration of non-permanence and other methodological issues.

² Discussion to be informed by outcomes from the consideration of non-permanence and other methodological issues.

³ This issue is being considered by the Subsidiary Body for Scientific and Technological Advice under its work on carbon dioxide capture and storage in geological formations as clean development mechanism project activities.

Option 3: CCS activities may be registered under the CDM and Annex I Parties may use CERs issued for such project activities, on the basis of emission reductions during the second commitment period under the Kyoto Protocol, to meet their emission commitments under Article 3, paragraph 1, for the second commitment period.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Short- and long-term liability (e.g. in relation to leakage);*
- *Provisions for monitoring, reporting and verification, taking account of data availability;*
- *Possible environmental impacts;*
- *Definition of project boundaries;*
- *Cost-effectiveness;*
- *Administrative complexity;*
- *Potential for perverse outcomes.*

D. Include nuclear activities

2. Option 1: Activities relating to nuclear facilities are not eligible as CDM project activities.

Option 2: Activities relating to new nuclear facilities may be registered under the CDM and Annex I Parties may use CERs issued for such project activities, on the basis of emission reductions during the second commitment period under the Kyoto Protocol, to meet their emission commitments under Article 3, paragraph 1, for the second commitment period.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Specific criteria or requirements for eligible nuclear activities;*
- *Costs related to access to the technology;*
- *Direct contribution to emission reductions;*
- *Issues relating to non-proliferation;*
- *Issues relating to permanent disposal of nuclear waste;*
- *Safety, security and safeguards.*

E. Introduce sectoral clean development mechanism for emission reductions below a baseline defined at a sectoral level

3. Activities defined at the sectoral level may be registered under the CDM and shall be subject to applicable modalities and procedures for the CDM adopted by the CMP and all applicable procedures and decisions issued by the CDM Executive Board.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Guidelines for the definition of sector boundaries relating to sectors, mitigation measures and geographical scope;*
- *Process for defining sector boundaries;*
- *Specific additionality provisions;*
- *Specific baseline provisions, including changes to the composition of the sector;*
- *Provisions to ensure participation of all activities within the sector boundary;*
- *Provisions for single project activities within the sector boundary;*
- *Specific registration provisions;*
- *Provisions for monitoring, reporting and verification of emission reductions, taking account of data availability;*
- *Incentives for private-sector participation.*

**F. Introduce sectoral crediting of emission reductions
below a previously established no-lose target**

4. A non-Annex I Party may propose a no-lose target for emissions from a sector. Such targets shall be approved by {the CMP} {a body constituted by the CMP and operating under its guidance}. The Party may receive upfront financing, technology and credits for verified emission reductions below the target. There shall be no consequences for a Party that does not meet its approved target.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Guidelines for the definition of sector boundaries relating to sectors, mitigation measures and geographical scope;*
- *Process for determining sectoral no-lose targets;*
- *Institutional structure for the administration of sectoral crediting and issuance of credits;*
- *Provisions for monitoring, reporting and verification of cumulative emission reductions, taking account of data availability;*
- *Provisions for single CDM project activities within the sector boundary;*
- *Form of the credit;*
- *Incentives for private-sector participation.*

G. Introduce crediting on the basis of nationally appropriate mitigation actions

5. A non-Annex I Party may propose nationally appropriate mitigation actions (NAMAs). Credits could be issued for the verifiable mitigation generated by NAMAs. Such mitigation shall be verified by methodologies established by the Parties.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Nature of participation of Parties;*
- *Guidelines for the determination of NAMAs;*
- *Provisions relating to additionality;*
- *Process for the approval of NAMAs;*
- *Changes to NAMAs;*
- *Institutional requirements;*
- *Provisions for monitoring, reporting and verification of emission reductions, taking account of data availability;*
- *Provisions for CDM project activities within the boundary of the NAMA;*
- *Form of the credit;*
- *Consequences if the emission reduction goal is not achieved;*
- *Incentives for private-sector participation;*
- *Improving the commercial viability of mitigation investment;*
- *Cost-effectiveness;*
- *Administrative complexity;*
- *Potential for perverse outcomes.*

**H. Ensure environmental integrity and assess additionality
through the development of standardized, multi-project baselines**

6. The CDM Executive Board shall define standardized baselines for specific types of project activities under the CDM by pre-approving parameters and procedures for use in baseline methodologies. The Executive Board may define such standardized baselines for types of project activities meeting the following criteria: {...}

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Criteria for eligible project activities;*
- *Criteria for the definition of parameters, including use of conservative estimates;*

- *Provisions for single CDM project activities if an applicable standardized baseline exists for this specific project activity type;*
- *Provisions for periodic review;*
- *Treatment of existing project activities if a standardized baseline is subsequently approved.*

I. Ensure environmental integrity and assess additionality through the development of positive or negative lists of project activity types

7. Reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks achieved by project activities in categories meeting the following criteria are deemed to be additional to any that would occur in the absence of the project activities: { ... }

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Criteria for categories of project activities for inclusion on a positive list;*
- *Process for determining positive lists;*
- *Body responsible for determining positive lists;*
- *Provisions for periodic review;*
- *Consequences for project activities where the project type is removed from the positive list;*
- *Issues concerning national circumstances.*

8. Reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks achieved by project activities in categories meeting the following criteria are deemed not to be additional to any that would occur in the absence of the project activities, and the project activities are not eligible to be project activities under the CDM: { ... }

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Criteria for categories of project activities for inclusion on a negative list;*
- *Process for determining negative lists;*
- *Body responsible for determining negative lists;*
- *Provisions for periodic review;*
- *Provisions for addressing registered project activities in categories which are subsequently covered by a negative list;*
- *Issues concerning national circumstances.*

J. Differentiate the eligibility of Parties through the use of indicators

9. Non-Annex I Parties meeting the following criteria shall {not} be eligible to host {particular types of} project activities under the CDM: { ... }

10. Annex I Parties meeting the following criteria shall {not} be eligible to use CERs issued for {particular types of} project activities under the CDM for the purpose of compliance with commitments under Article 3, paragraph 1, of the Kyoto Protocol: { ... }

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Appropriate indicators and thresholds, taking account of differing national circumstances;*
- *Project activity categories affected by the eligibility determination;*
- *Transition issues.*

K. Improve access to clean development mechanism project activities by specified host Parties

11. For {specified host Parties} {least developed countries and small island developing States} the following provisions shall apply:

- (a) The definition of a small-scale project activity is { ... };

- (b) Project activities that meet the requirements of small-scale project activities are exempt from the requirement to demonstrate additionality;
- (c) The validation, verification and certification of project activities shall be funded through the {budget of the CDM} {financial mechanism of the Convention}.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Determination of the host Parties for which provisions are applicable or definition of criteria for subsequently determining the host Parties;*
- *Identification of further measures to improve access;*
- *Enabling environment.*

L. Include co-benefits as criteria for the registration of project activities

12. Option 1: Project activities that demonstrate specific co-benefits, as {defined and confirmed by the designated national authority} {validated by a designated operational entity (DOE)}, shall be entitled to the following preferential treatment: {...}

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Determination of which co-benefits to consider, including:*
 - *Specific sustainable development benefits;*
 - *Energy efficiency;*
 - *Technology transfer;*
 - *Environmental services such as conservation of biodiversity, hydrological resources management and air quality;*
 - *Poverty alleviation;*
 - *Economic growth;*
 - *Social benefits;*
- *Determination of the preferential treatment (e.g. reduced fee, financial support and faster processing times);*
- *Provisions to ensure that preferential treatment is consistent with CDM rules;*
- *Provisions for the measurement of co-benefits;*
- *Definition of a sufficient level of co-benefits to qualify for the preferential treatment;*
- *Cost-effectiveness;*
- *Administrative complexity;*
- *Potential for perverse outcomes;*
- *Contribution to minimization of negative spillover effects.*

Option 2: Each project activity shall demonstrate specific co-benefits. Prior to the registration of the project activity, a DOE shall validate {that the proposed project activity demonstrates the respective co-benefits} {that the designated national authority of the host Party has confirmed that the respective co-benefits are demonstrated by the project activity}.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Determination of which co-benefits to consider, including:*
 - *Specific sustainable development benefits;*
 - *Energy efficiency;*
 - *Technology transfer;*
 - *Environmental services such as conservation of biodiversity, hydrological resources management and air quality;*
 - *Poverty alleviation;*
 - *Economic growth;*
 - *Social benefits;*
- *Provisions for the measurement of co-benefits;*

- *Definition of sufficient level and type of co-benefits to allow registration of project activities;*
- *Cost-effectiveness;*
- *Administrative complexity;*
- *Potential for perverse outcomes;*
- *Contribution to minimization of negative spillover effects.*

**M. Introduce multiplication factors to increase or decrease
the certified emission reductions issued for specific project activity types**

13. A CDM project activity shall receive CERs equal to the emission reductions that are certified by the DOE multiplied by factors based on the {project activity types} {technologies} {sustainability components}. Multiplication factors may be greater or less than one.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Determination of multiplication factors for project activity types;*
- *Basis for determination of multiplication factors;*
- *Provisions to ensure that the total number of CERs issued is not higher than the aggregate quantity of emission reductions achieved;*
- *Provisions to ensure environmental integrity;*
- *Cost-effectiveness;*
- *Administrative complexity;*
- *Potential for perverse outcomes;*
- *Improving the commercial viability of investment for renewable energy projects.*

II. Joint implementation

**A. Introduce modalities for treatment of clean development mechanism
project activities upon graduation of host Parties**

14. Option 1: Where a Party becomes eligible to host joint implementation (JI) projects, any registered CDM project activities hosted by that Party shall continue as CDM project activities until the end of their crediting periods and a quantity of assigned amount units equal to the CERs issued from this time onwards shall be cancelled.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Specific provisions for CDM afforestation and reforestation project activities;*
- *Provisions for cancellation.*

Option 2: Where a Party becomes eligible to host JI projects, any registered CDM project activities hosted by that Party shall be converted to JI projects and shall be subject to JI rules.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Specific provisions for CDM afforestation and reforestation project activities;*
- *Provisions relating to the crediting period;*
- *Transition issues;*
- *Ability to select Track 1 procedure if the relevant eligibility requirements are met by the host Party.*

B. Include nuclear activities

15. Option 1: Activities relating to nuclear facilities are not eligible as JI projects.

Option 2: Activities relating to new nuclear facilities are eligible as JI projects and Annex I Parties may use emission reduction units issued for such projects, on the basis of emission reductions

during the second commitment period under the Kyoto Protocol, to meet their emission commitments under Article 3, paragraph 1, for the second commitment period.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Specific criteria or requirements for eligible nuclear activities;*
- *Costs related to access to the technology;*
- *Direct contribution to emission reductions;*
- *Issues relating to non-proliferation;*
- *Issues relating to permanent disposal of nuclear waste;*
- *Safety, security and safeguards.*

C. Include projects that reduce greenhouse gas emissions from deforestation and degradation⁴

D. Ensure environmental integrity and assess additionality through the development of positive or negative lists of project types

16. Reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks achieved by projects in categories meeting the following criteria are deemed to be additional to any that would occur in the absence of the projects: { ... }

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Applicability to Track 1 projects;*
- *Criteria for inclusion of project categories on a positive list;*
- *Process for determining positive lists;*
- *Body responsible for determining positive lists;*
- *Provisions for periodic review;*
- *Consequences for projects whose project type is removed from the positive list;*
- *Cost-effectiveness;*
- *Administrative complexity;*
- *Potential for perverse outcomes.*

17. Reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks achieved by projects in categories meeting the following criteria are deemed not to be additional to any that would occur in the absence of the projects, and the projects are not eligible to be projects under JI:

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Applicability to Track 1 projects;*
- *Criteria for inclusion of project categories on a negative list;*
- *Process for determining negative lists;*
- *Body responsible for determining negative lists;*
- *Provisions for periodic review;*
- *Provisions for addressing projects which have received a final positive determination but which are subsequently covered by a negative list;*
- *Cost-effectiveness;*
- *Administrative complexity;*
- *Potential for perverse outcomes.*

⁴ Discussion to be informed by outcomes from the consideration of non-permanence and other methodological issues.

E. Include co-benefits as criteria for the final determination for projects

18. Option 1: Projects that demonstrate specific co-benefits, as determined by an accredited independent entity (AIE), shall be entitled to the following preferential treatment: {...}

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Applicability to Track 1 projects;*
- *Determination of which co-benefits to consider, including:*
 - *Technology transfer;*
 - *Environmental services such as conservation of biodiversity, hydrological resources management and air quality;*
- *Determination of the preferential treatment;*
- *Provisions for the measurement of co-benefits;*
- *Definition of a sufficient level of co-benefits to qualify for the preferential treatment;*
- *Cost-effectiveness;*
- *Administrative complexity;*
- *Potential for perverse outcomes.*

Option 2: Each project shall demonstrate specific co-benefits. The AIE shall determine whether {the proposed project demonstrates the required co-benefits} {the designated focal point of the host Party has confirmed that the required co-benefits are demonstrated by the project}: {...}

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Applicability to Track 1 projects;*
- *Determination of which co-benefits to consider, including:*
 - *Technology transfer;*
 - *Environmental services such as conservation of biodiversity, hydrological resources management and air quality;*
- *Provisions for the measurement of co-benefits;*
- *Definition of a sufficient level of co-benefits required to allow a final positive determination for projects;*
- *Cost-effectiveness;*
- *Administrative complexity;*
- *Potential for perverse outcomes.*

III. Emissions trading

A. Introduce emissions trading based on sectoral targets

19. International emissions trading may occur at the level of sectors across groups of Parties.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Determination of targets and boundaries for each sector and avoidance of double counting;*
- *Participation of non-Annex I Parties;*
- *Allowance of trading across sectoral agreements;*
- *Relationship of sectoral targets to national emission commitments of Annex I Parties;*
- *Potential use of emission allowances of non-Annex I Parties for compliance with commitments of Annex I Parties;*
- *Provisions for monitoring, reporting and verification, taking account of data availability;*
- *Institutional structure;*
- *Determination of the tradable unit;*
- *Differences in implementation if the sectoral agreements are administered by national governments or other organizations.*

B. Introduce emissions trading on the basis of nationally appropriate mitigation actions

20. Credits that are generated on the basis of a reduction in emissions below a goal set in the context of approved NAMAs in non-Annex I Parties may be traded under international emissions trading.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Determination of targets and boundaries for each NAMA and avoidance of double counting;*
- *Process for negotiating and recognizing NAMAs;*
- *Provisions for monitoring, reporting and verification, taking account of data availability;*
- *Institutional structure for the administration of NAMAs and issuance of credits;*
- *Definition of the tradable unit;*
- *Implications of changes to NAMAs;*
- *Provisions for single CDM project activities within the boundary of the NAMA.*

C. Introduce the linking of emissions trading schemes in Annex I Parties to voluntary emissions trading schemes in non-Annex I Parties

21. Emissions trading schemes in Annex I Parties may be linked to trading schemes implemented on a voluntary basis by non-Annex I Parties at a national, regional or sectoral level.

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Guidance on minimum provisions for linking;*
- *Potential use of emission allowances of non-Annex I Parties for compliance with commitments of Annex I Parties;*
- *Eligibility criteria for non-Annex I Party trading schemes to allow their emission allowances to be used by Annex I Parties for compliance with emission commitments.*

IV. Cross-cutting issues

A. Relax or eliminate carry-over (banking) restrictions on Kyoto units

22. Option 1: There shall be no restrictions on the carry-over of Kyoto units to a subsequent commitment period.

Option 2: Limits on the carry-over of specific Kyoto units to a subsequent commitment period shall be as follows: { ... }

Note: The following issue, inter alia, may be relevant to consideration of this element:

- *Proposed limits on carry-over, by Kyoto unit type.*

B. Change the limit on the retirement of temporary certified emission reductions and long-term certified emission reductions⁵

C. Introduce borrowing of assigned amount from future commitment periods

23. An Annex I Party shall be permitted to borrow assigned amount from the subsequent commitment period and use it for the purpose of compliance with its commitment in the current commitment period in accordance with the following provisions: { ... }

Note: The following issues, inter alia, may be relevant to consideration of this element:

- *Timing of the 'repayment' of the assigned amount;*
- *Limits on borrowing;*

⁵ Discussion to be informed by outcomes from the consideration of non-permanence and other methodological issues.

- *Cost of borrowing, including through an 'interest rate';*
- *Consequences for non-compliance in the subsequent commitment period;*
- *Implications for the environmental integrity of the Kyoto Protocol.*

D. Extend the share of proceeds⁶

Note: The following issue, inter alia, may be relevant to consideration of this element:

- *Pros and cons of keeping the current provisions and extending the share of proceeds to JI and emissions trading under Article 17 or to the issuance of assigned amount units and removal units.*

⁶ This issue is being considered by the CMP under its work on the second review of the Kyoto Protocol pursuant to its Article 9.

Annex II

[ENGLISH ONLY]

Other possible improvements to emissions trading and the project-based mechanisms under the Kyoto Protocol

Note: For each element contained in this annex, there exists a 'status quo' option representing the maintenance of the current approaches and rules adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP).

Note: Some Parties expressed the view that the elements in sections I.F, I.G, I.H, I.K, II.I, II.K, II.L and II.M below would require an amendment to the Kyoto Protocol and would not be within the mandate of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP). Some other Parties expressed the view that legal analysis is needed to determine which elements in this annex would require a decision of the CMP or an amendment to the Kyoto Protocol and that such amendments would be within the mandate of the AWG-KP.

I. Clean development mechanism

- A. Introduce a different supervisory structure and institutional arrangement in case of modification of the scope of the clean development mechanism**
- B. Change the composition of the Executive Board membership to ensure equitable representation of Parties**
- C. Move the secretariat's function of supporting the Executive Board to another organization**
- D. Introduce alternative institutional arrangements for validation, verification and certification**
- E. Broaden the role of host Party governments**
- F. Differentiate the treatment of types of project activities by Party**
- G. Allocate proportions of demand to project activity types that contribute more to the sustainable development of host Parties**
- H. Allocate proportions of demand to specific groups of host Parties to enhance their sustainable development**
- I. Introduce alternative accounting rules for afforestation and deforestation project activities in order to increase demand¹**
- J. Restrict the clean development mechanism to bilateral project activities**
- K. Use global temperature potentials instead of global warming potentials²**
- L. Include technology transfer as a criterion for the registration of project activities**
- M. Revise criteria for accreditation of designated operational entities, especially financial criteria, to enhance the accreditation of designated operational entities based in non-Annex I Parties**

¹ Discussion to be informed by outcomes of the consideration of non-permanence and other methodological issues.

² Global warming potentials (GWPs) are being considered by the AWG-KP under its work on greenhouse gases, sectors and source categories.

II. Joint implementation

- A. Ensure approaches for land use, land-use change and forestry projects under joint implementation are in line with the treatment of land use, land-use change and forestry under Article 3, paragraphs 3 and 4, of the Kyoto Protocol³**
- B. Introduce approaches for land use, land-use change and forestry projects under joint implementation that are parallel to the treatment of clean development mechanism afforestation and reforestation project activities⁴**
- C. Introduce crediting on the basis of nationally appropriate mitigation actions**
- D. Introduce a different supervisory structure and institutional arrangement in case of modification of the scope of joint implementation**
- E. Change the composition of the Joint Implementation Supervisory Committee membership to ensure equitable representation of Parties**
- F. Move the secretariat's function of supporting the Joint Implementation Supervisory Committee to another organization**
- G. Introduce alternative institutional arrangements for determination and verification**
- H. Broaden the role of host Party governments**
- I. Differentiate the eligibility of Parties through the use of indicators**
- J. Improve access to joint implementation projects by certain host Parties**
- K. Differentiate the treatment of types of projects by Party**
- L. Allocate proportions of demand to project types that contribute more to the sustainable development of host Parties**
- M. Allocate proportions of demand to specific groups of host Parties to enhance their sustainable development**
- N. Restrict joint implementation to bilateral projects**
- O. Introduce multiplication factors to increase or decrease the emission reduction units issued for specific project types**
- P. Use global temperature potentials instead of global warming potentials⁵**
- Q. Include technology transfer as a criterion for the final determination for projects**

³ Discussion to be informed by outcomes from the consideration of non-permanence and other methodological issues.

⁴ Discussion to be informed by outcomes from the consideration of non-permanence and other methodological issues.

⁵ GWPs are being considered by the AWG-KP under its work on greenhouse gases, sectors and source categories.

III. Emissions trading

- A. Eliminate restrictions on the trading and use of certain Kyoto unit types under national and regional emissions trading schemes**
- B. Enhance equivalence among Kyoto unit types**
- C. Reduce the commitment period reserve**
- D. Increase the commitment period reserve**
- E. Encourage disclosure of information on transactions of Kyoto units**
- F. Move the secretariat's function of maintaining and operating the international transaction log to another organization**

IV. Cross-cutting issues

- A. Reduce the number of unit types under the Kyoto Protocol**
- B. Introduce a mid-commitment period assessment and review process**

Annex III

[ENGLISH ONLY]

**Possible options for consideration relating to land use,
land-use change and forestry**

1. Under all options, the principles contained in decision 16/CMP.1, paragraph 1, would be retained with or without amendment.
2. For all options listed below, activities under Article 3, paragraph 4,¹ other than forest management will be considered in due course.

Option 1²**A. Definitions³**No changes.⁴

OR

Definitions remain as in the annex to decision 16/CMP.1:

- Except for the definition of deforestation, which is amended to provide for land-use flexibility⁵
AND/OR
- Other definitions added to accommodate additional activities under Article 3.4 as required (options proposed for consideration are: wetland degradation and restoration; forest degradation or amending the definition of forest management; and devegetation). If this option is chosen, section C below will need to be amended accordingly.

B. Article 3, paragraph 3No changes.⁶

OR

No changes except deleting the afforestation and reforestation (A/R) credit and debit rule.

OR

No changes except extending the A/R rule.

¹ Hereinafter referred to as Article 3.4.

² Sections, paragraphs and the appendix mentioned in the options in this annex refer to the annex to decision 16/CMP.1.

³ General set of definitions for land use, land-use change and forestry.

⁴ No changes in this context means no changes except those legally required.

⁵ Land-use flexibility in this context means allowing a Party to deforest an area of pre-1990 plantation forest and establish an equivalent forest elsewhere without incurring deforestation liabilities.

⁶ As footnote 4 above.

C. Article 3, paragraph 4

No changes.⁷

OR

Amend to remove references to “the appendix” (i.e. remove the caps).

OR

Amend to remove references to “the appendix” and replace the appendix with a discount factor(s).

D. Article 12

Consider whether to amend this after the consideration of “non-permanence and other methodological issues”.

E. General

No changes.⁸

APPENDIX

No changes.⁹

OR

Change the figures in the appendix.

OR

Delete – without replacement by a discount factor(s).

OR

Delete – with replacement by a discount factor(s).

OTHER ISSUES

Voluntary versus compulsory

Clarify that all activities under Article 3.4 remain voluntary (except where a Party has accounted for an activity in the first commitment period).

OR

Clarify that accounting for forest management shall be compulsory but other activities under Article 3.4 remain voluntary (except where a Party has accounted for an activity in the first commitment period).

OR

Clarify that accounting for all activities under Article 3.4 shall be compulsory.

⁷ As footnote 4 above.

⁸ As footnote 4 above.

⁹ As footnote 4 above.

Harvested wood products or emissions from wood removed from an area of forest

Do not account for.

OR

Amend section E of this option to allow delaying the accounting for emissions from wood removed from an area of forest subject to accounting under Articles 3.3, 3.4 or 6.

OR

Create provisions for including harvested wood products. Possible approaches include: stock changes, production, simple decay and atmospheric flow.

Natural disturbances

No additional measures to address natural disturbances.

OR

Temporary removal from the accounting of areas subjected to natural disturbances.

OR

Consider options for addressing natural disturbances and implement as appropriate.

Option 2

A. Definitions

Same as Option 1.

B. Article 3, paragraph 3

Same as Option 1.

C. Article 3, paragraph 4

Net-net with base year

Amend current paragraph 9 to include forest management.

AND

Leave caps in place (current para. 11).

OR

Amend to remove references to “the appendix” (i.e. remove the caps).

OR

Amend to remove references to “the appendix” and replace the appendix with a discount factor(s).

OR

Net-net with base period

Amend to include provisions for how a Party is to establish a base period for forest management over which anthropogenic emissions and removals will be assessed, and how anthropogenic emissions and removals from forest management during the subsequent commitment period will be assessed against the base period.

AND

Leave caps in place (current para. 11).

OR

Amend to remove references to “the appendix” (i.e. remove the caps).

OR

Amend to remove references to “the appendix” but replace the appendix with a discount factor(s).

D. Article 12

Same as Option 1.

E. General

Amend current paragraph 17 to remove references to Article 3, paragraph 4.

APPENDIX

Same as Option 1.

OTHER ISSUES

Voluntary versus compulsory

Same as Option 1.

Note: Under this option, there is a need to consider the implications for the continuity of accounting for lands under forest management.

Harvested wood products or emissions from wood removed from an area of forest

Same as Option 1.

Natural disturbances

Same as Option 1.

Option 3

A. Definitions

Same as Option 1.

B. Article 3, paragraph 3

Same as Option 1.

C. Article 3, paragraph 4

Net-net with forward looking baseline

Amend to include provisions for how a Party is to establish a forward-looking baseline for forest management to assess emissions and removals, and how anthropogenic emissions and removals from forest management during the subsequent commitment period will be assessed against the baseline.

Amend to establish how the baseline or the emissions and removals in the commitment period will be revised in response to “natural disturbances” and how any such revisions will be monitored and treated in future accounting periods.

AND

Leave caps in place (current para. 11).

OR

Amend to remove references to “the appendix” (i.e. remove the caps).

OR

Amend to remove references to “the appendix” and replace the appendix with a discount factor(s).

D. Article 12

Same as Option 1.

E. General

Same as Option 1.

APPENDIX

Same as Option 1.

OTHER ISSUES

Voluntary versus compulsory

Same as Option 1.

Note: Under this option, there is a need to consider the implications for the continuity of accounting for lands under forest management.

Harvested wood products or emissions from wood removed from an area of forest

Same as Option 1.

Option 4

A. Definitions

Delete.

B. Article 3, paragraph 3

Delete.

C. Article 3, paragraph 4

Delete.

D. Article 12

Same as Option 1.

AND

Definitions would need to be created for any land use, land-use change and forestry (LULUCF) activities available under Article 12.

E. General

Delete.

APPENDIX

Delete.

OTHER ISSUES

Article 3.3 of the Kyoto Protocol

Delete.

Article 3.4 of the Kyoto Protocol

Delete.

Article 3.7 of the Kyoto Protocol

Amend to provide for how land-based accounting will be incorporated into the establishment of assigned amount.

Annex A to the Kyoto Protocol

Amend to incorporate land-based accounting.

Decision by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

Include provisions for the treatment of land-based emissions and removals being incorporated into Annex A to the Kyoto Protocol.

Amend other decisions dealing with reporting of LULUCF activities, including decision 17/CMP.1.

Harvested wood products or emissions from wood removed from an area of forest

Same as Option 1.

Natural disturbances

Same as Option 1.

Annex IV**Documents before the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol at the first part of its sixth session****Documents prepared for the session**

FCCC/KP/AWG/2008/4	Provisional agenda and annotations. Note by the Executive Secretary
FCCC/KP/AWG/2008/3	Report of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on its resumed fifth session, held in Bonn from 2 to 12 June 2008
FCCC/KP/AWG/2008/MISC.1, Add.1 and Add.1/Corr.1, and Add.2-5	Views and information on the means to achieve mitigation objectives of Annex I Parties. Submissions from Parties
FCCC/KP/AWG/2008/INF.2	Synthesis of submissions from Parties on relevant methodological issues and of the outcomes of the round table on means to reach emission reduction targets. Note by the secretariat
FCCC/TP/2008/2 and Corr.1	Analysis of possible means to reach emission reduction targets and of relevant methodological issues. Technical paper
FCCC/KP/AWG/2008/L.9	Draft report of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on the first part of its sixth session
FCCC/KP/AWG/2008/L.10	Consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties. Draft conclusions proposed by the Chair
FCCC/KP/AWG/2008/L.11	Land use, land-use change and forestry. Draft conclusions proposed by the Chair
FCCC/KP/AWG/2008/L.12	Emissions trading and the project-based mechanisms. Draft conclusions proposed by the Chair
FCCC/KP/AWG/2008/L.13	Analysis of means to reach emission reduction targets and identification of ways to enhance their effectiveness and contribution to sustainable development. Draft conclusions proposed by the Chair
FCCC/KP/AWG/2008/L.14	Consideration of relevant methodological issues. Draft conclusions proposed by the Chair
FCCC/KP/AWG/2008/L.15	Analysis of means to reach emission reduction targets and identification of ways to enhance their effectiveness and contribution to sustainable development. Draft conclusions proposed by the Chair
