

# THE MARRAKESH ACCORDS & THE MARRAKESH DECLARATION

Note: The present advance version of the decisions and other action adopted by the Conference of the Parties at its seventh session is being made available on the UNFCCC website in unedited form for the convenience of Parties and other participants. The final edited version of these decisions, with their corresponding decision numbers, will be issued subsequently in Part Two of the Report of the Conference of the Parties on its seventh session.

CONTENTS

DECISIONS

- I. THE MARRAKESH ACCORDS .....
- A. Capacity-building in developing countries (non-Annex I Parties)
- B. Capacity-building in countries with economies in transition
- C. Development and transfer of technologies (decisions 4/CP.4 and 9/CP.5).....
- D. Implementation of Article 4, paragraphs 8 and 9 of the Convention (decision 3/CP.3 and Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol) .....
- E. Additional guidance to an operating entity of the financial mechanism
- F. Funding under the Convention .....
- G. Activities implemented jointly under the pilot phase (decisions 6/CP.4 and 13/CP.5).....
- H. Matters relating to Article 3, paragraph 14, of the Kyoto Protocol
- I. Funding under the Kyoto Protocol .....
- J. Work programme on mechanisms (decisions 7/CP.4 and 14/CP.5)
  - 1. Principles, nature and scope of the mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto protocol.....
  - 2. Guidelines for the implementation of Article 6 of the Kyoto Protocol.....

3. Modalities and procedures for a clean development mechanism, as defined in article 12 of the Kyoto Protocol.....
  4. Modalities, rules and guidelines for emissions trading
  5. Modalities for the accounting of assigned amounts under Art. 7, para 4 of the Kyoto Protocol .....
- K. Matters relating to land use, land-use change and forestry
1. Land use, land-use change and forestry.....
  2. Forest management activities under Article 3.4 of the Kyoto Protocol: the Russian Federation.....
- L. Procedures and mechanisms relating to compliance under the Kyoto Protocol.....
- M. National systems, adjustments and guidelines under Articles 5, 7 and 8 of the Kyoto Protocol.....
1. Guidelines for national systems under Article 5, paragraph 1, of the Kyoto protocol.....
  2. Good Practice guidance and adjustments under Article 5, paragraph 2 of the Kyoto protocol.....
  3. Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol .....
  4. Guidelines for review under Article 8 of the Kyoto Protocol.....
- N. “Good practices” in policies and measures among Parties included in Annex I to the Convention .....

- O. Impact of single projects on emissions in the commitment period (decision 16/CP.4) .....
  
- II. THE MARRAKESH MINISTERIAL DECLARATION.....
  
- III. THIRD ASSESSMENT REPORT OF THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE .....
  
- IV. AMENDMENT TO THE LIST IN ANNEX I OF CONVENTION
  
- V. MATTERS RELATING TO NATIONAL COMMUNICATIONS UNDER THE CONVENTION .....

  - A. National communications from Parties included in Annex I to the Convention .....

    - 1. National communications from Parties included in Annex I to the Convention .....
    - 2. Revisions of 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, and the guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention. ....

  - B. National communications from Parties not included in Annex I to the Convention .....

    - 1. Third compilation and synthesis of initial national communications from Parties not included in Annex I to the Convention .....
    - 2. Other matters relating to communications from Parties not included in Annex I to the Convention .....

  
- VI. ADMINISTRATIVE AND FINANCIAL MATTERS .....

  - A. Programme budget for the biennium 2002-2003.....
  
  - B. Income and budget performance in the biennium 2000-2001 and arrangements for administrative support to the Convention .....

VII. MATTERS RELATING TO LEAST DEVELOPED COUNTRIES

- A. Consultative group of experts on national communications from non-Annex I Parties and national adaptation programmes of action from least developed countries
- B. Guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the least developed countries fund .....
- C. Establishment of a least developed countries expert group
- D. Guidelines for the preparation of national adaptation programmes of action .....

VIII. OTHER MATTERS .....

- A. Letter from the Central Asia, Caucasus, Albania and Moldova countries on their status under the Convention
- B. Improving the participation of women in the representation of Parties in bodies established under the United Nations Framework convention on Climate change and the Kyoto Protocol

RESOLUTIONS

- 1. Expression of gratitude to the government of the Kingdom of Morocco and to the city and people of Marrakesh
- 2. Expression of gratitude to the Executive Secretary

OTHER ACTION

- A. Date and venue of the eighth session of the Conference of the parties .....
- B. Calendar of meetings of Convention bodies, 2005-2007
- C. Report of the Global Environment Facility to the Conference of the Parties
- D. Amendment proposed by Kazakhstan to add its name to the list in Annex I
- E. Conclusions on assessing the status of implementation Article 4, paragraph 9, of the Convention

**A. CAPACITY BUILDING IN DEVELOPING COUNTRIES (NON-ANNEX I PARTIES)**

**Decision -/CP.7**

**Capacity building in developing countries (non-Annex I Parties)**

*The Conference of the Parties,*

*Being guided by Article 4.1, 4.3, 4.4, 4.5 and 4.7, in the context of Article 3, and Articles 5 and 6 of the Convention,*

*Recalling the provisions related to capacity-building for developing countries contained in its decisions 11/CP.1, 10/CP.2, 11/CP.2, 9/CP.3, 2/CP.4, 4/CP.4, 5/CP.4, 6/CP.4, 7/CP.4, 12/CP.4 and 14/CP.4,*

*Noting Article 10, paragraphs (c), (d) and (e), and Article 11 of the Kyoto Protocol,*

*Recalling also the paragraphs on capacity-building of Agenda 21 and the Programme for the Further Implementation of Agenda 21,*

*Reaffirming its decision 10/CP.5,*

*Reaffirming also that capacity-building for developing countries is essential to enable them to participate fully in, and to implement effectively their commitments under, the Convention,*

*Recalling also its decision 5/CP.6, containing Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,*

1. *Adopts the framework for capacity-building in developing countries annexed to this decision;*
2. *Decides that this framework should guide capacity-building activities related to the implementation of the Convention and effective participation in the Kyoto Protocol process;*
3. *Decides to give immediate effect to this framework in order to assist developing countries to implement the Convention and to effectively participate in the Kyoto Protocol process;*
4. *Notes that areas for capacity-building identified under the Convention are relevant to the preparation of developing country Parties for their effective participation in the Kyoto Protocol process;*
5. *Requests the Global Environment Facility, as an operating entity of the financial mechanism, to report on its progress in support of the implementation of this framework in its reports to the Conference of the Parties;*

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6. *Urges* the operating entity of the financial mechanism to adopt a streamlined and expedited approach in financing activities within this framework;

7. *Invites* bilateral and multilateral agencies, and other intergovernmental organizations and institutions, to inform the Conference of the Parties, through the secretariat, of capacity-building activities conducted to assist developing country Parties with their implementation of the framework;

8. *Encourages* bilateral and multilateral agencies, and other intergovernmental organizations and institutions, to consult with developing countries in formulating programmes and action plans to support capacity-building activities in accordance with the annexed framework;

9. *Requests* the secretariat, in accordance with this framework for capacity-building, and consistent with Article 8 of the Convention, to undertake the following tasks:

(a) To cooperate with the operating entity of the financial mechanism, its implementing agencies and other entities for capacity-building, to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate, in both printed and electronic formats, the information needed by the Conference of the Parties or its subsidiary bodies to review the progress in the implementation of this framework for capacity-building, drawing in particular on information contained in:

- (i) National communications of developing country Parties relating to capacity-building activities;
- (ii) National communications of Parties included in Annex II to the Convention on activities and programmes undertaken to facilitate capacity-building in developing countries related to the implementation of this framework;
- (iii) Reports from the Global Environment Facility and other agencies;

(c) To provide reports to the Conference of the Parties at each of its sessions on activities to implement this framework;

10. *Decides* that the Subsidiary Body for Implementation will regularly monitor the progress of the implementation of this framework, taking into account the information provided under paragraphs 9 (b) and 9 (c) above, and reporting to the Conference of the Parties at each of its sessions;

11. *Decides* to conduct a comprehensive review of the implementation of this framework at the ninth session of the Conference of the Parties, and every five years thereafter;

12. *Invites* Parties to provide information through national communications and other reports to enable the Subsidiary Body for Implementation to monitor progress in the implementation of this framework;

13. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt a decision containing a framework on capacity-building that reaffirms the framework annexed to the present decision with additional reference to priority areas for capacity-building relating to the implementation of the Kyoto Protocol.



ANNEX

**Framework for capacity-building in developing countries**

A. Purposes

1. The present framework for capacity-building in developing countries sets out the scope of, and provides the basis for action on, capacity-building related to the implementation of the Convention and preparation for the effective participation of developing countries in the Kyoto Protocol process that will, in a coordinated manner, assist them in promoting sustainable development while meeting the objective of the Convention. It should serve as a guide for the Global Environment Facility as an operating entity of the financial mechanism, and be considered by multilateral and bilateral organizations in their capacity-building activities related to the implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process.

B. Guiding principles and approaches

2. This framework for capacity-building in developing countries is guided and informed by, *inter alia*, Article 4.1, 4.3, 4.4, 4.5 and 4.7, in the context of Article 3, and Articles 5, 6 and 11.1 of the Convention, and relevant provisions contained in decisions 11/CP.1, 10/CP.2, 11/CP.2, 9/CP.3, 2/CP.4, 4/CP.4, 5/CP.4, 6/CP.4, 7/CP.4, 12/CP.4, 14/CP.4, and 10/CP.5,<sup>1</sup> and takes into account Article 10, paragraphs (c), (d), and (e), and Article 11 of the Kyoto Protocol.

3. Capacity-building activities related to the implementation of the Convention by developing countries and to the preparation for their effective participation in the Kyoto Protocol process should build on work already undertaken by developing countries, as well as on the work undertaken with support from multilateral and bilateral organizations.

4. The capacity-building needs already identified in the various decisions of the Conference of the Parties should continue to be comprehensively and promptly addressed to promote sustainable development in developing countries through the effective implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process.

5. There is no “one size fits all” formula for capacity-building. Capacity-building must be country-driven, addressing the specific needs and conditions of developing countries and reflecting their national sustainable development strategies, priorities and initiatives. It is primarily to be undertaken by and in developing countries in accordance with the provisions of the Convention.

6. Capacity-building is a continuous, progressive and iterative process, the implementation of which should be based on the priorities of developing countries.

7. Capacity-building activities should be undertaken in an effective, efficient, integrated and programmatic manner, taking into consideration the specific national circumstances of developing countries.

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<sup>1</sup> For the full texts of decisions adopted by the Conference of the Parties at its first, second, third, fourth and fifth sessions, see documents FCCC/CP/1995/7/Add.1, FCCC/CP/1996/15/Add.1, FCCC/CP/1997/7/Add.1, FCCC/CP/1998/16/Add.1 and FCCC/CP/1999/6/Add.1, respectively.

8. Capacity-building activities undertaken within this framework should maximize synergies between the Convention and other global environmental agreements, as appropriate.

9. Capacity-building is crucial to developing countries, especially those that are particularly vulnerable to the adverse effects of climate change. The special circumstances of least developed countries and small island developing States need to be taken into account in the implementation of this framework. They include:

- (a) Fragile ecosystems;
- (b) High population pressure and isolated geographic locations;
- (c) Weak economies, low incomes, high levels of poverty and a lack of foreign investment;
- (d) Land degradation, desertification;
- (e) Undeveloped services, *inter alia*, meteorologic and hydrological services and water resources management;
- (f) Lack of early warning systems for natural disaster management;
- (g) Inadequate food security.

10. Capacity-building involves “learning by doing”. Demonstration projects may be used in identifying and learning about the specific capacities that need to be further developed in developing countries.

11. Existing national institutions have an important role to play in supporting capacity-building activities in developing countries. Such centres can incorporate traditional skills, knowledge and practices, to provide appropriate services in developing countries and facilitate information sharing. Whenever possible and effective, therefore, capacity-building should mobilize these existing national, subregional and regional institutions and the private sector in developing countries, and build on existing processes and endogenous capacities.

12. National coordinating mechanisms and focal points and national coordinating entities have an important role to play in ensuring coordination at the country and regional levels and may serve as the focal point for coordinating capacity-building activities.

13. Multilateral and bilateral bodies are encouraged to take account of this framework in their consultations with developing countries when supporting capacity-building activities related to the implementation of the Convention and the preparation for effective participation by developing countries in the Kyoto Protocol process.

### C. Objective and scope of capacity-building

#### *Objective*

14. Capacity-building should assist developing countries to build, develop, strengthen, enhance, and improve their capabilities to achieve the objective of the Convention through the

implementation of the provisions of the Convention and the preparation for their effective participation in the Kyoto Protocol process.

*Scope*

15. The following is the initial scope of needs and areas for capacity-building in developing countries as broadly identified in the annex to decision 10/CP.5, in the compilation and synthesis document prepared by the secretariat,<sup>2</sup> and in submissions by Parties:<sup>3</sup>

- (a) Institutional capacity-building, including the strengthening or establishment, as appropriate, of national climate change secretariats or national focal points;
- (b) Enhancement and/or creation of an enabling environment;
- (c) National communications;
- (d) National climate change programmes;
- (e) Greenhouse gas inventories, emission database management, and systems for collecting, managing and utilizing activity data and emission factors;
- (f) Vulnerability and adaptation assessment;
- (g) Capacity-building for implementation of adaptation measures;
- (h) Assessment for implementation of mitigation options;
- (i) Research and systematic observation, including meteorological, hydrological and climatological services;
- (j) Development and transfer of technology;
- (k) Improved decision-making, including assistance for participation in international negotiations;
- (l) Clean development mechanism;
- (m) Needs arising out of the implementation of Article 4, paragraphs 8 and 9, of the Convention;
- (n) Education, training and public awareness;
- (o) Information and networking, including the establishment of databases.

16. Other capacity-building needs and possible responses are being identified by the Parties in their discussions of other issues. The decisions resulting from these discussions, as well as other activities related to the implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process, should continue to inform the scope and implementation of this framework.

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<sup>2</sup> FCCC/SB/2000/INF.1.

<sup>3</sup> FCCC/SB/2000/INF.5.

*Specific scope for capacity-building in least developed countries*

17. The least developed countries, and small island developing States amongst them, are among the most vulnerable to extreme weather events and the adverse effects of climate change. They also have the least capacity to cope with and adapt to the adverse effects of climate change. The following is the initial assessment of needs and priority areas for capacity-building in these countries:

- (a) Strengthening existing and, where needed, establishing national climate change secretariats or focal points to enable the effective implementation of the Convention and effective participation in the Kyoto Protocol process, including preparation of national communications;
- (b) Developing an integrated implementation programme which takes into account the role of research and training in capacity-building;
- (c) Developing and enhancing technical capacities and skills to carry out and effectively integrate vulnerability and adaptation assessments into sustainable development programmes and develop national adaptation programmes of action;
- (d) Strengthening existing and, where needed, establishing national research and training institutions in order to ensure the sustainability of the capacity-building programmes;
- (e) Strengthening the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information to support implementation of national adaptation programmes of action;
- (f) Enhancing public awareness (level of understanding and human capacity development).

D. Implementation

*Actions to enhance the implementation of this framework, taking into account the initial scope outlined in paragraphs 15 to 17 above*

18. All Parties should improve the coordination and effectiveness of capacity-building efforts through dialogue between and among Annex II Parties, developing country Parties, and bilateral and multilateral institutions. All Parties should support the operation of this framework and promote conditions conducive to the sustainability and effectiveness of capacity-building activities.

19. In implementing this framework, developing country Parties should:

- (a) Continue to identify their specific needs, options and priorities for capacity-building on a country-driven basis, taking into account existing capacities and past and current activities;
- (b) Promote South-South cooperation by utilizing the services of institutions in developing countries that can support capacity-building activities at the national, subregional and regional levels, wherever possible and effective;

(c) Promote the participation of a wide range of stakeholders, including governments at all levels, national and international organizations, civil society and the private sector, as appropriate;

(d) Promote the coordination and sustainability of activities undertaken within this framework, including the efforts of national coordinating mechanisms, focal points, and national coordinating entities;

(e) Facilitate the dissemination and sharing of information on capacity-building activities conducted by developing countries for better coordination and South-South cooperation.

20. In implementing this framework, Annex II Parties should:

(a) Provide additional financial and technical resources to assist developing countries, in particular the least developed countries and small island developing States among them, in the implementation of this framework, including promptly available financial and technical resources to enable them to undertake country-level needs assessments and to develop specific capacity-building activities consistent with this framework;

(b) Respond to the capacity-building needs and priorities of developing countries, in particular the least developed countries and small island developing States among them, in a coordinated and timely manner, and support activities implemented at the national and, as appropriate, subregional and regional levels;

(c) Give particular attention to the needs of least developed countries and small island developing States among them.

#### *Financing and operation*

21. Financial and technical resources should be made available, through an operating entity of the financial mechanism and, as appropriate, through multilateral and bilateral agencies and the private sector, to assist developing countries, in particular the least developed countries and small island developing States among them, in the implementation of this framework.

22. In response to this framework, the operating entity of the financial mechanism should elaborate a country-driven strategy for its capacity-building activities.

23. Multilateral and bilateral agencies are encouraged to take constructive action to support capacity-building activities in this framework through streamlined and coordinated approaches and in a timely manner.

24. Financial and other assistance is to be made available to developing countries, in particular to the least developed countries and small island developing States among them, to enable them to continue to determine, assess and prioritize their needs for capacity-building in a simple, timely manner and to assist them in strengthening existing institutions and, when needed, to establish the institutional arrangements to implement effective capacity-building activities.

25. The capacity-building activities undertaken within this framework are to be country-driven and implemented primarily at the country level.

26. In order to facilitate the exchange of information and cooperation, developing countries, in collaboration with relevant institutions, should identify regional, subregional and sectoral activities that can effectively and efficiently address common capacity-building needs.

27. The results of activities conducted by the Global Environment Facility as a multilateral financial institution, including the Capacity Development Initiative, as well as activities undertaken by multilateral, bilateral and private sector entities, may be considered in further developing capacity-building activities within this framework at the regional and subregional levels.

*Time-frame*

28. This framework for capacity-building should be implemented promptly, taking into account the immediate, medium- and long-term priority needs identified by developing countries.

29. Developing countries which have already identified their capacity-building priorities through ongoing work aimed at the implementation of the Convention should be able to promptly implement capacity-building activities under this framework.

30. The immediate priority needs of developing countries, in particular the least developed countries and small island developing States among them, should be addressed urgently in the implementation of this framework.

*Review of progress*

31. The Conference of the Parties, through the Subsidiary Body for Implementation, shall regularly monitor and review the progress in the implementation of this framework.

32. The Global Environment Facility, as an operating entity of the financial mechanism, is requested to report on its progress in support of the implementation of this framework in its reports to the Conference of the Parties.

*Role of the secretariat*

33. In accordance with this framework for capacity-building, the secretariat is requested, consistent with Article 8 of the Convention, to undertake the following tasks:

(a) To cooperate with the operating entity of the financial mechanism, its implementing agencies and other entities for capacity-building to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate the information needed by the Conference of the Parties or its subsidiary bodies to review the progress made in the implementation of this framework for capacity-building.

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## **B. CAPACITY BUILDING IN COUNTRIES WITH ECONOMIES IN TRANSITION**

### **Decision -/CP.7**

#### **Capacity building in countries with economies in transition**

*The Conference of the Parties,*

*Recalling* its decision 11/CP.5,

*Recalling* Articles 4.1, 4.2, 4.5 and 4.6, 5, 6 and 12 of the Convention,

*Noting* Articles 2, 3, 5, 6, 7, 10 and 17 of the Kyoto Protocol,

*Further recalling* its decisions 9/CP.2, 6/CP.4 and 7/CP.4,

*Having considered* the relevant recommendations of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation,<sup>1</sup>

*Recalling also* its decision 5/CP.6, containing Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

1. *Adopts* the framework for capacity-building activities in countries with economies in transition contained in the annex below;
2. *Decides* to give immediate effect to this framework, in order to assist Parties with economies in transition to implement the Convention;
3. *Notes* that many areas for capacity-building identified under the Convention are also relevant to the preparation of Parties with economies in transition for participation in the Kyoto Protocol when it enters into force;
4. *Decides* to review the effectiveness of the implementation of the framework at regular intervals;
5. *Invites* Parties included in Annex II to the Convention (Annex II Parties) and Parties with economies in transition to provide information to enable the Conference of the Parties and the subsidiary bodies to monitor progress in the implementation of this framework, consistent with guidelines for the preparation of national communications;
6. *Urges* Annex II Parties, through multilateral agencies, including through the Global Environment Facility within its mandate, and bilateral agencies and the private sector, as appropriate, to make available financial and technical support for the implementation of this framework for capacity-building, including assistance for the development of national action plans of Parties with economies in transition consistent with their priorities;
7. *Further urges* multilateral and bilateral agencies to coordinate their activities in support of the implementation of this framework for capacity-building;
8. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, adopt a decision endorsing a framework for

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<sup>1</sup> See FCCC/SBSTA/2000/10 and FCCC/SBI/2000/10.

capacity-building under the Convention that parallels the framework contained in the annex below, with additional reference to priority areas for capacity-building relating to implementation of the Kyoto Protocol;

9. *Requests* the secretariat, consistent with Article 8 of the Convention:

(a) To cooperate with multilateral and bilateral institutions to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate the information needed by the Conference of the Parties and the subsidiary bodies to monitor progress in the implementation of this framework.



ANNEX

**Framework for capacity-building in countries with economies in transition**

A. Purpose

1. The purpose of this framework for capacity-building is to set out the scope and basis for action for capacity-building activities in countries with economies in transition (EIT Parties) under the Convention and for the preparation of EIT Parties for their participation in the Kyoto Protocol when it enters into force.

B. Guiding principles and approaches

2. This framework for capacity-building in EIT Parties is guided and informed by, *inter alia*, Articles 4.1, 4.2, 4.5 and 4.6, 5, 6 and 12 of the Convention and relevant provisions contained in decisions 9/CP.2, 6/CP.4, 7/CP.4 and 11/CP.5,<sup>2</sup> and takes account of Articles 2, 3, 5, 6, 7 and 17 of the Kyoto Protocol.

3. As Parties included in Annex I, EIT Parties have quantified emission limitation and reduction commitments that impose challenges to their existing capacities to implement the Convention. As Parties undergoing the process of transition to a market economy, they need to enhance their ability to address climate change issues. Capacity-building is therefore critical to the effective implementation by EIT Parties of their commitments under the Convention and the preparation of EIT Parties for their participation in the Kyoto Protocol when it enters into force.

4. Capacity-building for EIT Parties must be country-driven, be consistent with their national sustainable development strategies, reflect their national initiatives and priorities, respond to needs determined and prioritized by EIT Parties themselves, and be primarily undertaken by and in EIT Parties in partnership with other Parties and relevant organizations, as appropriate, in accordance with the provisions of the Convention.

5. Capacity-building should contribute to the effective implementation of the Convention by EIT Parties and the preparation of EIT Parties for their participation in the Kyoto Protocol when it enters into force.

6. Capacity-building efforts are more effective when they take place within an enabling environment conducive to the development of human, institutional and technical capacity.

7. Capacity-building should be results-oriented and implemented in an integrated and programmatic manner to facilitate its monitoring and evaluation, cost-effectiveness and efficiency.

8. Capacity-building is a continuous process aimed at strengthening or establishing, as appropriate, relevant institutions, organizational structures, and human resources in order to strengthen expertise relevant to paragraph 3 of this framework.

9. Capacities should be developed and strengthened in a manner and under conditions that will work towards sustainability and support the short- and long-term objectives and priorities of EIT Parties under the Convention.

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<sup>2</sup> For the full texts of decisions adopted by the Conference of the Parties at its second, fourth and fifth sessions, see FCCC/CP/1996/15/Add.1, FCCC/CP/1998/16/Add.1 and FCCC/CP/1999/6/Add.1 respectively.

10. Capacity-building involves “learning by doing”. Capacity-building activities should be designed and implemented in a flexible manner.
11. Capacity-building should improve the coordination and effectiveness of existing efforts and promote the participation of, and dialogue between, a wide range of actors and constituencies, including governments at all levels, international organizations, civil society and the private sector.
12. Wherever possible, capacity-building should utilize existing institutions and bodies and build on existing processes and endogenous capacities.
13. National focal points and other institutions, such as research centres and universities and other relevant organizations, should play an important role in providing capacity-building services and facilitating the flow of knowledge, best practices and information.
14. Capacity-building should be designed so that it results in the development, strengthening and enhancement of institutional capacities, human resources, knowledge and information, methodologies and practices, and the participation and networking of EIT Parties to promote sustainable development and for the purpose set out in paragraph 1 of this framework.
15. Capacity-building in support of achieving the objectives of the Convention should maximize synergies between the Convention and other global environmental agreements, as appropriate.
16. Capacity-building is more effective when it is coordinated at all levels (national, regional and international) through dialogue between and among Annex I Parties, and when past and existing efforts are taken into account.

### C. Objective and scope of capacity-building

#### *Objective*

17. To build the capacity of EIT Parties to enable them to effectively implement the objective of the Convention and to prepare for their participation in the Kyoto Protocol when it enters into force.

#### *Scope*

18. To ensure that capacity-building efforts are country-driven, each EIT Party should, within the scope of capacity-building, determine its specific objectives, needs, priorities, and options to implement the Convention and to prepare for its participation in the Kyoto Protocol when it enters into force, consistent with its national sustainable development strategy, taking into account existing capacities and past and current activities undertaken by the country itself and in partnership with bilateral and multilateral institutions and the private sector.
19. The needs for capacity-building in EIT Parties were first identified in the compilation and synthesis document prepared by the secretariat<sup>3</sup> based on the submissions of EIT Parties.<sup>4</sup>

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<sup>3</sup> FCCC/SB/2000/INF.2.

<sup>4</sup> FCCC/SB/2000/INF.7.

The general areas and needs for capacity-building are listed below. This scope for capacity-building may be revised as further information is made available and as needs and priorities are further identified.

20. General priority areas for capacity-building identified by EIT Parties related to the implementation of the Convention, which may also be relevant to their preparation for participation in the Kyoto Protocol, are to be identified in their national action plan for capacity-building, and include:

- (a) National greenhouse gas (GHG) inventories;
- (b) Projections of GHG emissions;
- (c) Policies and measures, and the estimation of their effects;
- (d) Impact assessment and adaptation;
- (e) Research and systematic observation;
- (f) Education, training and public awareness;
- (g) Transfer of environmentally sound technologies;
- (h) National communications and national climate action plans;
- (i) National systems for estimation of GHG emissions;
- (j) Modalities for accounting relating to targets, timetables and national registries;
- (k) Reporting obligations;
- (l) Joint implementation projects and emissions trading.

21. In order to maximize available resources for capacity-building and to facilitate exchange and cooperation among EIT Parties, multilateral and bilateral agencies in consultation with EIT Parties should assist, as appropriate, the efforts of EIT Parties themselves to identify, develop and implement national, regional, subregional and sectoral activities that meet the capacity-building needs of EIT Parties. The results of the current and next phase of the Capacity Development Initiative of the Global Environment Facility (GEF) could provide valuable inputs for these activities.

#### D. Implementation

##### *Responsibilities for implementation*

22. In implementing the activities undertaken within this framework for capacity-building, EIT and Annex II Parties have the following mutual responsibilities:

- (a) To improve the coordination and effectiveness of existing efforts;
- (b) To provide information to enable the Conference of the Parties to monitor progress in the implementation of this framework for capacity-building.

23. In the implementation of this framework for capacity-building, EIT Parties have the following responsibilities:

(a) To provide an enabling environment to promote the sustainability and effectiveness of capacity-building activities relating to the implementation of the ultimate objective of the Convention;

(b) To identify their specific needs, priorities and options for capacity-building on a country-driven basis, taking into account existing capacities and past and current activities;

(c) To identify and provide information on their own capacity-building activities;

(d) To promote cooperation among EIT Parties as well as to report to the Conference of the Parties on these activities in their national communications;

(e) To ensure the mobilization and sustainability of national capacities, including the institutional leadership necessary for national coordination and the effectiveness of capacity-building activities;

(f) To promote the participation in and access to capacity-building activities of all stakeholders, including governments, civil society and the private sector, as appropriate.

24. In cooperating with EIT Parties to support the implementation of this framework for capacity-building, Annex II Parties have the following responsibilities:

(a) To assist EIT Parties, including by making available financial and other resources, to undertake country-level needs assessments to enable them to effectively implement the Convention and, as appropriate, to prepare them for participation in the Kyoto Protocol when it enters into force;

(b) To assist EIT Parties, including through the provision of financial and other resources, to implement options for capacity-building consistent with their specific priorities and this framework.

#### *Financing*

25. The Annex II Parties, through multilateral agencies, including through the Global Environment Facility within its mandate, and bilateral agencies and the private sector as appropriate, are requested to make available financial and technical support to assist EIT Parties in the implementation of this framework for capacity-building.

#### *Time-frame*

26. The implementation of activities undertaken within this framework for capacity-building should commence as soon as possible.

#### *Monitoring of progress*

27. The Conference of the Parties, through the subsidiary bodies, shall monitor the effectiveness of the implementation of this framework for capacity-building.

28. Information to enable the Conference of the Parties to monitor the effectiveness of the implementation of this framework should be reported by Parties. Other institutions involved in capacity-building in EIT Parties are invited to provide information for this purpose.

#### *Role of the secretariat*

29. In accordance with this framework for capacity-building, the secretariat is requested, consistent with Article 8 of the Convention, to undertake the following tasks:

(a) To cooperate with multilateral and bilateral institutions to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate the information needed by the Conference of the Parties or its subsidiary bodies to monitor progress in the implementation of this framework for capacity-building.

**C. DEVELOPMENT AND TRANSFER OF TECHNOLOGIES (DECISIONS 4/CP.4 AND 9/CP.5)**

**Decision -/CP.7**

**Development and transfer of technologies (decisions 4/CP.4 and 9/CP.5)**

*The Conference of the Parties,*

*Recalling* chapter 34 of Agenda 21 and the relevant provisions of the programme for the further implementation of Agenda 21 on the transfer of environmentally sound technologies adopted by the United Nations General Assembly at its nineteenth special session in,<sup>1</sup>

*Pursuant* to the relevant provisions of the Convention, in particular, its Article 4.1, 4.3, 4.5, 4.7, 4.8 and 4.9, Article 9.2(c), Article 11.1, 11.5, and Article 12.3 and 12.4,

*Recalling* its decisions 11/CP.1, 13/CP.1, 7/CP.2, 9/CP.3, 4/CP.4, 9/CP.5 and the relevant provisions of its decision 1/CP.4 on the Buenos Aires Plan of Action,

*Recalling also* its decision 5/CP.6, containing Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

1. *Decides* to adopt the framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention contained in the annex to this decision as part of the outcome of the technology transfer consultative process (decision 4/CP.4) and the Buenos Aires Plan of Action (decision 1/CP.4);
2. *Decides* to establish an expert group on technology transfer to be nominated by Parties, with the objective of enhancing the implementation of Article 4, paragraph 5, of the Convention, including, *inter alia*, by analysing and identifying ways to facilitate and advance technology transfer activities and making recommendations to the Subsidiary Body for Scientific and Technological Advice. The Conference of the Parties will review at its twelfth session the progress of the work and terms of reference, including, if appropriate, the status and continuation of the expert group;
3. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to provide financial support for the implementation of the annexed framework through its climate change focal area and the special climate change fund established under decision -/CP.7 (*Funding under the Convention*);
4. *Urges* developed country Parties to provide technical and financial assistance, as appropriate, through existing bilateral and multilateral cooperative programmes to support the efforts of the Parties in implementing the programmes and measures identified in the annexed framework and to enhance the implementation of Article 4, paragraph 5, of the Convention;
5. *Requests* the Convention secretariat:

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<sup>1</sup> A/RES/S-19/2.

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(a) To consult with relevant international organizations, and solicit information on their capabilities and abilities to support certain activities identified in the framework for meaningful and effective actions contained in the annex to this decision, and to report on its findings to the Subsidiary Body for Scientific and Technological Advice at its seventeenth session;

(b) To facilitate the implementation of the annexed framework in cooperation with the Parties, the Global Environment Facility and other relevant international organizations.

ANNEX

**Framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention**

A. Purpose

1. The purpose of this framework is to develop meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention by increasing and improving the transfer of and access to environmentally sound technologies (ESTs) and know-how.

B. Overall approach

2. The successful development and transfer of ESTs and know-how requires a country-driven, integrated approach, at a national and sectoral level. This should involve cooperation among various stakeholders (the private sector, governments, the donor community, bilateral and multilateral institutions, non-governmental organizations and academic and research institutions), including activities on technology needs assessments, technology information, enabling environments, capacity-building and mechanisms for technology transfer.

C. Key themes and areas for meaningful and effective actions

1. Technology needs and needs assessments

Definition

3. Technology needs and needs assessments are a set of country-driven activities that identify and determine the mitigation and adaptation technology priorities of Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties. They involve different stakeholders in a consultative process to identify the barriers to technology transfer and measures to address these barriers through sectoral analyses. These activities may address soft and hard technologies, such as mitigation and adaptation technologies, identify regulatory options and develop fiscal and financial incentives and capacity-building.

Purpose

4. The purpose of technology needs assessments is to assist in identifying and analysing priority technology needs, which can form the basis for a portfolio of EST projects and programmes which can facilitate the transfer of, and access to, the ESTs and know-how in the implementation of Article 4, paragraph 5, of the Convention.

Implementation

5. Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties, are encouraged to undertake assessments of country-specific technology needs, subject to the provision of resources, as appropriate to country-specific circumstances, from developed country Parties and other developed Parties included in Annex II. Other organizations in a position to do so may also assist in facilitating the technology needs assessment process. Parties are encouraged to make available information on the results of their needs assessments in their national communications, other related national reports and channels (for example, technology information clearing houses)



for consideration by the Subsidiary Body for Scientific and Technological Advice (SBSTA) on a regular basis.

6. Developed country Parties and other developed Parties included in Annex II to the Convention are urged to facilitate and support the needs assessments process, recognizing the special circumstances of least developed countries.

7. The Chairman of the SBSTA, with the assistance of the secretariat, in consultation with the expert group on technology transfer, is requested to organize a meeting with representatives from governments, experts drawn from the UNFCCC roster of experts, and representatives from relevant international organizations, to identify methodologies needed to undertake technology needs assessments and to report its findings to the SBSTA at its sixteenth session.

## 2. Technology information

### Definition

8. The technology information component of the framework defines the means, including hardware, software and networking, to facilitate the flow of information between the different stakeholders to enhance the development and transfer of environmentally sound technologies. This technology information component of the framework could provide information on technical parameters, economic and environmental aspects of environmentally sound technologies and the identified technology needs of Parties not included in Annex II, particularly developing country Parties, as well as information on the availability of environmentally sound technologies from developed countries and opportunities for technology transfer.

### Purpose

9. The technology information component serves to establish an efficient information system in support of technology transfer and to improve the generation and flow of, access to, and quality of technical, economic, environmental and regulatory information relating to the development and transfer of ESTs under the Convention.

### Implementation

10. The Convention secretariat is requested:

(a) To build on the success of the current work, including that undertaken by the secretariat, in cooperation with the Climate Technology Initiative and other relevant organizations, *inter alia*, to develop a new search engine on the Internet that will allow for quick access to existing inventories of environmentally sound and economically viable technologies and know-how, including those conducive to mitigating and adapting to climate change;

(b) To identify, in collaboration with regional centres and other institutions, gaps in existing EST inventories, and update and develop inventories, as needed;

(c) To organize an expert workshop on technology information, including options for the establishment of an information clearing house and enhancement of information centres and networks, and to further define user needs, criteria for quality control, technical specifications and the role and contribution of the Parties;

(d) To accelerate its work on the development of a technology transfer information clearing house by coordinating with Parties and relevant United Nations agencies and other international organizations and institutions, and developing options for implementation, in particular, networking of an international technology information clearing house under the Convention, and enhancement of technology information centres and networks. A report on the options and recommendations should be provided to the SBSTA at its sixteenth session.

11. An information clearing house, including a network of technology information centres, should be established under the auspices of the secretariat, by the time of COP 8, taking into consideration the conclusions of the SBSTA, at its sixteenth session, on the above-mentioned report.

### 3. Enabling environments

#### Definition

12. The enabling environments component of the framework focuses on government actions, such as fair trade policies, removal of technical, legal and administrative barriers to technology transfer, sound economic policy, regulatory frameworks and transparency, all of which create an environment conducive to private and public sector technology transfer.

#### Purpose

13. The purpose of the enabling environments component of the framework is to improve the effectiveness of the transfer of environmentally sound technologies by identifying and analysing ways of facilitating the transfer of environmentally sound technologies, including the identification and removal of barriers at each stage of the process.

#### Implementation

14. The following are means of creating enabling environments for technology transfer:

(a) All Parties, particularly developed country Parties, are urged to improve, as appropriate, the enabling environment for the transfer of environmentally sound technologies through the identification and removal of barriers, including, *inter alia*, strengthening environmental regulatory frameworks, enhancing legal systems, ensuring fair trade policies, utilizing tax preferences, protecting intellectual property rights and improving access to publicly funded technologies and other programmes, in order to expand commercial and public technology transfer to developing countries;

(b) All Parties are urged to explore, as appropriate, opportunities for providing positive incentives, such as preferential government procurement and transparent and efficient approval procedures for technology transfer projects, which support the development and diffusion of environmentally sound technologies;

(c) All Parties are urged to promote joint research and development programmes, as appropriate, both bilaterally and multilaterally;

(d) Developed country Parties are encouraged to promote further and to implement facilitative measures, for example export credit programmes and tax preferences, and regulations, as appropriate, to promote the transfer of environmentally sound technologies;

(e) All Parties, particularly developed country Parties, are encouraged to integrate, as appropriate, the objective of technology transfer to developing countries into their national policies, including environmental and research and development policies and programmes;

(f) Developed countries are encouraged to promote, as appropriate, the transfer of publicly owned technologies.

#### 4. Capacity-building

##### Definition

15. Within the context of enhancing the implementation of Article 4, paragraph 5 of the Convention, capacity-building is a process which seeks to build, develop, strengthen, enhance and improve existing scientific and technical skills, capabilities and institutions in Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties, to enable them to assess, adapt, manage and develop environmentally sound technologies.

16. Capacity-building must be country-driven, addressing specific needs and conditions of developing countries and reflecting their national sustainable development strategies, priorities and initiatives. It is primarily to be undertaken by and in developing countries in accordance with the provisions of the Convention.

##### Purpose

17. The purpose of capacity-building under this framework is to strengthen the capacities of Parties other than developed country Parties and other developed Parties not included in Annex II, particularly developing country Parties, to promote the widespread dissemination, application and development of environmentally sound technologies and know-how, to enable them to implement the provisions of the Convention. Capacity-building under this framework should be guided by the principles established in the decisions related to capacity-building (decisions -/CP.7 and -/CP.7).

##### Scope

18. The following sets out the initial scope of the needs and areas for capacity-building of Parties, other than developed country Parties and other developed Parties not included in Annex II, particularly developing country Parties, for the transfer of, and access to, environmentally sound technologies and know-how:

(a) Implementation of regional, subregional and/or national capacity-building activities related to the transfer and development of technologies;

(b) Enhancement of the awareness of financial institutions, public, private and international, of the need to evaluate environmentally sound technologies on an equal footing with other technology options;

(c) Provision of opportunities for training in the use of environmentally sound technologies through demonstration projects;

(d) Enhancement of skills in the adoption, adaptation, installation, operation and maintenance of specific environmentally sound technologies and a broadening of understanding of methodologies for evaluating alternative technological options;

(e) Strengthening of the capacities of existing national and regional institutions relevant to technology transfer, taking into account country- and sector-specific circumstances, including South-South cooperation and collaboration;

(f) Training in project development and the management and operation of climate technologies;

(g) Development and implementation of standards and regulations promoting the use, transfer of, and access to ESTs, taking cognizance of country-specific policies, programmes and circumstances;

(h) Development of skills and know-how in conducting technology needs assessments;

(i) Improvement of knowledge on energy efficiency and the utilization of renewable energy technologies.

19. The following sets out the initial scope of the needs and areas for capacity-building for the development and enhancement of endogenous capacities and technologies in developing countries. These shall be country-driven processes supported by developed country Parties:

(a) To establish and/or strengthen, as appropriate, relevant organizations and institutions in developing countries;

(b) To establish and/or strengthen, to the extent possible, training, expert exchange, scholarship and cooperative research programmes in relevant national and regional institutions in developing countries for the transfer, operation, maintenance, adaptation, diffusion and development of environmentally sound technologies;

(c) To build capacity for adapting to the adverse effects of climate change;

(d) To strengthen the endogenous capacities and capabilities in research, development, technological innovation, adoption and adaptation, and technology for systematic observation relevant to climate change and its associated adverse effects;

(e) To improve knowledge in the areas of energy efficiency and the utilization of renewable energy technologies.

### Implementation

20. Developed country Parties and other Parties included in Annex II shall take all practicable steps:

(a) To make available resources to assist developing countries in the implementation of capacity-building to enhance the implementation of Article 4, paragraph 5, taking into account the lists contained in paragraphs 18 and 19 above. These resources should include adequate financial and technical resources to enable developing countries to undertake country-level needs assessments and to develop specific capacity-building activities consistent with enhancing the implementation of Article 4, paragraph 5;

(b) To respond to the capacity-building needs and priorities of developing countries in a coordinated and timely manner, and support activities implemented at the national and, as appropriate, subregional and regional levels;

(c) To give particular attention to the needs of least developed countries and small island developing States.

21. All Parties should improve the coordination and effectiveness of capacity-building activities relating to the development and transfer of technologies. All Parties should promote conditions conducive to the sustainability and effectiveness of these capacity-building activities.

## 5. Mechanisms for technology transfer

### Definition

22. The mechanisms for technology transfer, as identified in this section, are to facilitate the support of financial, institutional and methodological activities: (i) to enhance the coordination of the full range of stakeholders in different countries and regions; (ii) to engage them in cooperative efforts to accelerate the development and diffusion, including transfer, of environmentally sound technologies, know-how and practices to and between Parties other than developed country Parties and other developed Parties not included in Annex II, particularly developing country Parties, through technology cooperation and partnerships (public/public, private/public and private/private); and (iii) to facilitate the development of projects and programmes to support such ends.

### Purpose

23. The purpose of the proposed mechanisms is to develop meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention by increasing the transfer of and access to environmentally sound technologies and know-how.

### Implementation

#### Institutional arrangements for technology transfer

24. Functions: To provide scientific and technical advice on the advancement of the development and transfer of environmentally sound technologies and know-how under the Convention, including the preparation of an action plan to enhance the implementation of Article 4, paragraph 5, of the Convention.

25. The terms of reference of the expert group on technology transfer appear in the appendix below.

26. The expert group on technology transfer shall comprise 20 experts, as follows:

(a) Three members from each of the regions of the Parties not included in Annex I, namely Africa, Asia and the Pacific, and Latin America and the Caribbean;

(b) One member from the small island developing States;

(c) Seven members from Parties included in Annex I; and

(d) Three members from relevant international organizations.

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27. The secretariat shall facilitate the organization of meetings of the group and the preparation of its report to the SBSTA at its subsequent sessions and to the Conference of the Parties.
28. The expert group on technology transfer shall meet twice a year in conjunction with the sessions of the subsidiary bodies.

## APPENDIX

### Terms of reference of the expert group on technology transfer

1. The expert group on technology transfer shall have the objectives of enhancing the implementation of Article 4, paragraph 5, of the Convention and advancing the technology transfer activities under the Convention.
2. The expert group on technology transfer shall analyse and identify ways to facilitate and advance technology transfer activities, including those identified in the annex to the decision -/CP.7 (*Development and transfer of technologies*), and make recommendations to the Subsidiary Body for Scientific and Technological Advice (SBSTA).
3. The expert group on technology transfer shall report on its work each year and propose a programme of work for the following year for decision by the SBSTA.
4. The members of the expert group on technology transfer shall be nominated by Parties for a period of two years and be eligible to serve two consecutive terms. The SBSTA shall ensure that half of the members of the expert group nominated initially shall serve for a period of three years, taking into account the need to maintain the overall balance of the group. Every year thereafter, half of the members shall be nominated for a period of two years. Appointment pursuant to paragraph 5 shall count as one term. The members shall remain in office until their successors are nominated. The members from three relevant international organizations shall serve on an issue-oriented basis.
5. If a member of the expert group on technology transfer resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the expert group may decide, bearing in mind the proximity of the next session of the Conference of the Parties, to request the group that had nominated the member to nominate another member to replace the said member for the remainder of that member's mandate. In such a case, the expert group shall take into account any views expressed by the group that had nominated the member.
6. The expert group on technology transfer shall annually elect a Chairman and Vice-Chairman from among its members, with one being a member from a Party included in Annex I and the other being a member from a Party not included in Annex I. The positions of Chairman and Vice-Chairman shall alternate annually between a member from a Party included in Annex I and a member from a Party not included in Annex I.
7. The members of the expert group on technology transfer shall serve in their personal capacity and shall have expertise in any of the following areas, *inter alia*, greenhouse gas mitigation and adaptation technologies, technology assessments, information technology, resource economics, or social development.

**D. IMPLEMENTATION OF ARTICLE 4, PARAGRAPHS 8 AND 9, OF THE CONVENTION (DECISION 3/CP.3 AND ARTICLE 2, PARAGRAPH 3, AND ARTICLE 3, PARAGRAPH 14, OF THE KYOTO PROTOCOL)**

**Decision -/CP.7**

**Implementation of Article 4, paragraphs 8 and 9, of the Convention  
(decision 3/CP.3 and Article 2, paragraph 3, and Article 3,  
paragraph 14, of the Kyoto Protocol)**

*The Conference of the Parties,*

*Determined* to protect the climate system for present and future generations,

*Recalling* its decisions 11/CP.1, 3/CP.3, 1/CP.4, 5/CP.4 and 12/CP.5,

*Recalling also* its decision 5/CP.6, containing Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

*Recognizing* the specific needs and concerns of developing country Parties referred to in Article 4, paragraph 8, of the Convention, and the specific needs and special situations of the least developed countries referred to in Article 4, paragraph 9,

*Recognizing* that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change,

*Recognizing* the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken to limit greenhouse gas emissions,

*Reaffirming* that Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities, and that, accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,

*Reaffirming* that the specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, which would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration,

*Affirming* that responses to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account the legitimate priority needs of developing countries for the achievement of sustained economic growth and the eradication of poverty,

*Acknowledging* the efforts already made by Parties to meet the specific needs and concerns of developing country Parties, in particular the least developed countries, with regard to adaptation,



*Acknowledging* the need to sensitize policy makers and the general public in Parties not included in Annex I to the Convention to climate change and its effects, in accordance with Article 6(a) of the Convention,

*Having considered* the report,<sup>1</sup> in two parts, on the two workshops referred to in decision 12/CP.5,

*Noting* the many persistent uncertainties highlighted by those workshops, particularly with regard to the impact of response measures,

*Insisting* that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by the developed country Parties of their commitments relating to financial resources and transfer of technology and will also take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,

*Acknowledging* that the impact of the implementation of response measures will differ significantly from country to country, depending on each country's unique national circumstances, including the structure of its economy, trade and investment, natural resource endowment, social system, legal regime and population growth rate,

*Recognizing* that the least developed country Parties are among the most vulnerable to the adverse effects of climate change, and in particular that widespread poverty limits their adaptive capacity,

*Acknowledging* that the human, infrastructural and economic conditions of the least developed countries severely limit their capacities to participate effectively in the climate change process,

*Noting* that many of the least developed country Parties do not have the capacity to prepare and submit national communications in the foreseeable future,

## I. ADVERSE EFFECTS OF CLIMATE CHANGE

1. *Asserts* the importance of a country-driven approach that allows developing country Parties to pursue the specific activities most appropriate to their unique national circumstances;
2. *Insists* that action related to adaptation follow an assessment and evaluation process, based on national communications and/or other relevant information, so as to prevent maladaptation and to ensure that adaptation actions are environmentally sound and will produce real benefits in support of sustainable development;
3. *Encourages* Parties not included in Annex I to the Convention (non-Annex I Parties) to provide information, including in their national communications, and/or any other relevant information sources, on their specific needs and concerns arising from the adverse effects of climate change;
4. *Stresses* the need for Parties included in Annex II to the Convention (Annex II Parties) to provide detailed information, including in their national communications, on support

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<sup>1</sup> FCCC/SB/2000/2.

programmes to meet the specific needs and circumstances of developing country Parties arising from the adverse effects of climate change;

5. *Encourages* Parties to exchange information on their experience regarding the adverse effects of climate change and on measures to meet their needs arising from these adverse effects;

6. *Underlines* the importance of the ongoing work of the secretariat in compiling and disseminating information on methods and tools for evaluating impacts and adaptation strategies;

7. *Decides* that the implementation of the following activities shall be supported through the Global Environment Facility (in accordance with decision -/CP.7) and other bilateral and multilateral sources:

(a) Information and methodologies:

- (i) Improving data collection and information gathering, as well as their analysis, interpretation and dissemination to end-users;
- (ii) Integrating climate change considerations into sustainable development planning;
- (iii) Providing training in specialized fields relevant to adaptation such as climate and hydroclimate studies, geographical information systems, environmental impact assessment, modelling, integrated coastal zone management, soil and water conservation and soil restoration;
- (iv) Strengthening existing and, where needed, establishing national and regional systematic observation and monitoring networks (sea-level rise, climate and hydrological monitoring stations, fire hazards, land degradation, floods, cyclones and droughts);
- (v) Strengthening existing and, where needed, establishing national and regional centres and institutions for the provision of research, training, education and scientific and technical support in specialized fields relevant to climate change, utilizing information technology as much as possible;
- (vi) Strengthening existing and, where needed, establishing national and regional research programmes on climate variability and climate change, oriented towards improving knowledge of the climate system at the regional level, and creating national and regional scientific capability;
- (vii) Supporting education and training in, and public awareness of, climate change related issues, for example through workshops and information dissemination;

(b) Vulnerability and adaptation:

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- (i) Supporting enabling activities for vulnerability and adaptation assessment;
- (ii) Enhancing technical training for integrated climate change impact and vulnerability and adaptation assessments across all relevant sectors, and environmental management related to climate change;
- (iii) Enhancing capacity, including institutional capacity, to integrate adaptation into sustainable development programmes;
- (iv) Promoting the transfer of adaptation technologies;
- (v) Establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and may be integrated into national policy and sustainable development planning, on the basis of information provided in the national communications from non-Annex I Parties and/or other relevant sources, and of the staged approach endorsed by the Conference of the Parties in its decision 11/CP.1;
- (vi) Supporting capacity-building, including institutional capacity, for preventive measures, planning, preparedness of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;
- (vii) Strengthening existing and, where needed, establishing early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist developing country Parties, in particular those most vulnerable to climate change;

8. *Decides* that the implementation of the following activities shall be supported through the special climate change fund (in accordance with decision -/CP.7) and/or the adaptation fund (in accordance with decision -/CP.7), and other bilateral and multilateral sources:

(a) Starting to implement adaptation activities promptly where sufficient information is available to warrant such activities, *inter alia*, in the areas of water resources management, land management, agriculture, health, infrastructure development, fragile ecosystems, including mountainous ecosystems, and integrated coastal zone management;

(b) Improving the monitoring of diseases and vectors affected by climate change, and related forecasting and early-warning systems, and in this context improving disease control and prevention;

(c) Supporting capacity-building, including institutional capacity, for preventive measures, planning, preparedness and management of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;

(d) Strengthening existing and, where needed, establishing national and regional centres and information networks for rapid response to extreme weather events, utilizing information technology as much as possible;

9. *Decides* to consider, at its eighth session, the implementation of insurance-related actions to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change, based on the outcome of the workshops referred to in paragraphs 38 and 39 below;

10. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to review, at their subsequent sessions, the progress of the above-mentioned activities and make recommendations thereon to the Conference of the Parties at its eighth session;

## II. IMPLEMENTATION OF ARTICLE 4.9 OF THE CONVENTION

11. *Decides* to establish a work programme for the implementation of Article 4, paragraph 9, of the Convention, which would include activities covered under paragraphs 16 to 20 below, as well as the following:

(a) Strengthening existing and, where needed, establishing, national climate change secretariats and/or focal points to enable the effective implementation of the Convention and the Kyoto Protocol, in the least developed country Parties;

(b) Providing training, on an ongoing basis, in negotiating skills and language, where needed, to develop the capacity of negotiators from the least developed countries to participate effectively in the climate change process;

(c) Supporting the preparation of national adaptation programmes of action;

12. *Decides* that a least developed countries fund shall be established, in accordance with decision -/CP.7, to be operated by an entity entrusted with the operation of the financial mechanism, under the guidance of the Conference of the Parties, to support the work programme for the least developed countries. This work programme shall include, *inter alia*, the preparation and implementation of national adaptation programmes of action;

13. *Decides* to develop the guidance referred to in paragraph 12 above, including expedited access to the fund referred to in paragraph 12 above, at its seventh session;

14. *Invites* Annex II Parties to contribute financially to the programme mentioned in paragraph 11 above;

15. *Invites* Annex II Parties to support least developed country Parties for the following activities:

(a) Promotion of public awareness programmes to ensure the dissemination of information on climate change issues;

(b) Development and transfer of technology, particularly adaptation technology, in accordance with decision -/CP.7;

(c) Strengthening of the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information to support implementation of national adaptation programmes of action;

16. *Decides* that support be provided for the development, by the least developed countries, of national adaptation programmes of action which will serve as a simplified and direct channel of communication of information relating to the vulnerabilities and adaptation

needs of the least developed countries; the information contained in national adaptation programmes of action may constitute the first step in the preparation of initial national communications;

17. *Requests* the subsidiary bodies to consider the recommendations relating to the guidelines for the preparation of national adaptation programmes of action<sup>2</sup> and to forward, as appropriate, a draft decision for consideration by the Conference of the Parties at its seventh session;

18. *Requests* the subsidiary bodies to consider the recommendations referred to in paragraph 19 below, concerning possible amendments to the terms of reference of the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention, prepared with a view to providing technical advice for the preparation of national adaptation programmes of action, and to forward, as appropriate, a draft decision for consideration by the Conference of the Parties at its seventh session;

19. *Decides* to consider, at its seventh session, the establishment of a least developed country group of experts, including its terms of reference, taking into account geographical balance, as well as the above-mentioned consideration of the terms of reference of the Consultative Group of Experts;

20. *Decides* to assess, at its seventh session, the status of implementation of Article 4, paragraph 9, of the Convention and to consider further action thereon;

### III. IMPACT OF THE IMPLEMENTATION OF RESPONSE MEASURES

21. *Stresses* that Parties should take action consistent with the provisions of the Convention;

22. *Decides* that the implementation of the activities included in paragraphs 25 to 32 below shall be supported through the Global Environment Facility (in accordance with decision -/CP.7), the special climate change fund (in accordance with decision -/CP.7), and other bilateral and multilateral sources:

23. *Encourages* non-Annex I Parties to provide information, in their national communications and/or other relevant reports, on their specific needs and concerns arising from the impact of the implementation of response measures;

24. *Requests* Annex II Parties to provide detailed information, in their national communications and/or any other relevant reports, on their existing and planned support programmes to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures;

25. *Encourages* Annex I and non-Annex I Parties to cooperate in creating favourable conditions for investment in sectors where such investment can contribute to economic diversification;

26. *Requests* Annex II Parties to assist developing countries, in particular those most vulnerable to the impact of the implementation of response measures, in meeting their capacity-building needs for the implementation of programmes which address these impacts;

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<sup>2</sup> See document FCCC/SBI/2001/7.

27. *Urges* Parties to consider appropriate technological options in addressing the impact of response measures, consistent with national priorities and indigenous resources;
28. *Encourages* Parties to cooperate in the technological development of non-energy uses of fossil fuels, and requests Annex II Parties to support developing country Parties to this end;
29. *Encourages* Parties to cooperate in the development, diffusion and transfer of less greenhouse gas-emitting advanced fossil-fuel technologies, and/or technologies relating to fossil fuels, that capture and store greenhouse gases, and requests Annex II Parties to facilitate the participation of the least developed countries and other non-Annex I Parties in this effort;
30. *Urges* Annex II Parties to provide financial and technological support for strengthening the capacity of developing country Parties identified in Article 4, paragraphs 8 and 9, of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities;
31. *Encourages* Annex II Parties to promote investment in, and to support and cooperate with, developing country Parties in the development, production, distribution and transport of indigenous, less greenhouse gas-emitting, environmentally sound,<sup>3</sup> energy sources, including natural gas, according to the national circumstances of each of these Parties;
32. *Urges* Annex II Parties to provide support for research into, and the development and use of, renewable energy, including solar and wind energy, in developing country Parties;
33. *Decides* to consider, at its eighth session, the implementation of insurance-related actions to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change, based on the outcome of the workshops referred to in paragraphs 37 and 38 below;
34. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to consider, at their subsequent sessions, the response by Parties to the actions listed in paragraphs 25 to 32 above;

#### IV. FURTHER MULTILATERAL WORK RELATING TO ISSUES UNDER ARTICLE 4.8 AND 4.9 OF THE CONVENTION

35. *Requests* the secretariat to organize regional workshops in order to facilitate information exchange and integrated assessments, including for adaptation;
36. *Requests* the secretariat to organize a workshop, before the eighth session of the Conference of the Parties, on the status of modelling activities to assess the adverse effects of climate change and the impact of response measures already implemented on individual developing country Parties, including on how to enhance the participation of developing country experts in such efforts, and to report the results of this workshop to the Conference of the Parties at its eighth session. The terms of reference of this workshop will include assessments on approaches to minimize the adverse effects of response measures on developing countries;

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<sup>3</sup> Throughout this text, the term “environmentally sound” means “environmentally safe and sound” (Source: Agenda 21, chapter 1).

37. *Requests* the secretariat to organize a workshop, to be held immediately before the workshop referred to in paragraph 38 below, and before the eighth session of the Conference of the Parties, on insurance and risk assessment in the context of climate change and extreme weather events, and to report the results of this workshop to the Conference of the Parties at its eighth session;

38. *Requests* the secretariat to organize a workshop, to be held immediately after the workshop referred to in paragraph 37 above, and before the eighth session of the Conference of the Parties, on insurance-related actions to address the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and from the impact of the implementation of response measures, and to report the results of this workshop to the Conference of the Parties at its eighth session;

39. *Requests* the secretariat to organize a workshop, before the ninth session of the Conference of the Parties, on possible synergies and joint action with the other multilateral environmental conventions and agreements, such as the Convention to Combat Desertification, and to report the results of this workshop to the Conference of the Parties at its ninth session;

40. *Requests* the secretariat to organize a workshop, before the ninth session of the Conference of the Parties, on the needs and options of non-Annex I Parties for economic diversification, and on support programmes by Annex II Parties to address these needs, and to report the results of this workshop to the Conference of the Parties at its ninth session;

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**E. ADDITIONAL GUIDANCE TO AN OPERATING ENTITY OF THE  
FINANCIAL MECHANISM**

**Decision -/CP.7**

**Additional guidance to an operating entity of the financial mechanism**

*The Conference of the Parties,*

*Recalling* its decisions 11/CP.1, 10/CP.2, 11/CP.2, 12/CP.2, 2/CP.4, 8/CP.5 and 10/CP.5,

*Recalling also* its decision 5/CP.6, containing the Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

*Noting* the extension of funding through the expedited procedures of the Global Environment Facility (GEF) for countries to address capacity-building needs identified in decision 2/CP.4 enabling Parties to maintain and enhance relevant national capacities, and for the preparation of second national communications,

*Noting also* the launching of the GEF Country Dialogue Workshops, which have been designed to strengthen national coordination and capacity-building and to promote awareness-raising, and the results of the first phase of the GEF Capacity Development Initiative, a strategic partnership between the GEF Secretariat and the United Nations Development Programme, which were forwarded to Parties in accordance with decision 10/CP.5,

1. *Decides* that, in accordance with Articles 4.3, 4.5 and 11.1 of the Convention, the GEF, as an operating entity of the financial mechanism, should provide financial resources to developing country Parties, in particular the least developed and the small island developing States amongst them, for the following activities, including those identified in paragraph 7 of decision -/CP.7:

Strengthening, in particularly vulnerable countries and regions identified in stage I activities and especially countries vulnerable to climate-related natural disasters, the implementation of country-driven stage II adaptation activities, pursuant to decision 2/CP.4, paragraph 1 (a), that build upon work done at the national level, either in the context of national communications or of in-depth national studies, including national adaptation programmes of action (NAPAs);

Establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and may be integrated into national policy and sustainable development planning, on the basis of information provided in the national communications, or of in-depth national studies, including NAPAs, and of the staged approach endorsed by the Conference of the Parties in its decision 11/CP.1;

Supporting the continuation of the “country-team” approach, which enhances the collection, management, archiving, analysis, interpretation and dissemination of data on climate change issues and increases national commitment to the implementation of the objective of the Convention;



Enhancing the capacity of their subregional and/or regional information networks to enable such networks to serve as repositories of climate change related information on vulnerability and adaptation assessments and geographic information systems;

Improving climate change related data collection (for example, local emission and regional factors) and information-gathering, as well as the analysis, interpretation and dissemination of these data to national policy makers and other end-users;

Strengthening and, where necessary, establishing:

National, subregional or regional databases on climate change;

Subregional and/or regional climate change related institutions and “centres of excellence”, to enable these institutions and centres to provide a supportive framework, which would include information retrieval and technical support;

Developing and implementing, as appropriate, prioritized projects identified in their national communications;

Undertaking more in-depth public awareness and education activities and community involvement and participation in climate change issues;

Building the capacity, including, where appropriate, institutional capacity, for preventive measures, planning, preparedness for disasters related to climate change, including in particular, contingency planning for droughts and floods in areas prone to extreme weather events;

Strengthening existing and, where needed, establishing early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist developing country Parties, in particular those most vulnerable to climate change;

Supporting the continuation of GEF-related programmes which assist Parties that are at various stages of preparing and/or completing their initial national communications;

2. *Invites* the GEF:

(a) To continue its efforts to minimize the time between the approval of project concepts, the development and approval of the related projects, and the disbursement of funds by its implementing/executing agencies to the recipient countries of those projects;

(b) Further to streamline its project cycle with a view to making project preparations simpler, more transparent and country-driven. In this regard, the project cycles of its implementing/executing agencies should be coordinated with the GEF project cycle;

(c) To urge its implementing/executing agencies to be more responsive to requests for GEF assistance from developing country Parties for climate change related project activities aimed at implementing the guidance of the Conference of the Parties;

(d) Further to encourage the use of national and regional experts and/or consultants to enhance project development and implementation; in this regard, it should make its list of national and regional experts and/or consultants publicly available;

(e) To give consideration to measures to increase opportunities available to developing country Parties for accessing GEF funds for climate change activities aimed at

implementing the guidance of the Conference of the Parties, including a review of the adequacy of the number of implementing/executing agencies available to deliver GEF programmes and projects;

3. *Urges* the GEF to adopt a streamlined and expedited approach to financing activities within the framework for capacity-building in developing countries (non-Annex I Parties) contained in decision -/CP.7;

4. *Requests* the GEF to include in its report to the Conference of the Parties at its eighth session the specific steps it has taken to implement the provisions of this decision and to include information on its implementation of the framework for capacity-building in developing countries (non-Annex I Parties) contained in decision -/CP.7;

5. *Requests* the GEF, as an operating entity of the financial mechanism, to provide financial support to implement the capacity-building framework annexed to decision -/CP.7 and further to support, enhance and implement its capacity-building activities in accordance with this framework.

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## F. FUNDING UNDER THE CONVENTION

### Decision -/CP.7

#### Funding under the Convention

*The Conference of the Parties,*

*Recalling* the relevant provisions of the United Nations Framework Convention on Climate Change, and in particular its Article 4.1, 4.3, 4.4, 4.5, 4.7, 4.8, 4.9, 4.10 and Article 11,

*Recalling also* its decisions 11/CP.1 and 15/CP.1,

*Recalling further* its decisions 5/CP.6, containing the Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

*Noting* that, by its decisions -/CP.7, and -/CP.7, provisions have been made for funding the implementation of capacity-building activities in Parties not included in Annex I, and that additional guidance has been given to the Global Environment Facility to that effect,

*Welcoming* the statements made by most Parties included in Annex II<sup>1</sup> on their willingness to commit themselves to provide funding,

*Welcoming also* the joint political declaration made by the European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland on their preparedness to contribute collectively €450 million / US \$410 million annually by 2005, with this level to be reviewed in 2008,

1. *Decides* that:

(a) There is a need for funding, including funding that is new and additional to contributions which are allocated to the climate change focal area of the Global Environment Facility and to multilateral and bilateral funding, for the implementation of the Convention;

(b) Predictable and adequate levels of funding shall be made available to Parties not included in Annex I;

(c) In order to meet the commitments under Article 4.1, 4.3, 4.4, 4.5, 4.8 and 4.9, Parties included in Annex II, and other Parties included in Annex I, that are in a position to do so, should provide funding for developing country Parties, through the following channels:

- (i) Increased Global Environment Facility replenishment;
- (ii) The special climate change fund to be established under this decision;
- (iii) The least developed countries fund to be established under this decision;
- (iv) Bilateral and multilateral sources;

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<sup>1</sup> Joint political declaration by the European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland, and a statement by Japan. For the text of the political declaration and the statement by Japan, see document FCCC/CP/2001/MISC.4.

(d) Appropriate modalities for burden sharing among the Parties included in Annex II need to be developed;

(e) Parties included in Annex II shall report on their financial contributions on an annual basis;

(f) The Conference of the Parties shall review the reports referred to in subparagraph (e) above on an annual basis;

2. *Decides also* that a special climate change fund shall be established to finance activities, programmes and measures, relating to climate change, that are complementary to those funded by the resources allocated to the climate change focal area of Global Environment Facility and by bilateral and multilateral funding, in the following areas:

(a) Adaptation, in accordance with paragraph 8 of decision -/CP.7;

(b) Transfer of technologies, in accordance with decision -/CP.7;

(c) Energy, transport, industry, agriculture, forestry and waste management;

(d) Activities to assist developing country Parties referred to under Article 4, paragraph 8 (h), in diversifying their economies, in accordance with decision -/CP.7;

3. *Decides further* that Parties included in Annex II, and other Parties included in Annex I that are in a position to do so, shall be invited to contribute to the fund, which shall be operated by an entity entrusted with the operation of the financial mechanism, under the guidance of the Conference of the Parties;

4. *Invites* the entity referred to in paragraph 3 above to make the necessary arrangements for this purpose and report thereon to the eighth session of the Conference of the Parties for appropriate action;

5. *Decides* to provide guidance to the entity referred to in paragraph 3 above on the modalities for operating this fund, including expedited access;

6. *Decides also* that a least developed countries fund shall be established, which shall be operated by an entity entrusted with the operation of the financial mechanism, under the guidance of the Conference of the Parties, to support a work programme for the least developed countries. This work programme shall include, *inter alia*, national adaptation programmes of action in accordance with Section II (Implementation of Article 4, paragraph 9, of the Convention) of decision -/CP.7;

7. *Invites* the entity referred to in paragraph 6 above to make the necessary arrangements for this purpose and report thereon to the eighth session of the Conference of the Parties for appropriate action;

8. *Decides* to provide guidance to the entity referred to in paragraph 6 above on the modalities for operating this fund, including expedited access;

9. *Welcomes* the intention expressed by Canada to contribute C\$10 million, to enable the prompt start of this fund.

## G. ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE

### Decision -/CP.7

#### Activities implemented jointly under the pilot phase

*The Conference of the Parties,*

*Recalling* its decisions 5/CP.1 and 13/CP.5,

*Recalling further* its decisions 5/CP.6, containing the Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

*Taking note* of the fourth synthesis report on activities implemented jointly under the pilot phase<sup>1</sup> and the draft revised uniform reporting format,<sup>2</sup>

*Having considered* the conclusions of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation at the first part of their thirteenth sessions,<sup>3</sup>

*Acknowledging* that participating in activities implemented jointly under the pilot phase provides an important opportunity for learning by doing,

*Further acknowledging* the importance of offering opportunities to participate in activities implemented jointly under the pilot phase to those Parties that have not yet experienced such activities,

*Noting* that the geographical distribution of activities implemented jointly under the pilot phase remains unbalanced despite recent improvements,

1. *Decides* to continue the pilot phase for activities implemented jointly;
2. *Requests* the secretariat to organize before the sixteenth session of the subsidiary bodies a workshop on the draft revised uniform reporting format providing an opportunity to Parties to exchange views on and understand further the methodological issues related to the format;
3. *Urges* Parties reporting on activities implemented jointly under the pilot phase to submit joint reports through the designated national authority of one Party, which should provide proof that the designated national authorities of all the other Parties involved concur with the reports.

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<sup>1</sup> FCCC/SB/2000/6.

<sup>2</sup> FCCC/SB/2000/6/Add.1.

<sup>3</sup> See FCCC/SBSTA/2000/10 and FCCC/SBI/2000/10.

**H. MATTERS RELATING TO ARTICLE 3, PARAGRAPH 14, OF  
THE KYOTO PROTOCOL**

**Decision -/CP.7**

**Matters relating to Article 3, paragraph 14, of the Kyoto Protocol**

*The Conference of the Parties,*

*Having considered* matters relating to Article 3, paragraph 14, of the Kyoto Protocol,

*Recalling* its decision 8/CP.4, particularly as it refers to decision 5/CP.4,

*Recalling also* its decision 5/CP.6, containing the Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

*Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, adopt the following decision.

**Draft decision -/CMP.1**

**Matters relating to Article 3, paragraph 14, of the Kyoto Protocol**

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

*Determined* to protect the climate system for present and future generations,

*Having considered* matters relating to Article 3, paragraph 14, of the Kyoto Protocol,

*Recalling* decisions 8/CP.4 and 5/CP.4,

*Recalling also* decisions 5/CP.4 and 12/CP.5,

*Reiterating* that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by the developed country Parties of their commitments related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,

*Reiterating* that Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities and accordingly, that the developed country Parties should take the lead in combating climate change and the adverse effects thereof,

*Recognizing* that developing country Parties that would have to bear a disproportionate or abnormal burden under the Convention should be given full consideration,

*Recognizing* that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change,

*Recognizing* the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken to limit greenhouse gas emissions,

1. *Decides* to establish a process for the implementation of Article 3, paragraph 14, of the Kyoto Protocol, including exchange of information and the development of methodologies on the assessment of adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention, and of their minimization; among the issues to be considered shall be the establishment of funding, insurance and transfer of technology;
2. *Recognizes* that minimizing the impact of the implementation of Article 3, paragraph 1, of the Kyoto Protocol is a development concern affecting both the industrialized and developing countries. Each Party included in Annex I commits itself to take fully into account the consequences of these actions on developing countries, and to prevent or minimize their adverse effects on developing countries; these Parties consider such action as a cost-effectiveness measure;
3. *Requests* each Party included in Annex I to provide information, as part of the necessary supplementary information to its annual inventory report, in accordance with the guidelines under Article 7, paragraph 1, of the Kyoto Protocol, relating to how it is striving, under Article 3, paragraph 14, of the Kyoto Protocol, to implement the commitments mentioned in Article 3, paragraph 1, of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention, and further requests those Parties to incorporate, in this respect, information on action identified in paragraph 8 below, based on methodologies identified at the workshop referred to in paragraph 11 below;
4. *Decides* that the information referred to in paragraph 3 above shall be considered by the facilitative branch of the compliance committee;
5. *Invites* Parties not included in Annex I to provide information on their specific needs and concerns related to the adverse social, environmental and economic impacts arising from the implementation of commitments under Article 3, paragraph 1, of the Kyoto Protocol, and requests Parties included in Annex II to the Convention to provide support for that purpose;
6. *Decides* to develop guidelines before the second session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to help determine if Parties included in Annex I are striving to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties, and in particular those identified in Article 4, paragraphs 8 and 9, of the Convention, based on methodologies identified at the workshop referred to in paragraph 11 below;
7. *Invites* the Intergovernmental Panel on Climate Change, in cooperation with other relevant organizations, to prepare a technical paper on geological carbon storage technologies,

covering current information, and report on it for the consideration of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its second session;

8. *Agrees that* Parties included in Annex II to the Convention, and other Parties included in Annex I in a position to do so, should give priority, in implementing their commitments under Article 3, paragraph 14, of the Kyoto Protocol, to the following actions:

(a) The progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors, taking into account the need for energy price reforms to reflect market prices and externalities, in pursuit of the objective of the Convention;

(b) Removing subsidies associated with the use of environmentally unsound and unsafe technologies;

(c) Cooperating in the technological development of non-energy uses of fossil fuels, and supporting developing country Parties to this end;

(d) Cooperating in the development, diffusion and transfer of less greenhouse gas-emitting advanced fossil-fuel technologies, and/or technologies relating to fossil fuels that capture and store greenhouse gases, and encouraging their wider use; and facilitating the participation of the least developed countries and other Parties not included in Annex I in this effort;

(e) Strengthening the capacity of developing country Parties identified in Article 4, paragraphs 8 and 9, of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities;

(f) Assisting developing country Parties which are highly dependent on the export and consumption of fossil fuels in diversifying their economies;

9. *Encourages* Parties included in Annex I to adopt policies and measures that will result in reductions in emissions of greenhouse gases, as an effective contribution to minimizing the adverse effects of climate change, and to provide information on these policies and measures in their national communications;

10. *Decides* to review the actions taken by Parties included in Annex I, in accordance with this decision, and to consider, at its third session, what further actions are necessary; among the issues to be considered shall be the establishment of funding, insurance and transfer of technology, pursuant to Article 3, paragraph 14;

11. *Requests* the secretariat to organize, before the second session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, a workshop on reporting methodologies on ways to minimize adverse social, environmental and economic impacts on developing country Parties of the implementation of policies and measures by Parties included in Annex I in achieving their quantified emission limitation and reduction commitments under Article 3, paragraph 1;

12. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to consider the output of the workshop referred to in paragraph 11 above, and to make recommendations thereon to the second session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.



## I. FUNDING UNDER THE KYOTO PROTOCOL

### Decision -/CP.7

#### Funding under the Kyoto Protocol

*The Conference of the Parties,*

*Recalling* Articles 10, 11 and 12, paragraph 8, of the Kyoto Protocol,

*Recalling also* its decisions 11/CP.1 and 15/CP.1,

*Recalling further* its decision 5/CP.6, containing the Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

*Recognizing* that funding should be made available to Parties not included in Annex I, which is new and additional to contributions under the Convention,

*Recognizing also* that appropriate modalities for burden sharing need to be developed,

*Welcoming* the statements made by most Parties included in Annex II<sup>1</sup> on their willingness to commit themselves to provide funding,

*Welcoming also* the joint political declaration made by the European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland, on their preparedness to collectively contribute €450 million/US \$410 million annually by 2005, with this level to be reviewed in 2008,

1. *Decides* that an adaptation fund shall be established to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Protocol, as well as activities identified in paragraph 8 of decision -/CP.7;

2. *Decides also* that the adaptation fund shall be financed from the share of proceeds on the clean development mechanism project activities and other sources of funding;

3. *Decides further* that Parties included in Annex I that intend to ratify the Kyoto Protocol are invited to provide funding, which will be additional to the share of proceeds on clean development mechanism project activities;

4. *Decides also* that the adaptation fund shall be operated and managed by an entity entrusted with the operation of the financial mechanism of the Convention, under the guidance of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, with guidance to be provided by the Conference of the Parties in the period prior to entry into force of the Kyoto Protocol;

5. *Invites* the entity referred to in paragraph 4 above to make the necessary arrangements for this purpose;

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<sup>1</sup> Joint political declaration by the European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland, and a statement by Japan. For the text of the political declaration and the statement by Japan see document FCCC/CP/2001/MISC.4.

6. *Decides* that Parties included in Annex I that intend to ratify the Kyoto Protocol shall report on their financial contributions to the fund on an annual basis;

7. *Decides also* to review the reports referred to in paragraph 6 above on an annual basis, and that, upon entry into force of the Kyoto Protocol, such reports are to be reviewed by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

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**J. WORK PROGRAMME ON MECHANISMS (DECISIONS 7/CP.4 AND 14/CP.4)**

**1. Principles, nature and scope of the mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol**

**Decision -/CP.7 (Mechanisms)**

**Principles, nature and scope of the mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* its decision 1/CP.3, in particular paragraphs 5 (b), (c) and (e),

*Further recalling* its decisions 7/CP.4, 8/CP.4, 9/CP.4, 14/CP.5 and 5/CP.6, as appropriate,

*Reaffirming* the preamble to the Convention,

*Recognizing* that, in using the mechanisms, Parties shall be guided by the objective and principles contained in Articles 2 and 3 and by Article 4, paragraph 7, of the Convention,

*Further recognizing* that the Kyoto Protocol has not created or bestowed any right, title or entitlement to emissions of any kind on Parties included in Annex I,

*Emphasizing* that the Parties included in Annex I shall implement domestic action in accordance with national circumstances and with a view to reducing emissions in a manner conducive to narrowing per capita differences between developed and developing country Parties while working towards achievement of the ultimate objective of the Convention,

*Affirming* that the use of the mechanisms shall be supplemental to domestic action and that domestic action shall thus constitute a significant element of the effort made by each Party included in Annex I to meet its quantified emission limitation and reduction commitments under Article 3, paragraph 1,

*Further emphasizing* that environmental integrity is to be achieved through sound modalities, rules and guidelines for the mechanisms, sound and strong principles and rules governing land use, land-use change and forestry activities and a strong compliance regime,

*Aware* of decisions -/CP.7 (Article 6), -/CP.7 (Article 12), -/CP.7 (Article 17), -/CP.7 (Compliance), -/CP.7 (Land use, land-use change and forestry) and -/CP.7 (Modalities for accounting of assigned amounts),

*Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the following decision:

**Draft decision -/CMP.1 (Mechanisms)**

**Principles, nature and scope of the mechanisms pursuant to  
Articles 6, 12 and 17 of the Kyoto Protocol**

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

*Recalling* decision 1/CP.3, in particular paragraphs 5 (b), (c) and (e),

*Further recalling* decisions 7/CP.4, 8/CP.4, 9/CP.4, 14/CP.5, 5/CP.6, -/CP.7 (Article 6), -/CP.7 (Article 12), -/CP.7 (Article 17), -/CP.7 (Compliance), -/CP.7 (Land use, land-use change and forestry), and -/CP.7 (Modalities for the accounting of assigned amounts), as appropriate,

*Reaffirming* the preamble to the Convention,

*Recognizing* that, in using the mechanisms, Parties shall be guided by the objective and principles contained in Articles 2 and 3 and by Article 4, paragraph 7, of the Convention,

*Further recognizing* that the Kyoto Protocol has not created or bestowed any right, title or entitlement to emissions of any kind on Parties included in Annex I,

*Emphasizing* that the Parties included in Annex I shall implement domestic action in accordance with national circumstances and with a view to reducing emissions in a manner conducive to narrowing per capita differences between developed and developing country Parties while working towards achievement of the ultimate objective of the Convention,

*Further emphasizing* that environmental integrity is to be achieved through sound modalities, rules and guidelines for the mechanisms, sound and strong principles and rules governing land use, land-use change and forestry activities, and a strong compliance regime,

*Aware* of its decisions -/CMP.1 (Article 6), -/CMP.1 (Article 12), -/CMP.1 (Article 17) and -/CMP.1 (Modalities for accounting of assigned amounts),

1. *Decides* that the use of the mechanisms shall be supplemental to domestic action and that domestic action shall thus constitute a significant element of the effort made by each Party included in Annex I to meet its quantified emission limitation and reduction commitments under Article 3, paragraph 1;

2. *Requests* the Parties included in Annex I to provide relevant information in relation to paragraph 1 above, in accordance with Article 7 of the Kyoto Protocol, for review under its Article 8;

3. *Decides* that the provision of such information shall take into account reporting on demonstrable progress as contained in decision -/CP.7 (Article 7);

4. *Requests* the facilitative branch of the Compliance Committee to address questions of implementation with respect to paragraphs 2. and 3. above;

5. *Decides* that the eligibility to participate in the mechanisms by a Party included in Annex I shall be dependent on its compliance with methodological and reporting requirements under Article 5, paragraphs 1 and 2, and Article 7, paragraphs 1 and 4, of the Kyoto Protocol. Oversight of this provision will be provided by the enforcement branch of the compliance committee, in accordance with the procedures and mechanisms relating to compliance as contained in decision -/CP.7 (Compliance), assuming approval of such procedures and mechanisms by the Conference of the Parties serving as the meeting of the Parties in decision form in addition to any amendment entailing legally binding consequences, noting that it is the prerogative of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to decide on the legal form of the procedures and mechanisms relating to compliance”;

6. *Decides* that certified emission reductions, emission reduction units and assigned amount units under Articles 6, 12 and 17 may be used to meet commitments under Article 3, paragraph 1, of the Parties included in Annex I, and can be added as provided for in Article 3, paragraphs 10, 11 and 12; and that emission reduction units and assigned amount units can be subtracted as provided for in Article 3, paragraphs 10 and 11, in conformity with the provisions on registries (decision -/CP.7 Modalities for accounting of assigned amount), without altering the quantified emission limitation and reduction commitments inscribed in Annex B to the Kyoto Protocol.

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## **2. Guidelines for the implementation of Article 6 of the Kyoto Protocol**

### **Decision -/CP.7 (Article 6)**

#### **Guidelines for the implementation of Article 6 of the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* its decision 5/CP.6, containing Buenos Aires Plan of Action,

*Aware* of its decisions -/CP.7 (Mechanisms), -/CP.7 (Article 12), -/CP.7 (Article 17), -/CP.7 (Compliance), -/CP.7 (Land use, land-use change and forestry) and -/CP.7 (Modalities for the accounting of assigned amounts),

*Affirming* that it is the host Party's prerogative to confirm whether an Article 6 project activity assists it in achieving sustainable development,

*Recognizing* that Parties included in Annex I are to refrain from using emission reduction units generated from nuclear facilities to meet their commitments under Article 3, paragraph 1,

1. *Urges* the Parties included in Annex II to facilitate the participation in projects under Article 6 of Parties included in Annex I with commitments inscribed in Annex B that are undergoing the process of transition to a market economy;
2. *Invites* Parties included in Annex I to finance the administrative expenses for operating joint implementation under Article 6 by making contributions to the UNFCCC Trust Fund for Supplementary Activities in order to facilitate preparatory work by the secretariat, if necessary;
3. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the following decision:

### **Draft decision -/CMP.1 (Article 6)**

#### **Guidelines for the implementation of Article 6 of the Kyoto Protocol**

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

*Aware* of its decisions -/CMP.1 (Mechanisms), -/CMP.1 (Article 12), -/CMP.1 (Article 17), -/CMP.1 (Land use, land-use change and forestry), - /CMP.1 (Modalities for accounting of assigned amounts) and -/CMP.1 (Compliance),

1. *Decides* to confirm and give full effect to any actions taken pursuant to decision -/CP.7 (Article 6) and to any other relevant decisions by the Conference of the Parties, as appropriate;

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2. *Decides* to adopt the guidelines for the implementation of Article 6 of the Kyoto Protocol contained in the annex below;
3. *Decides* to establish the Article 6 supervisory committee to supervise, *inter alia*, the verification of ERUs generated by Article 6 project activities at its first session;
4. *Decides* that projects under Article 6 aimed at enhancing anthropogenic removals by sinks shall conform to definitions, accounting rules, modalities and guidelines for Article 3, paragraphs 3 and 4, of the Kyoto Protocol;
5. *Decides* that projects starting as of the year 2000 may be eligible as Article 6 and that ERUs shall only be issued for a crediting period starting after the year 2008, if they meet the requirements of the guidelines for the implementation of Article 6 of the Kyoto Protocol as set out in the annex below;
6. *Urges* the Parties included in Annex II to facilitate the participation in Article 6 projects of Parties included in Annex I with commitments inscribed in Annex B that are undergoing the process of transition to a market economy;
7. *Decides* that any administrative costs arising from procedures contained in the annex below relating to the functions of the Article 6 supervisory committee shall be borne by both the Annex I Parties and the project participants according to specifications set out in decision -/CMP.1;
8. *Decides further* that any future revision of the guidelines for the implementation of Article 6 shall be decided in accordance with the rules of procedure of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, as applied. The first review shall be carried out no later than one year after the end of the first commitment period, based on recommendations by the Article 6 supervisory committee and by the Subsidiary Body for Implementation drawing on technical advice of the Subsidiary Body for Scientific and Technological Advice, as needed. Further reviews shall be carried out periodically thereafter. Any revision of the decision shall not affect ongoing Article 6 projects.

ANNEX

**Guidelines for the implementation of Article 6 of the Kyoto Protocol**

A. Definitions

1. For the purpose of this annex the definitions contained in Article 1 and the provisions of Article 14 shall apply. Furthermore:

An “emission reduction unit” or “ERU” is a unit issued pursuant to Article 6 and requirements thereunder and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;

A “certified emission reduction” or “CER” is a unit issued pursuant to Article 12 and requirements thereunder, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;

An “assigned amount unit” or “AAU” is a unit issued pursuant to the relevant provisions on registries in decision -/CMP.1 (Modalities for the accounting of assigned amounts), and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;

A “removal unit” or “RMU” is a unit issued pursuant to the relevant provisions on registries in decision -/CMP.1 (Modalities for the accounting of assigned amounts), and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5

(a) “Stakeholders” means the public, including individuals, groups or communities affected, or likely to be affected, by the project.

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

2. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) shall provide guidance regarding the implementation of Article 6 and exercise authority over an Article 6 supervisory committee.

C. Article 6 supervisory committee

3. The Article 6 supervisory committee shall supervise, *inter alia*, the verification of ERUs generated by Article 6 project activities, referred to in section E below and be responsible for:

Reporting on its activities to each session of the COP/MOP;

The accreditation of independent entities in accordance with standards and procedures contained in Appendix A below;



The review of standards and procedures for the accreditation of independent entities in Appendix A below, giving consideration to relevant work of the executive board of the clean development mechanism (CDM) and, as appropriate, making recommendations to the COP/MOP on revisions to these standards and procedures;

The review and revision of reporting guidelines and criteria for baselines and monitoring in Appendix B below, for consideration by the COP/MOP, giving consideration to relevant work of the executive board of the clean development mechanism (CDM), as appropriate;

The elaboration of the Article 6 project design document, for consideration by the COP/MOP, taking into consideration Appendix B of the Annex on modalities and procedures for a clean development mechanism and giving consideration to relevant work of the executive board of the clean development mechanism (CDM), as appropriate.

The review procedure set out in paragraph 0;

The elaboration of any rules of procedure additional to those contained in this annex, for consideration by the COP/MOP.

4. The Article 6 supervisory committee shall comprise ten members from Parties to the Kyoto Protocol, as follows:

(a) Three members from Parties<sup>1</sup> included in Annex I that are undergoing the process of transition to a market economy;

(b) Three members from Parties included in Annex I not referred to in subparagraph (a) above;

(c) Three members from Parties not included in Annex I;

(d) One member from the small island developing States.

5. Members, including alternate members, of the Article 6 supervisory committee shall be nominated by the relevant constituencies referred to in paragraph 4 and be elected by the COP/MOP. The COP/MOP shall elect to the Article 6 supervisory committee five members and five alternate members for a term of two years and five members and five alternate members for a term of three years. Thereafter, the COP/MOP shall elect, every year, five new members and five alternate members for a term of two years. Appointment pursuant to paragraph 12 below shall count as one term. The members, and alternate members, shall remain in office until their successors are elected;

6. Members of the Article 6 supervisory committee may be eligible to serve a maximum of two consecutive terms. Terms as alternate members do not count.

7. The Article 6 supervisory committee shall elect annually a chairperson and vice-chairperson from among its members, with one being from a Party included in Annex I and the other being from a Party not included in Annex I. The positions of chairperson and vice-chairperson shall alternate annually between a member from a Party included in Annex I and a member from a Party not included in Annex I.

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<sup>1</sup> In the context of this annex, "Party" refers to a Party to the Kyoto Protocol, unless otherwise specified.

8. The COP/MOP shall elect an alternate member for each member of the Article 6 supervisory committee based on the criteria in paragraphs 4, 5 and 6 above. The nomination by a constituency of a candidate member shall be accompanied by a nomination of a candidate alternate member from the same constituency.

9. The Article 6 supervisory committee shall meet at least two times each year, whenever possible in conjunction with the meetings of the subsidiary bodies, unless decided otherwise. All documentation for the Article 6 supervisory committee meetings shall be made available to alternate members.

10. Members, including alternate members, of the Article 6 supervisory committee shall:

Serve in their personal capacities and shall have recognized competence relating to climate change issues and in relevant technical and policy fields. The cost of participation of members and of alternate members from developing country Parties and other Parties eligible under UNFCCC practice shall be covered by the budget for the Article 6 supervisory committee;

Have no pecuniary or financial interest in any aspect of an Article 6 project;

Subject to their responsibility to the Article 6 supervisory committee, not disclose any confidential or proprietary information coming to their knowledge by reason of their duties for the Article 6 supervisory committee. The duty of a member, including an alternate member, not to disclose confidential information constitutes an obligation in respect to that member, including an alternate member, and shall remain an obligation after the expiration or termination of that member's, including an alternate member's, function for the Article 6 supervisory committee;

Be bound by the rules of procedure of the Article 6 supervisory committee;

(a) Take a written oath of service witnessed by the Secretary-General of the United Nations or his/her authorized representative before assuming his or her duties.

11. The Article 6 supervisory committee may suspend and recommend to the COP/MOP the termination of the membership of a particular member, or alternate members, for cause including, *inter alia*, breach of the conflict of interest provisions, breach of the confidentiality provisions, or failure to attend two consecutive meetings of the Article 6 supervisory committee without proper justification.

12. If a member, or alternate member, of the Article 6 supervisory committee resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the Article 6 supervisory committee may decide, bearing in mind the proximity of the next session of the COP/MOP, to appoint another member, or alternate member, to replace the said member for the remainder of that member's mandate. In such a case, the Article 6 supervisory committee shall take into account any views expressed by the group that had nominated the member.

13. The Article 6 supervisory committee shall draw on the expertise necessary to perform its functions, in particular taking into account national accreditation procedures.

14. At least two thirds of the members of the Article 6 supervisory, representing a majority of members from Parties included in Annex I and a majority of members from Parties not included in Annex I, must be present to constitute a quorum.
15. Decisions by the Article 6 supervisory committee shall be adopted by consensus, whenever possible. If all efforts at reaching a consensus have been exhausted and no agreement has been reached, decisions shall as a last resort be adopted by a three-fourths majority vote of the members present and voting at the meeting. Members abstaining from voting shall be considered as not voting.
16. The full text of all decisions of the Article 6 supervisory committee shall be made publicly available. Decisions shall be made available in all six official languages of the United Nations.
17. The working language of the Article 6 supervisory committee shall be English.
18. Meetings of the Article 6 supervisory committee shall be open to attendance, as observers, by all Parties, by all UNFCCC accredited observers and stakeholders, except where otherwise decided by the Article 6 supervisory committee.
19. The secretariat shall service the Article 6 supervisory committee.

D. Participation requirements

20. A Party involved in an Article 6 project shall inform the secretariat of:
  - (a) Its designated focal point for approving projects pursuant to Article 6, paragraph 1 (a);
  - (b) Its national guidelines and procedures for approving Article 6 projects, including the consideration of stakeholders' comments, as well as monitoring and verification.
21. Subject to the provisions of paragraph 22, a Party included in Annex I with a commitment inscribed in Annex B is eligible to transfer and/or acquire ERUs issued in accordance with the relevant provisions, if it is in compliance with the following eligibility requirements:
  - (a) It is a Party to the Kyoto Protocol;
  - (b) It has established its assigned amount pursuant to Article 3, paragraphs 7 and 8, in accordance with the modalities for the accounting of assigned amount under Article 7, paragraph 4;
  - (c) It has in place a national system for the estimation of anthropogenic emissions by sources and anthropogenic removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, in accordance with Article 5, paragraph 1, and the requirements in the guidelines decided thereunder;
  - (d) It has in place a national registry in accordance with Article 7, paragraph 4, and the requirements in the guidelines decided thereunder;
  - (e) It has submitted annually the most recent required inventory, in accordance with Article 5, paragraph 2, and Article 7, paragraph 1, and the requirements in the guidelines decided

thereunder, including the national inventory report and the common reporting format. For the first commitment period, the quality assessment needed for the purpose of determining eligibility to use the mechanisms shall be limited to the parts of the inventory pertaining to emissions of greenhouse gases from sources/sector categories from Annex A to the Kyoto Protocol and the submission of the annual inventory on sinks”;

(f) It submits the supplementary information on assigned amount in accordance with Article 7, paragraph 1, and the requirements in the guidelines decided thereunder and makes any additions to, and subtractions from, assigned amount pursuant to Article 3, paragraphs 7 and 8, including for the activities under Article 3, paragraphs 3 and 4, in accordance with Article 7, paragraph 4, and the requirements in the guidelines decided thereunder.

22. A Party included in Annex I with a commitment inscribed in Annex B shall be considered:

To meet the eligibility requirements referred to in paragraph 21 above after 16 months have elapsed since the submission of its report to facilitate the establishment of its assigned amount pursuant to Article 3, paragraphs 7 and 8, and to demonstrate its capacity to account for its emissions and assigned amount, in accordance with the modalities adopted for the accounting of assigned amount under Article 7, paragraph 4, unless the enforcement branch of the compliance committee finds, in accordance with decision -/CP.7 (Compliance), that the Party does not meet these requirements, or, at an earlier date, if the enforcement branch of the compliance committee has decided that it is not proceeding with any questions of implementation relating to these requirements indicated in reports of the expert review teams under Article 8 of the Kyoto Protocol, and has transmitted this information to the secretariat;

To continue to meet the eligibility requirements referred to in paragraph 21 above unless and until the enforcement branch of the compliance committee decides that the Party does not meet one or more of the eligibility requirements, has suspended the Party’s eligibility, and has transmitted this information to the secretariat.

23. Where it is considered to meet the eligibility requirements set out in paragraph 21 above, a host Party may verify reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks from an Article 6 project as being additional to any that would otherwise occur, in accordance with Article 6, paragraph 1 (b). Upon such verification, the host Party may issue the appropriate quantity of ERUs in accordance with the relevant provisions of decision -/CMP.1 (Modalities for the accounting of assigned amounts).

24. Where a host Party does not meet the eligibility requirements set out in paragraph 21 above, the verification of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks from an Article 6 project as being additional to any that would otherwise occur, in accordance with Article 6, paragraph 1 (b), shall occur through the verification procedure under the Article 6 supervisory committee, as set out in section E below. The host Party may however only issue and transfer ERUs upon meeting the requirements in paragraphs 21 (a) to (c) and 21 (e) above.

25. A host Party which meets the requirements in paragraph 21 above may at any time elect to use the verification procedure under the Article 6 supervisory committee.

26. The provisions in Article 6, paragraph 4, shall pertain, *inter alia*, to the requirements of paragraph 21 above.

The secretariat shall maintain a publicly accessible list of Parties that meet the eligibility requirements and that have been suspended in accordance with relevant provisions contained in decision -/CP.7 (Compliance).

27. A Party hosting an Article 6 project shall make publicly available, directly or through the secretariat, information on the project in accordance with the reporting guidelines set out in Appendix B below and the requirements contained in decision -/CMP.1 (Modalities for the accounting of assigned amounts).

A Party that authorizes legal entities to participate in Article 6 projects shall remain responsible for the fulfilment of its obligations under the Kyoto Protocol and shall ensure that such participation is consistent with this annex. Legal entities may only transfer or acquire ERUs if the authorizing Party is eligible to do so at that time.

E. Verification procedure under the Article 6 supervisory committee

The verification procedure under the Article 6 supervisory committee is the determination by an independent entity, accredited pursuant to Appendix A below, of whether a project and the ensuing reductions of anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks meet the relevant requirements of Article 6 and these guidelines.

Project participants shall submit to an accredited independent entity a project design document that contains all information needed for the determination of whether the project:

Has been approved by the Parties involved;

Would result in a reduction of anthropogenic emissions by sources or an enhancement of anthropogenic removals by sinks that is additional to any that would otherwise occur; and

Has an appropriate baseline and monitoring plan in accordance with the criteria set out in Appendix B below.

The accredited independent entity shall make the project design document publicly available through the secretariat, subject to confidentiality provisions set out in paragraph 0 below, and receive comments from Parties, stakeholders and UNFCCC accredited observers on the project design document and any supporting information for 30 days from the date the project design document is made publicly available.

The accredited independent entity shall determine whether:

The project has been approved by the Parties involved;

The project would result in a reduction of anthropogenic emissions by sources or an enhancement of anthropogenic removals by sinks that is additional to any that would otherwise occur;

The project has an appropriate baseline and monitoring plan in accordance with the criteria set out in Appendix B below; and

Project participants have submitted to the accredited independent entity documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts, in accordance with procedures as determined by the host Party, and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party.

The accredited independent entity shall make its determination publicly available through the secretariat, together with an explanation of its reasons, including a summary of comments received and a report of how due account was taken of these.

The determination regarding a project design document shall be deemed final 45 days after the date on which the determination is made public, unless a Party involved in the project or three of the members of the Article 6 supervisory committee request a review by the Article 6 supervisory committee. If such a review is requested, the Article 6 supervisory committee shall finalize the review as soon as possible, but no later than 6 months or at the second meeting following the request for review. The Article 6 supervisory committee shall communicate its decision on the determination and the reasons for it to the project participants and the public. Its decision shall be final.

28. Project participants shall submit to an accredited independent entity a report in accordance with the monitoring plan on reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks that have already occurred. The report shall be made publicly available.

The accredited independent entity shall, upon receipt of a report referred to under paragraph 28, make a determination of the reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks reported by project participants in accordance with Appendix B below, provided that they were monitored and calculated in accordance with paragraph 0.

29. The accredited independent entity shall make its determination under paragraph 0 publicly available through the secretariat, together with an explanation of its reasons.

The determination regarding reported reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks shall be deemed final 15 days after the date on which it is made public, unless a Party involved in the project or three of the members of the Article 6 supervisory committee request a review by the Article 6 supervisory committee. If such a review is requested, the Article 6 supervisory committee shall:

- (a) At its next meeting or no later than 30 days after the formal request for the review decide on its course of action. If it decides that the request has merit it shall perform a review;
- (b) Complete its review within 30 days following its decision to perform the review;
- (c) Inform the project participants of the outcome of the review, and make public its decision and the reasons for it.

Information obtained from project participants marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by applicable national law of the host Party. Information used to determine whether reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks are

additional, to describe the baseline methodology and its application, and to support an environmental impact assessment referred to in paragraph 0 0 shall not be considered as proprietary or confidential.

Any provisions relating to the commitment period reserve or other limitations to transfers under Article 17 shall not apply to transfers by a Party of ERUs issued into its national registry that were verified in accordance with the verification procedure under the Article 6 supervisory committee.

The Article 6 supervisory committee shall suspend or withdraw the accreditation of an independent entity if it has carried out a review and found that the entity no longer meets the accreditation standards laid down in Appendix A. The Article 6 supervisory committee may suspend or withdraw accreditation only after the accredited independent entity has had the opportunity of a hearing and depending on the outcome of the hearing. The suspension or withdrawal is with immediate effect. The affected entity shall be notified, immediately and in writing, once the Article 6 supervisory committee has decided upon its suspension or withdrawal. The decision by the Article 6 supervisory committee on such a case shall be made public.

Verified projects shall not be affected by the suspension or withdrawal of the accreditation of an accredited independent entity unless significant deficiencies are identified in the determination referred to in paragraphs 0 or 0 above for which the entity was responsible. In this case, the Article 6 supervisory committee shall decide whether a different accredited independent entity shall be appointed to assess and, where appropriate, correct such deficiencies. If such an assessment reveals that excess ERUs have been transferred as a result of the deficiencies identified in the determination referred to in paragraphs 0 or 0 above, the independent entity whose accreditation has been withdrawn or suspended shall acquire an equivalent amount of AAUs and ERUs and place them in the holding account of the Party hosting the project within 30 days from the assessment mentioned above.

Any suspension or withdrawal of an accredited independent entity that adversely affects verified projects shall be decided on by the Article 6 supervisory committee only after the affected project participants have had the opportunity of a hearing.

Any costs related to the assessment referred to in paragraph 0 shall be borne by the accredited independent entity whose accreditation has been withdrawn or suspended.

## APPENDIX A

### Standards and procedures for the accreditation of independent entities

1. An independent entity shall:
  - (a) Be a legal entity (either a domestic legal entity or an international organization) and provide documentation of this status;
  - (b) Employ a sufficient number of persons having the necessary competence to perform all necessary functions relevant to the verification of ERUs generated by Article 6

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projects relating to the type, range and volume of work performed, under a responsible senior executive;

(c) Have the financial stability, insurance coverage and resources required for its activities;

(d) Have sufficient arrangements to cover legal and financial liabilities arising from its activities;

(e) Have documented internal procedures for carrying out its functions including, *inter alia*, procedures for the allocation of responsibilities within the organization and for handling complaints; these procedures shall be made publicly available;

(f) Have the necessary expertise to carry out the functions specified in this and relevant decisions by the COP/MOP, and in particular have sufficient knowledge and understanding of:

(i) The guidelines for the operation of Article 6, relevant decisions of the COP/MOP and of the Article 6 supervisory committee;

(ii) Environmental issues relevant to verification of Article 6 projects;

(iii) The technical aspects of Article 6 activity relevant to environmental issues, including expertise in the setting of baselines and monitoring of emissions and other environmental impacts;

(iv) Relevant environmental auditing requirements and methodologies;

(v) Methodologies for the accounting of anthropogenic emissions by sources and/or anthropogenic removals by sinks;

(g) Have a management structure that has overall responsibility for performance and implementation of the entity's functions, including quality assurance procedures, and all relevant decisions relating to verification. The applicant independent entity shall make available:

(i) The names, qualifications, experience and terms of reference of the senior executive, board members, senior officers and other relevant personnel;

(ii) An organizational chart showing lines of authority, responsibility and allocation of functions stemming from the senior executive;

(iii) Its policy and procedures for conducting quality assurance procedures;

(iv) Administrative procedures, including document control;

(v) Its policy and procedures for the recruitment and training of independent entity personnel, for ensuring their competence for all necessary functions, and for monitoring their performance;

(vi) Its procedures for handling complaints, appeals and disputes;

(h) Not have pending any judicial process for malpractice, fraud and/or other activity incompatible with its functions as an accredited independent entity.



2. An applicant independent entity shall meet the following operational requirements:
- (a) Work in a credible, independent, non-discriminatory and transparent manner, complying with applicable national law and meeting, in particular, the following requirements:
- (i) An applicant independent entity shall have a documented structure, which safeguards impartiality, including provisions to ensure the impartiality of its operations;
  - (ii) If it is part of a larger organization, and where parts of that organization are, or may become, involved in the identification, development or financing of any Article 6 project, the applicant independent entity shall:
    - Make a declaration of all the organization’s actual and potential Article 6 activities;
    - Clearly define the links with other parts of the organization, demonstrating that no conflicts of interest exist;
    - Demonstrate that no actual or potential conflict of interest exists between its functions as an accredited independent entity and any other functions that it may have, and demonstrate how business is managed to minimize any identified risk to impartiality. The demonstration shall cover all potential sources of conflict of interest, whether they arise from within the applicant independent entity or from the activities of related bodies;
    - Demonstrate that it, together with its senior executive and staff, is not involved in any commercial, financial or other processes which might influence its judgement or endanger trust in its independence of judgement and integrity in relation to its activities, and that it complies with any rules applicable in this respect;
- (b) Have adequate arrangements to safeguard confidentiality of the information obtained from Article 6 project participants in accordance with provisions contained in the annex on guidelines for the implementation of Article 6.

## APPENDIX B

### Criteria for baseline setting and monitoring

#### Criteria for baseline setting

1. The baseline for an Article 6 project is the scenario that reasonably represents the anthropogenic emissions by sources or anthropogenic removals by sinks of greenhouse gases that would occur in the absence of the proposed project. A baseline shall cover emissions from all gases, sectors and source categories listed in Annex A and anthropogenic removals by sinks within the project boundary.

2. A baseline shall be established:
  - (a) On a project-specific basis and/or using a multi-project emission factor;
  - (b) In a transparent manner with regard to the choice of approaches, assumptions, methodologies, parameters, data sources and key factors;
  - (c) Taking into account relevant national and/or sectoral policies and circumstances, such as sectoral reform initiatives, local fuel availability, power sector expansion plans, and the economic situation in the project sector;
  - (d) In such a way that ERUs cannot be earned for decreases in activity levels outside the project activity or due to *force majeure*;
  - (e) Taking account of uncertainties and using conservative assumptions.
3. Project participants shall justify their choice of baseline.

#### Monitoring

4. Project participants shall include, as part of the project design document, a monitoring plan that provides for:
  - (a) The collection and archiving of all relevant data necessary for estimating or measuring anthropogenic emissions by sources and/or anthropogenic removals by sinks of greenhouse gases occurring within the project boundary during the crediting period;
  - (b) The collection and archiving of all relevant data necessary for determining the baseline of anthropogenic emissions by sources and/or anthropogenic removals by sinks of greenhouse gases within the project boundary during the crediting period;
  - (c) The identification of all potential sources of, and the collection and archiving of data on increased anthropogenic emissions by sources and/or reduced anthropogenic removals by sinks of greenhouse gases outside the project boundary that are significant and reasonably attributable to the project during the crediting period. The project boundary shall encompass all anthropogenic emissions by sources and/or removals by sinks of greenhouse gases under the control of the project participants that are significant and reasonably attributable to the Article 6 project;
  - (d) The collection and archiving of information about environmental impacts, in accordance with procedures as required by the host Party, where applicable;
  - (e) Quality assurance and control procedures for the monitoring process;
  - (f) Procedures for the periodic calculation of the reductions of anthropogenic emissions by sources and/or enhancements of anthropogenic removals by sinks by the proposed Article 6 project, and for leakage effects, if any. Leakage is defined as the net change of anthropogenic emissions by sources and/or removals by sinks of greenhouse gases which occurs outside the project boundary, and that is measurable and attributable to the Article 6 project;
  - (g) Documentation of all steps involved in the calculations referred to in subparagraphs (b) and (f) above.

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5. Revisions, if any, to the monitoring plan to improve its accuracy and/or completeness of information shall be justified by project participants and shall be submitted for the determination referred to in paragraph 0 of the annex on Guidelines for the implementation of Article 6 by the accredited independent entity.

6. The implementation of the monitoring plan and its revisions, as applicable, shall be a condition for verification.

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**3. Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol**

**Decision -/CP.7 (Article 12)**

**Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* Article 12 of the Kyoto Protocol which provides that the purpose of the clean development mechanism shall be to assist Parties not included in Annex I to the Convention in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3 of the Kyoto Protocol,

*Recalling also* its decision 5/CP.6, containing the Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

*Aware* of its decisions -/CP.7 (Mechanisms) and -/CP.7 (Land use, land-use change and forestry),

*Affirming* that it is the host Party's prerogative to confirm whether a clean development mechanism project activity assists it in achieving sustainable development,

*Recognizing* that Parties included in Annex I are to refrain from using certified emission reductions generated from nuclear facilities to meet their commitments under Article 3, paragraph 1,

*Bearing in mind* the need to promote equitable geographic distribution of clean development mechanism project activities at regional and subregional levels,

*Emphasizing* that public funding for clean development mechanism projects from Parties in Annex I is not to result in the diversion of official development assistance and is to be separate from and not counted towards the financial obligations of Parties included in Annex I,

*Further emphasizing* that clean development mechanism project activities should lead to the transfer of environmentally safe and sound technology and know-how in addition to that required under Article 4, paragraph 5, of the Convention and Article 10 of the Kyoto Protocol,

*Recognizing* the need for guidance for project participants and designated operational entities, in particular for establishing reliable, transparent and conservative baselines, to assess whether clean development mechanism project activities are in accordance with the additionality criterion in Article 12, paragraph 5 (c), of the Kyoto Protocol,

1. *Decides* to facilitate a prompt start for a clean development mechanism by adopting the modalities and procedures contained in the annex below;

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2. *Decides* that, for the purposes of this decision, the Conference of the Parties shall assume the responsibilities of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol as set out in the annex below on modalities and procedures;

3. *Invites* nominations for membership in the executive board:

(a) For facilitating the prompt start of the clean development mechanism, from Parties to the Convention to be submitted to the President of the Conference of the Parties by its seventh session, with a view to the Conference of the Parties electing the members of the executive board at that session;

(b) Upon the entry into force of the Kyoto Protocol, those members of the executive board of the clean development mechanism whose countries have not ratified or acceded to the Protocol shall be replaced by new members nominated by the same constituencies. The election of such new members shall be held at the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session;

4. *Decides* that, prior to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, the executive board and any designated operational entities shall operate in the same manner as the executive board and designated operational entities of the clean development mechanism as set out in the annex below;

5. *Decides* that the executive board shall convene its first meeting immediately upon the election of its members;

6. *Decides* that the executive board shall include in its work plan until the eighth session of the Conference of the Parties, *inter alia*, the following tasks:

(a) To develop and agree on its rules of procedure and recommend them to the Conference of the Parties for adoption, applying draft rules until then;

(b) To accredit operational entities and designate them, on a provisional basis, pending the designation by the Conference of the Parties at its eighth session;

(c) To develop and recommend to the Conference of the Parties, at its eighth session, simplified modalities and procedures for the following small-scale clean development mechanism project activities:

- (i) Renewable energy project activities with a maximum output capacity equivalent of up to 15 megawatts (or an appropriate equivalent);
- (ii) Energy efficiency improvement project activities which reduce energy consumption, on the supply and/or demand side, by up to the equivalent of 15 gigawatthours per year;
- (iii) Other project activities that both reduce anthropogenic emissions by sources and that directly emit less than 15 kilotonnes of carbon dioxide equivalent annually;

(d) To prepare recommendations on any relevant matter, including on Appendix C to the annex below, for consideration by the Conference of the Parties at its eighth session;

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(e) To identify modalities for seeking collaboration with the Subsidiary Body for Scientific and Technological Advice on methodological and scientific issues;

7. *Decides*:

(a) That the eligibility of land use, land-use change and forestry project activities under Article 12 is limited to afforestation and reforestation;

(b) That for the first commitment period, the total of additions to a Party's assigned amount resulting from eligible land use, land use change and forestry project activities under Article 12 shall not exceed one per cent of base year emissions of that Party, times five;

(c) That the treatment of land use, land use change and forestry project activities under Article 12 in future commitment periods shall be decided as part of the negotiations on the second commitment period;

8. *Requests* the secretariat to organize a workshop before the sixteenth session of the Subsidiary Body for Scientific and Technological Advice with the aim to recommend terms of reference and an agenda for the work to be conducted under paragraph 10. (b) below on the basis of, *inter alia*, submissions by Parties referred to in paragraph 9. below;

9. *Invites* Parties to provide submissions to the secretariat by 1 February 2002 on the organization of the workshop referred to in paragraph 8. above, and to express their views on the terms of reference and the agenda for the work to be conducted under paragraph 10. (b) below;

10. *Requests* the Subsidiary Body for Scientific and Technological Advice:

(a) To develop at its sixteenth session terms of reference and an agenda for the work to be conducted under paragraph (b) below, taking into consideration, *inter alia*, the outcome of the workshop mentioned in paragraph 8. above;

(b) To develop definitions and modalities for including afforestation and reforestation project activities under Article 12 in the first commitment period, taking into account the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems, and being guided by the principles in the preamble to decision -/CMP.1 (Land use, land-use change and forestry) and the terms of reference referred to in paragraph (a) above, with the aim of adopting a decision on these definitions and modalities at the ninth session of the Conference of the Parties, to be forwarded to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session;

11. *Decides* that the decision by the Conference of the Parties at its ninth session, on definitions and modalities for inclusion of afforestation and reforestation project activities under Article 12, for the first commitment period, referred to in paragraph 10. (b) above, shall be in the form of an annex on modalities and procedures for afforestation and reforestation project activities for a clean development mechanism reflecting, *mutatis mutandis*, the annex to this decision on modalities and procedures for the a clean development mechanism;

12. *Decides* that certified emission reductions shall only be issued for a crediting period starting after the date of registration of a CDM project activity;

13. *Further decides* that a project activity starting as of the year 2000 and prior to the adoption of this decision, shall be eligible for validation and registration as a clean development mechanism project activity if submitted for registration before 31 December 2005. If registered, the crediting period for such project activities may start prior to the date of its registration but not earlier than 1 January 2000;

14. *Requests* Parties included in Annex I to start implementing measures to assist Parties not included in Annex I, in particular the least developed and small island developing States among them, with building capacity in order to facilitate their participation in the clean development mechanism, taking into account relevant decisions by the Conference of the Parties on capacity building and on the financial mechanism of the Convention;

15. *Decides*:

(a) 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 two per cent of the certified emission reductions issued for a clean development mechanism project activity;

(b) That clean development mechanism project activities in least developed country Parties shall be exempt from the share of proceeds to assist with the costs of adaptation;

16. *Decides* that the level of the share of proceeds to cover administrative expenses of the clean development mechanism shall be determined by the Conference of the Parties upon the recommendation of the executive board;

17. *Invites* Parties to finance the administrative expenses for operating the clean development mechanism by making contributions to the UNFCCC Trust Fund for Supplementary Activities. Such contributions shall be reimbursed, if requested, in accordance with procedures and a timetable to be determined by the Conference of the Parties upon the recommendation of the executive board. Until the Conference of the Parties determines a percentage for the share of proceeds for the administrative expenses, the executive board shall charge a fee to recover any project related expenses;

18. *Requests* the secretariat to perform any functions assigned to it in this decision and in the annex below;

19. *Decides* to assess progress made regarding the clean development mechanism and to take appropriate action, as necessary. Any revision of the decision shall not affect clean development mechanism project activities already registered;

20. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the following decision:

**Draft decision -/CMP.1 (Article 12)**

**Modalities and procedures for a clean development mechanism  
as defined in Article 12 of the Kyoto Protocol**

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

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

*Bearing in mind* that, in accordance with Article 12, the purpose of the clean development mechanism is to assist Parties not included in Annex I to the Convention in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3 of the Kyoto Protocol,

*Aware* of its decisions -/CMP.1 (Mechanisms), -/CMP.1 (Article 6), -/CMP.1 (Article 17), -/CMP.1 (Land use, land-use change and forestry), -/CMP.1 (Modalities for accounting of assigned amounts) and -/CMP.1 (Compliance),

*Cognizant* of decision -/CP.7 on modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol,

1. *Decides* to confirm and give full effect to any actions taken pursuant to decision -/CP.7 (Article 12) and to any other relevant decisions by the Conference of the Parties, as appropriate;
2. *Adopts* the modalities and procedures for a clean development mechanism contained in the annex below;
3. *Invites* the executive board to review the simplified modalities, procedures and the definition of small-scale project activities referred to in paragraph 6. (c) of decision -/CP.7 (Article 12) and, if necessary, make appropriate recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
4. *Decides* further that any future revision of the modalities and procedures for a clean development mechanism shall be decided in accordance with the rules of procedure of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, as applied. The first review shall be carried out no later than one year after the end of the first commitment period, based on recommendations by the executive board and by the Subsidiary Body for Implementation drawing on technical advice from the Subsidiary Body for Scientific and Technological Advice, as needed. Further reviews shall be carried out periodically thereafter. Any revision of the decision shall not affect clean development mechanism project activities already registered.



ANNEX

**Modalities and procedures for a clean development mechanism**

A. Definitions

1. For the purposes of this annex the definitions contained in Article 1 and the provisions of Article 14 shall apply. Furthermore:

(a) An “emission reduction unit” or “ERU” is a unit issued pursuant to Article 6 and requirements thereunder and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;

(b) A “certified emission reduction” or “CER” is a unit issued pursuant to Article 12 and requirements thereunder, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;

(c) An “assigned amount unit” or “AAU” is a unit issued pursuant to the relevant provisions on registries in decision -/CMP.1 (Modalities for the accounting of assigned amounts), and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;

(d) A “removal unit” or “RMU” is a unit issued pursuant to the relevant provisions on registries in decision -/CMP.1 (Modalities for the accounting of assigned amounts), and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;

(e) “Stakeholders” means the public, including individuals, groups or communities affected, or likely to be affected, by the proposed clean development mechanism project activity.

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

2. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) shall have authority over and provide guidance to the clean development mechanism (CDM).

3. The COP/MOP shall provide guidance to the executive board by taking decisions on:

(a) The recommendations made by the executive board on its rules of procedure;

(b) The recommendations made by the executive board, in accordance with provisions of decision -/CP.7 (Article 12) and this annex;

(c) The designation of operational entities accredited by the executive board in accordance with Article 12, paragraph 5, and accreditation standards contained in Appendix A below.

4. The COP/MOP shall further:

- (a) Review annual reports of the executive board;
- (b) Review the regional and subregional distribution of designated operational entities and take appropriate decisions to promote accreditation of such entities from developing country Parties;
- (c) Review the regional and subregional distribution of CDM project activities with a view to identifying systematic barriers to their equitable distribution and take appropriate decisions, based, *inter alia*, on a report by the executive board;
- (d) Assist in arranging funding of CDM project activities, as necessary.

C. Executive board

5. The executive board shall supervise the CDM, under the authority and guidance of the COP/MOP, and be fully accountable to the COP/MOP. In this context, the executive board shall:

- (a) Make recommendations to the COP/MOP on further modalities and procedures for the CDM, as appropriate;
- (b) Make recommendations to the COP/MOP on any amendments or additions to rules of procedure for the executive board contained in this annex, as appropriate;
- (c) Report on its activities to each session of the COP/MOP;
- (d) Approve new methodologies related to, *inter alia*, baselines, monitoring plans and project boundaries in accordance with the provisions of Appendix C below;
- (e) Review provisions with regard to simplified modalities, procedures and the definitions of small scale project activities and make recommendations to the COP/MOP;
- (f) Be responsible for the accreditation of operational entities, in accordance with accreditation standards contained in Appendix A below, and make recommendations to the COP/MOP for the designation of operational entities, in accordance with Article 12, paragraph 5. This responsibility includes:
  - (i) Decisions on re-accreditation, suspension and withdrawal of accreditation;
  - (ii) Operationalization of accreditation procedures and standards;
- (g) Review the accreditation standards in Appendix A below and make recommendations to COP/MOP for consideration, as appropriate;
- (h) Report to the COP/MOP on the regional and subregional distribution of CDM project activities with a view to identifying systematic or systemic barriers to their equitable distribution;
- (i) Make publicly available relevant information, submitted to it for this purpose, on proposed CDM project activities in need of funding and on investors seeking opportunities, in order to assist in arranging funding of CDM project activities, as necessary;

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(j) Make any technical reports commissioned available to the public and provide a period of at least eight weeks for public comments on draft methodologies and guidance before documents are finalized and any recommendations are submitted to the COP/MOP for their consideration;

(k) Develop, maintain and make publicly available a repository of approved rules, procedures, methodologies and standards;

(l) Develop and maintain the CDM registry as defined in Appendix D below;

(m) Develop and maintain a publicly available database of CDM project activities containing information on registered project design documents, comments received, verification reports, its decisions as well as information on all CERs issued;

(n) Address issues relating to observance of modalities and procedures for the CDM by project participants and/or operational entities, and report on them to the COP/MOP;

(o) Elaborate and recommend to the COP/MOP for adoption at its next session procedures for conducting the reviews referred to in paragraphs 39 and 63 below including, *inter alia*, procedures to facilitate consideration of information from Parties, stakeholders and UNFCCC accredited observers. Until the adoption by the COP/MOP, the procedures shall be applied provisionally;

(p) Carry out any other functions ascribed to it in decision -/CP.7 (Article 12), the present annex and relevant decisions of the COP/MOP.

6. Information obtained from CDM project participants marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law. Information used to determine additionality as defined in paragraph 43 below, to describe the baseline methodology and its application and to support an environmental impact assessment referred to in paragraph 37 (c) below shall not be considered as proprietary or confidential.

7. The executive board shall comprise ten members from Parties to the Kyoto Protocol, as follows: one member from each of the five United Nations regional groups; two other members from the Parties included in Annex I; two other members from the Parties not included in Annex I; and one representative of the small island developing States, taking into account the current practice in the Bureau of the Conference of the Parties.

8. Members, including alternate members, of the executive board shall:

(a) Be nominated by the relevant constituencies referred to in paragraph 7 above and elected by the COP/MOP. Vacancies shall be filled in the same way;

(b) Be elected for a period of two years and be eligible to serve a maximum of two consecutive terms. Terms as alternate members do not count. Five members and five alternate members shall be elected initially for a term of three years and five members and five alternate members for a term of two years. Thereafter, the COP/MOP shall elect, every year, five new members, and five new alternate members, for a term of two years. Appointment pursuant to

paragraph 11 below shall count as one term. The members, and alternate members, shall remain in office until their successors are elected;

(c) Possess appropriate technical and/or policy expertise and shall act in their personal capacity. The cost of participation of members, and of alternate members, from developing country Parties and other Parties eligible under UNFCCC practice shall be covered by the budget for the executive board;

(d) Be bound by the rules of procedure of the executive board;

(e) Take a written oath of service witnessed by the Secretary-General of the United Nations or his/her authorized representative before assuming his or her duties;

(f) Have no pecuniary or financial interest in any aspect of a CDM project activity or any designated operational entity;

(g) Subject to their responsibilities to the executive board, not disclose any confidential or proprietary information coming to their knowledge by reason of their duties for the executive board. The duty of the member, including alternate member, not to disclose confidential information constitutes an obligation in respect of that member, and alternate member, and shall remain an obligation after the expiration or termination of that member's function for the executive board.

9. The COP/MOP will elect an alternate for each member of the executive board based on the criteria in paragraphs 7 and 8 above. The nomination by a constituency of a candidate member shall be accompanied by a nomination for a candidate alternate member from the same constituency.

10. The executive board may suspend and recommend to the COP/MOP the termination of the membership of a particular member, including an alternate member, for cause including, *inter alia*, breach of the conflict of interest provisions, breach of the confidentiality provisions, or failure to attend two consecutive meetings of the executive board without proper justification.

11. If a member, or an alternate member, of the executive board resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the executive board may decide, bearing in mind the proximity of the next session of the COP/MOP, to appoint another member, or an alternate member, to replace the said member for the remainder of that member's mandate from the same constituency.

12. The executive board shall elect its own chair and vice-chair, with one being a member from a Party included in Annex I and the other being from a Party not included in Annex I. The positions of chair and vice-chair shall alternate annually between members from Parties included in Annex I and Parties not included in Annex I, respectively.

13. The executive board shall meet as necessary but no less than three times a year, bearing in mind the provisions of paragraph 41 below. All documentation for executive board meetings shall be made available to alternate members.

14. At least two thirds of the members of the executive board, representing a majority of members from Parties included in Annex I and a majority of members from Parties not included in Annex I, must be present to constitute a quorum.

15. Decisions by the executive board shall be taken by consensus, whenever possible. If all efforts at reaching a consensus have been exhausted, and no agreement reached, decisions shall be taken by a three-fourths majority of the members present and voting at the meeting. Members abstaining from voting shall be considered as not voting.

16. Meetings of the executive board shall be open to attendance, as observers, by all Parties and by all UNFCCC accredited observers and stakeholders, except where otherwise decided by the executive board.

17. The full text of all decisions of the executive board shall be made publicly available. The working language of the executive board shall be English. Decisions shall be made available in all six official languages of the United Nations.

18. The executive board may establish committees, panels or working groups to assist in the performance of its functions. The executive board shall draw on the expertise necessary to perform its functions, including from the UNFCCC roster of experts. In this context, it shall take fully into account the consideration of regional balance.

19. The secretariat shall service the executive board.

#### D. Accreditation and designation of operational entities

20. The executive board shall:

(a) Accredite operational entities which meet the accreditation standards contained in Appendix A below;

(b) Recommend the designation of operational entities to the COP/MOP;

(c) Maintain a publicly available list of all designated operational entities;

(d) Review whether each designated operational entity continues to comply with the accreditation standards contained in Appendix A below and on this basis confirm whether to reaccredit each operational entity every three years;

(e) Conduct spot-checking at any time and, on the basis of the results, decide to conduct the above-mentioned review, if warranted.

21. The executive board may recommend to the COP/MOP to suspend or withdraw the designation of a designated operational entity if it has carried out a review and found that the entity no longer meets the accreditation standards or applicable provisions in decisions of the COP/MOP. The executive board may recommend the suspension or withdrawal of designation only after the designated operational entity has had the possibility of a hearing. The suspension or withdrawal is with immediate effect, on a provisional basis, once the executive board has made a recommendation, and remains in effect pending a final decision by the COP/MOP. The affected entity shall be notified, immediately and in writing, once the executive board has

recommended its suspension or withdrawal. The recommendation by the executive board and the decision by the COP/MOP on such a case shall be made public.

22. Registered project activities shall not be affected by the suspension or withdrawal of designation of a designated operational entity unless significant deficiencies are identified in the relevant validation, verification or certification report for which the entity was responsible. In this case, the executive board shall decide whether a different designated operational entity shall be appointed to review, and where appropriate correct, such deficiencies. If such a review reveals that excess CERs were issued, the designated operational entity whose accreditation has been withdrawn or suspended shall acquire and transfer, within 30 days of the end of review, an amount of reduced tonnes of CO<sub>2</sub> equivalent equal to the excess CERs issued, as determined by the executive board, to a cancellation account maintained in the CDM registry by the executive board.

23. Any suspension or withdrawal of a designated operational entity that adversely affects registered project activities shall be recommended by the executive board only after the affected project participants have had the possibility of a hearing.

24. Any costs related to the review, referred to in paragraph 22 above, shall be borne by the designated operational entity whose designation has been withdrawn or suspended.

25. The executive board may seek assistance in performing the functions in paragraph 20 above, in accordance with the provisions of paragraph 18 above.

#### E. Designated operational entities

26. Designated operational entities shall be accountable to the COP/MOP through the executive board and shall comply with the modalities and procedures in decision -/CP.7 (Article 12) and the present annex, and relevant decisions of the COP/MOP and the executive board.

27. A designated operational entity shall:

- (a) Validate proposed CDM project activities;
- (b) Verify and certify reductions in anthropogenic emissions by sources of greenhouse gases;
- (c) Comply with applicable laws of the Parties hosting CDM project activities when carrying out its functions referred to in subparagraph (e) below;
- (d) Demonstrate that it, and its subcontractors, have no real or potential conflict of interest with the participants in the CDM project activities for which it has been selected to carry out validation or verification and certification functions;
- (e) Perform one of the following functions related to a given CDM project activity: validation or verification and certification. Upon request, the executive board may, however, allow a single designated operational entity to perform all these functions within a single CDM project activity;
- (f) Maintain a publicly available list of all CDM project activities for which it has carried out validation, verification and certification;

(g) Submit an annual activity report to the executive board;

(h) Make information obtained from CDM project participants publicly available, as required by the executive board. Information marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law. Information used to determine additionality as defined in paragraph 43 below, to describe the baseline methodology and its application and to support an environmental impact assessment referred to in paragraph 37 (c) below shall not be considered as proprietary or confidential.

#### F. Participation requirements

28. Participation in a CDM project activity is voluntary.

29. Parties participating in the CDM shall designate a national authority for the CDM.

30. A Party not included in Annex I may participate in a CDM project activity if it is a Party to the Kyoto Protocol.

31. Subject to the provisions of paragraph 32 below, a Party included in Annex I with a commitment inscribed in Annex B is eligible to use CERs, issued in accordance with the relevant provisions, to contribute to compliance with part of its commitment under Article 3, paragraph 1, if it is in compliance with the following eligibility requirements:

(a) It is a Party to the Kyoto Protocol;

(b) It has established its assigned amount pursuant to Article 3, paragraphs 7 and 8, in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4;

(c) It has in place a national system for the estimation of anthropogenic emissions by sources and anthropogenic removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, in accordance with Article 5, paragraph 1, and the requirements in the guidelines decided thereunder;

(d) It has in place a national registry in accordance with Article 7, paragraph 4, and the requirements in the guidelines decided thereunder;

(e) It has submitted annually the most recent required inventory, in accordance with Article 5, paragraph 2, and Article 7, paragraph 1, and the requirements in the guidelines decided thereunder, including the national inventory report and the common reporting format. For the first commitment period, the quality assessment needed for the purpose of determining eligibility to use the mechanisms shall be limited to the parts of the inventory pertaining to emissions of greenhouse gases from sources/sector categories from Annex A to the Kyoto Protocol and the submission of the annual inventory on sinks”;

(f) It submits the supplementary information on assigned amount in accordance with Article 7, paragraph 1, and the requirements in the guidelines decided thereunder and makes any additions to, and subtractions from, assigned amount pursuant to Article 3, paragraphs 7 and 8, including for the activities under Article 3, paragraphs 3 and 4, in accordance with Article 7, paragraph 4, and the requirements in the guidelines decided thereunder.

32. A Party included in Annex I with a commitment inscribed in Annex B shall be considered:

(a) To meet the eligibility requirements referred to in paragraph 31 above after 16 months have elapsed since the submission of its report to facilitate the establishment of its assigned amount pursuant to Article 3, paragraphs 7 and 8, and to demonstrate its capacity to account for its emissions and assigned amount, in accordance with the modalities adopted for the accounting of assigned amount under Article 7, paragraph 4, unless the enforcement branch of the compliance committee finds in accordance with decision -/CP.7 (Compliance) that the Party does not meet these requirements, or, at an earlier date, if the enforcement branch of the compliance committee has decided that it is not proceeding with any questions of implementation relating to these requirements indicated in reports of the expert review teams under Article 8 of the Kyoto Protocol, and has transmitted this information to the secretariat;

(b) To continue to meet the eligibility requirements referred to in paragraph 31 above unless and until the enforcement branch of the compliance committee decides that the Party does not meet one or more of the eligibility requirements, has suspended the Party's eligibility, and has transmitted this information to the secretariat.

33. A Party that authorizes private and/or public entities to participate in Article 12 project activities shall remain responsible for the fulfilment of its obligations under the Kyoto Protocol and shall ensure that such participation is consistent with this annex. Private and/or public entities may only transfer and acquire CERs if the authorizing Party is eligible to do so at that time.

34. The secretariat shall maintain publicly accessible lists of:

(a) Parties not included in Annex I which are Parties to the Kyoto Protocol;

(b) Parties included in Annex I that do not meet the requirements in paragraph 31 or have been suspended.

#### G. Validation and registration

35. Validation is the process of independent evaluation of a project activity by a designated operational entity against the requirements of the CDM as set out in decision -/CP.7 (Article 12) and this annex, on the basis of the project design document, as outlined in Appendix B below.

36. Registration is the formal acceptance by the executive board of a validated project as a CDM project activity. Registration is the prerequisite for the verification, certification and issuance of CERs related to that project activity.

37. The designated operational entity selected by project participants to validate a project activity, being under a contractual arrangement with them, shall review the project design document and any supporting documentation to confirm that the following requirements have been met:

(a) The participation requirements as set out in paragraphs 28 to 30 above are satisfied;



(b) Comments by local stakeholders have been invited, a summary of the comments received has been provided, and a report to the designated operational entity on how due account was taken of any comments has been received;

(c) Project participants have submitted to the designated operational entity documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party;

(d) The project activity is expected to result in a reduction in anthropogenic emissions by sources of greenhouse gases that are additional to any that would occur in the absence of the proposed project activity, in accordance with paragraphs 43 to 52 below;

(e) The baseline and monitoring methodologies comply with requirements pertaining to:

- (i) Methodologies previously approved by the executive board; or
- (ii) Modalities and procedures for establishing a new methodology, as set out in paragraph 38 below;

(f) Provisions for monitoring, verification and reporting are in accordance with decision -/CP.7 (Article 12) and the present annex;

(g) The project activity conforms to all other requirements for CDM project activities in decision -/CP.7 (Article 12) and the present annex, and relevant decisions by the COP/MOP and by the executive board.

38. If the designated operational entity determines that the project activity intends to use a new baseline or monitoring methodology, as referred to in paragraph 37 (e) (ii) above, it shall, prior to a submission for registration of this project activity, forward the proposed methodology together with the draft project design document, including a description of the project and identification of the project participants to the executive board for review. The executive board shall expeditiously, if possible at its next meeting but not later than four months, review the proposed new methodology in accordance with the modalities and procedures of this annex. Once approved by the executive board it shall make the approved methodology publicly available along with any relevant guidance and the designated operational entity may proceed with the validation of the project activity and submit the project design document for registration. In the event that the COP/MOP requests the revision of an approved methodology, no CDM project activity may use this methodology. The project participants shall revise the methodology, as appropriate, taking into consideration any guidance received.

39. A revision of a methodology shall be carried out in accordance with the modalities and procedures for establishing new methodologies as set out in paragraph 38 above. Any revision to an approved methodology shall only be applicable to project activities registered subsequent to the date of revision and shall not affect existing registered project activities during their crediting periods.

40. The designated operational entity shall:

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- (a) Prior to the submission of the validation report to the executive board, have received from the project participants written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development;
- (b) In accordance with provisions on confidentiality contained in subparagraph 27 (h) above, make publicly available the project design document;
- (c) Receive, within 30 days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available;
- (d) After the deadline for receipt of comments, make a determination as to whether, on the basis of the information provided and taking into account the comments received, the project activity should be validated;
- (e) Inform project participants of its determination on the validation of the project activity. Notification to the project participants will include:
  - (i) Confirmation of validation and date of submission of the validation report to the executive board; or
  - (ii) An explanation of reasons for non-acceptance if the project activity, as documented, is judged not to fulfil the requirements for validation;
- (f) Submit to the executive board, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report including the project design document, the written approval of the host Party as referred to in subparagraph 40 (a) above and an explanation of how it has taken due account of comments received;
- (g) Make this validation report publicly available upon transmission to the executive board.

41. The registration by the executive board shall be deemed final 8 weeks after the date of receipt by the executive board of the request for registration, unless a Party involved in the project activity, or at least three members of the executive board, requests a review of the proposed CDM project activity. The review by the executive board shall be made in accordance with the following provisions:

- (a) It shall be related to issues associated with the validation requirements;
- (b) It shall be finalized no later than at the second meeting following the request for review, with the decision and the reasons for it being communicated to the project participants and the public.

42. A proposed project activity that is not accepted may be reconsidered for validation and subsequent registration, after appropriate revisions, provided that it follows the procedures and meets the requirements for validation and registration, including those related to public comments.

43. A CDM project activity is additional if anthropogenic emissions of greenhouse gases by sources are reduced below those that would have occurred in the absence of the registered CDM project activity.

44. The baseline for a CDM project activity is the scenario that reasonably represents the anthropogenic emissions by sources of greenhouse gases that would occur in the absence of the proposed project activity. A baseline shall cover emissions from all gases, sectors and source categories listed in Annex A within the project boundary. A baseline shall be deemed to reasonably represent the anthropogenic emissions by sources that would occur in the absence of the proposed project activity if it is derived using a baseline methodology referred to in paragraphs 37 and 38 above.

45. A baseline shall be established:

(a) By project participants in accordance with provisions for the use of approved and new methodologies, contained in decision -/CP.7 (Article 12) and the present annex;

(b) In a transparent and conservative manner regarding the choice of approaches, assumptions, methodologies, parameters, data sources, key factors and additionality, and taking into account uncertainty;

(c) On a project-specific basis;

(d) In the case of small-scale CDM project activities which meet the criteria specified in decision -/CP.7 (Article 12) and relevant decisions by the COP/MOP, in accordance with simplified procedures developed for such activities;

(e) Taking into account relevant national and/or sectoral policies and circumstances, such as sectoral reform initiatives, local fuel availability, power sector expansion plans, and the economic situation in the project sector.

46. The baseline may include a scenario where future anthropogenic emissions by sources are projected to rise above current levels, due to the specific circumstances of the host Party.

47. The baseline shall be defined in a way that CERs cannot be earned for decreases in activity levels outside the project activity or due to *force majeure*.

48. In choosing a baseline methodology for a project activity, project participants shall select from among the following approaches the one deemed most appropriate for the project activity, taking into account any guidance by the executive board, and justify the appropriateness of their choice:

(a) Existing actual or historical emissions, as applicable; or

(b) Emissions from a technology that represents an economically attractive course of action, taking into account barriers to investment; or

(c) The average emissions of similar project activities undertaken in the previous five years, in similar social, economic, environmental and technological circumstances, and whose performance is among the top 20 per cent of their category.

49. Project participants shall select a crediting period for a proposed project activity from one of the following alternative approaches:

(a) A maximum of seven years which may be renewed at most two times, provided that, for each renewal, a designated operational entity determines and informs the executive board that the original project baseline is still valid or has been updated taking account of new data where applicable; or

(b) A maximum of ten years with no option of renewal.

50. Reductions in anthropogenic emissions by sources shall be adjusted for leakage in accordance with the monitoring and verification provisions in paragraphs 59 and 62 (f) below, respectively.

51. Leakage is defined as the net change of anthropogenic emissions by sources of greenhouse gases which occurs outside the project boundary, and which is measurable and attributable to the CDM project activity.

52. The project boundary shall encompass all anthropogenic emissions by sources of greenhouse gases under the control of the project participants that are significant and reasonably attributable to the CDM project activity.

#### H. Monitoring

53. Project participants shall include, as part of the project design document, a monitoring plan that provides for:

(a) The collection and archiving of all relevant data necessary for estimating or measuring anthropogenic emissions by sources of greenhouse gases occurring within the project boundary during the crediting period;

(b) The collection and archiving of all relevant data necessary for determining the baseline of anthropogenic emissions by sources of greenhouse gases within the project boundary during the crediting period;

(c) The identification of all potential sources of, and the collection and archiving of data on, increased anthropogenic emissions by sources of greenhouse gases outside the project boundary that are significant and reasonably attributable to the project activity during the crediting period;

(d) The collection and archiving of information relevant to the provisions in paragraph 37 (c) above;

(e) Quality assurance and control procedures for the monitoring process;

(f) Procedures for the periodic calculation of the reductions of anthropogenic emissions by sources by the proposed CDM project activity, and for leakage effects;

(g) Documentation of all steps involved in the calculations referred to in paragraph 53 (c) and (f) above.

54. A monitoring plan for a proposed project activity shall be based on a previously approved monitoring methodology or a new methodology, in accordance with paragraphs 37 and 38 above, that:

- (a) Is determined by the designated operational entity as appropriate to the circumstances of the proposed project activity and has been successfully applied elsewhere;
- (b) Reflects good monitoring practice appropriate to the type of project activity.

55. For small-scale CDM project activities meeting the criteria specified in decision -/CP.7 (Article 12) and relevant decisions by the COP/MOP, project participants may use simplified modalities and procedures for small-scale projects.

56. Project participants shall implement the monitoring plan contained in the registered project design document.

57. Revisions, if any, to the monitoring plan to improve its accuracy and/or completeness of information shall be justified by project participants and shall be submitted for validation to a designated operational entity.

58. The implementation of the registered monitoring plan and its revisions, as applicable, shall be a condition for verification, certification and the issuance of CERs.

59. Subsequent to the monitoring and reporting of reductions in anthropogenic emissions, CERs resulting from a CDM project activity during a specified time period shall be calculated, applying the registered methodology, by subtracting the actual anthropogenic emissions by sources from baseline emissions and adjusting for leakage.

60. The project participants shall provide to the designated operational entity, contracted by the project participants to perform the verification, a monitoring report in accordance with the registered monitoring plan set out in paragraph 53 above for the purpose of verification and certification.

#### I. Verification and certification

61. Verification is the periodic independent review and *ex post* determination by the designated operational entity of the monitored reductions in anthropogenic emissions by sources of greenhouse gases that have occurred as a result of a registered CDM project activity during the verification period. Certification is the written assurance by the designated operational entity that, during a specified time period, a project activity achieved the reductions in anthropogenic emissions by sources of greenhouse gases as verified.

62. In accordance with the provisions on confidentiality in paragraph 27 (h) above, the designated operational entity contracted by the project participants to perform the verification shall make the monitoring report publicly available, and shall:

- (a) Determine whether the project documentation provided is in accordance with the requirements of the registered project design document and relevant provisions of decision -/CP.7 (Article 12) and the present annex;

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- (b) Conduct on-site inspections, as appropriate, that may comprise, *inter alia*, a review of performance records, interviews with project participants and local stakeholders, collection of measurements, observation of established practices and testing of the accuracy of monitoring equipment;
- (c) If appropriate, use additional data from other sources;
- (d) Review monitoring results and verify that the monitoring methodologies for the estimation of reductions in anthropogenic emissions by sources have been applied correctly and their documentation is complete and transparent;
- (e) Recommend to the project participants appropriate changes to the monitoring methodology for any future crediting period, if necessary;
- (f) Determine the reductions in anthropogenic emissions by sources of greenhouse gases that would not have occurred in the absence of the CDM project activity, based on the data and information derived under paragraph 62 (a) and obtained under paragraph 62 (b) and/or (c), as appropriate, using calculation procedures consistent with those contained in the registered project design document and in the monitoring plan;
- (g) Identify and inform the project participants of any concerns related to the conformity of the actual project activity and its operation with the registered project design document. Project participants shall address the concerns and supply relevant additional information;
- (h) Provide a verification report to the project participants, the Parties involved and the executive board. The report shall be made publicly available.

63. The designated operational entity shall, based on its verification report, certify in writing that, during the specified time period, the project activity achieved the verified amount of reductions in anthropogenic emissions by sources of greenhouse gases that would not have occurred in the absence of the CDM project activity. It shall inform the project participants, Parties involved and the executive board of its certification decision in writing immediately upon completion of the certification process and make the certification report publicly available.

### J. Issuance of certified emission reductions

64. The certification report shall constitute a request for issuance to the executive board of CERs equal to the verified amount of reductions of anthropogenic emissions by sources of greenhouse gases.

65. The issuance shall be considered final 15 days after the date of receipt of the request for issuance, unless a Party involved in the project activity, or at least three members of the executive board request a review of the proposed CDM project activity. Such a review shall be limited to issues of fraud, malfeasance or incompetence of the designated operational entities and be conducted as follows:

- (a) Upon receipt of a request for such a review, the executive board, at its next meeting, shall decide on its course of action. If it decides that the request has merit it shall perform a review and decide whether the proposed issuance of CERs should be approved;

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(b) The executive board shall complete its review within 30 days following its decision to perform the review;

(c) The executive board shall inform the project participants of the outcome of the review, and make public its decision regarding the approval of the proposed issuance of CERs and the reasons for it.

66. Upon being instructed by the executive board to issue CERs for a CDM project activity, the CDM registry administrator, working under the authority of the executive board, shall, promptly, issue the specified quantity of CERs into the pending account of the executive board in the CDM registry, in accordance with Appendix D below. Upon such issuance, the CDM registry administrator shall promptly:

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

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

## APPENDIX A

### Standards for the accreditation of operational entities

1. An operational entity shall:

(a) Be a legal entity (either a domestic legal entity or an international organization) and provide documentation of this status;

(b) Employ a sufficient number of persons having the necessary competence to perform validation, verification and certification functions relating to the type, range and volume of work performed, under a responsible senior executive;

(c) Have the financial stability, insurance coverage and resources required for its activities;

(d) Have sufficient arrangements to cover legal and financial liabilities arising from its activities;

(e) Have documented internal procedures for carrying out its functions including, among others, procedures for the allocation of responsibility within the organization and for handling complaints; these procedures shall be made publicly available;

(f) Have, or have access to, the necessary expertise to carry out the functions specified in modalities and procedures of the CDM and relevant decisions by the COP/MOP, in particular knowledge and understanding of:

(i) The modalities and procedures and guidelines for the operation of the CDM, relevant decisions of the COP/MOP and of the executive board;

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- (ii) Issues, in particular environmental, relevant to validation, verification and certification of CDM project activities, as appropriate;
- (iii) The technical aspects of CDM project activities relevant to environmental issues, including expertise in the setting of baselines and monitoring of emissions;
- (iv) Relevant environmental auditing requirements and methodologies;
- (v) Methodologies for accounting of anthropogenic emissions by sources;
- (vi) Regional and sectoral aspects;

(g) Have a management structure that has overall responsibility for performance and implementation of the entity's functions, including quality assurance procedures, and all relevant decisions relating to validation, verification and certification. The applicant operational entity shall make available:

- (i) The names, qualifications, experience and terms of reference of senior management personnel such as the senior executive, board members, senior officers and other relevant personnel;
- (ii) A organizational chart showing lines of authority, responsibility and allocation of functions stemming from senior management;
- (iii) Its quality assurance policy and procedures;
- (iv) Administrative procedures including document control;
- (v) Its policy and procedures for the recruitment and training of operational entity personnel, for ensuring their competence for all necessary functions for validation, verification and certification functions, and for monitoring their performance;
- (vi) Its procedures for handling complaints, appeals and disputes;

(h) Not have pending any judicial process for malpractice, fraud and/or other activity incompatible with its functions as a designated operational entity.

2. An applicant operational entity shall meet the following operational requirements:

(a) Work in a credible, independent, non-discriminatory and transparent manner, complying with applicable national law and meeting, in particular, the following requirements:

- (i) An applicant operational entity shall have a documented structure, which safeguards impartiality, including provisions to ensure impartiality of its operations;
- (ii) If it is part of a larger organization, and where parts of that organization are, or may become, involved in the identification, development or financing of any CDM project activity, the applicant operational entity shall:



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- Make a declaration of all the organization’s actual and planned involvement in CDM project activities, if any, indicating which part of the organization is involved and in which particular CDM project activities;
  - Clearly define the links with other parts of the organization, demonstrating that no conflicts of interest exist;
  - Demonstrate that no conflict of interest exists between its functions as an operational entity and any other functions that it may have, and demonstrate how business is managed to minimize any identified risk to impartiality. The demonstration shall cover all sources of conflict of interest, whether they arise from within the applicant operational entity or from the activities of related bodies;
  - Demonstrate that it, together with its senior management and staff, is not involved in any commercial, financial or other processes which might influence its judgement or endanger trust in its independence of judgement and integrity in relation to its activities, and that it complies with any rules applicable in this respect;
- (b) Have adequate arrangements to safeguard confidentiality of the information obtained from CDM project participants in accordance with provisions contained in this annex.

## APPENDIX B

### Project design document

1. The provisions of this appendix shall be interpreted in accordance with the annex on modalities and procedures for a CDM.
2. The purpose of this appendix is to outline the information required in the project design document. A project activity shall be described in detail taking into account the provisions of the annex on modalities and procedures for a CDM, in particular, section G on validation and registration and section H on monitoring, in a project design document which shall include the following:
  - (a) A description of the project comprising the project purpose, a technical description of the project, including how technology will be transferred, if any, and a description and justification of the project boundary;
  - (b) Proposed baseline methodology in accordance with the annex on modalities and procedures for a CDM:
    - (i) Application of an approved methodology:
      - Statement of which approved methodology has been selected;

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- Description of how the approved methodology will be applied in the context of the project;
  - (ii) Application of a new methodology:
    - Description of the baseline methodology and justification of choice, including an assessment of strengths and weaknesses of the methodology;
    - Description of key parameters, data sources and assumptions used in the baseline estimate, and assessment of uncertainties;
    - Projections of baseline emissions;
    - Description of how the baseline methodology addresses potential leakage;
  - (iii) Other considerations, such as description of how national and/or sectoral policies and circumstances have been taken into account and explanation of how the baseline was established in a transparent and conservative manner;
- (c) Statement of the estimated operational lifetime of the project and which crediting period was selected;
- (d) Description of how the anthropogenic emissions of GHG by sources are reduced below those that would have occurred in the absence of the registered CDM project activity
- (e) Environmental impacts:
- (i) Documentation on the analysis of the environmental impacts, including transboundary impacts;
  - (ii) If impacts are considered significant by the project participants or the host Party: conclusions and all references to support documentation of an environmental impact assessment that has been undertaken in accordance with the procedures as required by the host Party;
- (f) Information on sources of public funding for the project activity from Parties included in Annex I which shall provide an affirmation that such funding does not result in a diversion of official development assistance and is separate from and is not counted towards the financial obligations of those Parties;
- (g) Stakeholder comments, including a brief description of the process, a summary of the comments received, and a report on how due account was taken of any comments received;
- (h) Monitoring plan:
- (i) Identification of data needs and data quality with regard to accuracy, comparability, completeness and validity;

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- (ii) Methodologies to be used for data collection and monitoring including quality assurance and quality control provisions for the monitoring, collecting and reporting;
- (iii) In the case of a new monitoring methodology, provide a description of the methodology, including an assessment of strengths and weaknesses of the methodology and whether or not it has been applied successfully elsewhere;
- (i) Calculations:
  - (i) Description of formulae used to calculate and estimate anthropogenic emissions by sources of greenhouse gases of the CDM project activity within the project boundary;
  - (ii) Description of formulae used to calculate and to project leakage, defined as: the net change of anthropogenic emissions by sources of greenhouse gases which occurs outside the CDM project activity boundary, and that is measurable and attributable to the CDM project activity;
  - (iii) The sum of (i) and (ii) above representing the CDM project activity emissions;
  - (iv) Description of formulae used to calculate and to project the anthropogenic emissions by sources of greenhouse gases of the baseline;
  - (v) Description of formulae used to calculate and to project leakage of the baseline;
  - (vi) The sum of (iv) and (v) above represent the baseline emissions;
  - (vii) Difference between (vi) and (iii) above representing the emission reductions of the CDM project activity;
- (j) References to support the above, if any.

## APPENDIX C

### Terms of reference for establishing guidelines on baselines and monitoring methodologies

The executive board, drawing on experts in accordance with the modalities and procedures for a CDM, shall develop and recommend to the COP/MOP, *inter alia*:

- (a) General guidance on methodologies relating to baselines and monitoring consistent with the principles set out in those modalities and procedures in order to:

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- (i) Elaborate the provisions relating to baseline and monitoring methodologies contained in decision -/CP.7 (Article 12) and the annex above;
  - (ii) Promote consistency, transparency and predictability;
  - (iii) Provide rigour to ensure that net reductions in anthropogenic emissions are real and measurable, and an accurate reflection of what has occurred within the project boundary;
  - (iv) Ensure applicability in different geographical regions and to those project categories which are eligible in accordance with decision -/CP.7 (Article 12) and relevant decisions of the COP/MOP;
  - (v) Address the additionality requirement of Article 12, paragraph 5 (c), and paragraph 43 of the above annex;
- (b) Specific guidance in the following areas:
- (i) Definition of project categories (e.g. based on sector, sub sector, project type, technology, geographic area) that show common methodological characteristics for baseline setting, and/or monitoring, including guidance on the level of geographic aggregation, taking into account data availability;
  - (ii) Baseline methodologies deemed to reasonably represent what would have occurred in the absence of a project activity;
  - (iii) Monitoring methodologies that provide an accurate measure of actual reductions in anthropogenic emissions as a result of the project activity, taking into account the need for consistency and cost-effectiveness;
  - (iv) Decision trees and other methodological tools, where appropriate, to guide choices in order to ensure that the most appropriate methodologies are selected, taking into account relevant circumstances;
  - (v) The appropriate level of standardization of methodologies to allow a reasonable estimation of what would have occurred in the absence of a project activity wherever possible and appropriate. Standardization should be conservative in order to prevent any overestimation of reductions in anthropogenic emissions;
  - (vi) Determination of project boundaries including accounting for all greenhouse gases that should be included as a part of the baseline, and monitoring. Relevance of leakage and recommendations for establishing appropriate project boundaries and methods for the *ex post* evaluation of the level of leakage;
  - (vii) Accounting for applicable national policies and specific national or regional circumstances, such as sectoral reform initiatives, local fuel

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availability, power sector expansion plans, and the economic situation in the sector relevant to the project activity;

- (viii) The breadth of the baseline, e.g. how the baseline makes comparisons between the technology/fuel used and other technologies/fuels in the sector;

(c) In developing the guidance in (a) and (b) above, the executive board shall take into account:

- (i) Current practices in the host country or an appropriate region, and observed trends;
- (ii) Least cost technology for the activity or project category.

## APPENDIX D

### Clean development mechanism registry requirements

1. The executive board shall establish and maintain a CDM registry to ensure the accurate accounting of the issuance, holding, transfer and acquisition of CERs by Parties not included in Annex I. The executive board shall identify a registry administrator to maintain the registry under its authority.
2. The CDM registry shall be in the form of a standardized electronic database which contains, *inter alia*, common data elements relevant to the issuance, holding, transfer and acquisition of CERs. The structure and data formats of the CDM registry shall conform to technical standards to be adopted by the COP/MOP for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the CDM registry and the independent transaction log.
3. The CDM registry shall have the following accounts:
  - (a) One pending account for the executive board, into which CERs are issued before being transferred to other accounts;
  - (b) At least one holding account for each Party not included in Annex I hosting a CDM project activity or requesting an account;
  - (c) At least one account for the purpose of cancelling ERUs, CERs, AAUs and RMUs equal to excess CERs issued, as determined by the executive board, where the accreditation of a designated operational entity has been withdrawn or suspended;
  - (d) At least one account for the purpose of holding and transferring CERs corresponding to the share of proceeds to cover administrative expenses and to assist in meeting costs of adaptation in accordance with Article 12, paragraph 8. Such an account may not otherwise acquire ERUs, CERs, AAUs or RMUs.
4. Each CER shall be held in only one account in one registry at a given time.

5. Each account within the CDM registry shall have a unique account number comprising the following elements:
  - (a) Party/organization identifier: the Party for which the account is maintained, using the two-letter country code defined by the International Organization for Standardization (ISO 3166), or, in the cases of the pending account and an account for managing the CERs corresponding to the share of proceeds, the executive board or another appropriate organization;
  - (b) A unique number: a number unique to that account for the Party or organization for which the account is maintained.
6. Upon being instructed by the executive board to issue CERs for a CDM project activity, the registry administrator shall, in accordance with the transaction procedures set out in the modalities for the accounting of assigned amounts under Article 7, paragraph 4:
  - (a) Issue the specified quantity of CERs into a pending account of the executive board;
  - (b) Forward the quantity of CERs corresponding to the share of proceeds to cover administrative expenses and to assist in meeting costs of adaptation in accordance with Article 12, paragraph 8, to the appropriate accounts in the CDM registry for holding and transferring such CERs;
  - (c) Forward the remaining CERs to the registry accounts of project participants and Parties involved, as specified by their distribution agreement.
7. Each CER shall have a unique serial number comprising the following elements:
  - (a) Commitment period: the commitment period for which the CER is issued;
  - (b) Party of origin: the Party which hosted the CDM project activity, using the two-letter country code defined by ISO 3166;
  - (c) Type: this shall identify the unit as a CER;
  - (d) Unit: a number unique to the CER for the identified commitment period and Party of origin;
  - (e) Project identifier: a number unique to the CDM project activity for the Party of origin.
8. Where the accreditation of a designated operational entity has been withdrawn or suspended, ERUs, CERs, AAUs and/or RMUs equal to the excess CERs issued, as determined by the executive board, shall be transferred to a cancellation account in the CDM registry. Such ERUs, CERs, AAUs and RMUs may not be further transferred or used for the purpose of demonstrating the compliance of a Party with its commitment under Article 3, paragraph 1.
9. The CDM registry shall make non-confidential information publicly available and provide a publicly accessible user interface through the Internet that allows interested persons to query and view it.

10. The information referred to in paragraph 9 above shall include up-to-date information, for each account number in the registry, on:

- (a) Account name: the holder of the account;
- (b) Representative identifier: the representative of the account holder, using the Party/organization identifier (the two-letter country code defined by ISO 3166) and a number unique to that representative for that Party or organization;
- (c) Representative name and contact information: the full name, mailing address, telephone number, facsimile number and e-mail address of the representative of the account holder.

11. The information referred to in paragraph 9 above shall include the following CDM project activity information, for each project identifier against which the CERs have been issued:

- (a) Project name: a unique name for the CDM project activity;
- (b) Project location: the Party and town or region in which the CDM project activity is located;
- (c) Years of CER issuance: the years in which CERs have been issued as a result of the CDM project activity;
- (d) Operational entities: the operational entities involved in the validation, verification and certification of the CDM project activity;
- (e) Reports: downloadable electronic versions of documentation to be made publicly available in accordance with the provisions of the present annex.

12. The information referred to in paragraph 9 above shall include the following holding and transaction information relevant to the CDM registry for each calendar year (defined according to Greenwich Mean Time):

- (a) The total quantity of CERs in each account at the beginning of the year;
- (b) The total quantity and serial number of CERs issued;
- (c) The total quantity of CERs transferred and the identity of the acquiring accounts and registries;
- (d) The total quantity and serial number of ERUs, CERs, AAUs and RMUs cancelled in accordance with paragraph 8 above;
- (e) Current holdings of CERs in each account.

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**4. Modalities, rules and guidelines for emissions trading**

**Decision -/CP.7 (Article 17)**

**Modalities, rules and guidelines for emissions trading**

*The Conference of the Parties,*

*Recalling* the provisions of Article 17,

*Recalling also* its decision 5/CP.6, containing the Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

*Aware* of its decision -/CP.7 (Mechanisms),

1. *Decides* to adopt the modalities, rules and guidelines for emissions trading contained in the annex below,
2. *Decides further* that any future revision of the modalities, rules and guidelines shall be decided in accordance with the rules of procedures of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol as applied. The first review shall be carried out no later than one year after the end of the first commitment period, based on recommendations by the Subsidiary Body for Implementation drawing on technical advice of the Subsidiary Body for Scientific and Technological Advice, as needed. Further reviews shall be carried out periodically thereafter,
3. *Urges* the Parties included in Annex II to the Convention to facilitate the participation in emissions trading under Article 17 of the Kyoto Protocol of Parties included in Annex I to the Convention with commitments inscribed in Annex B, which are undergoing the process of transition to a market economy,
4. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the following decision.

**Draft decision -/CMP.1 (Article 17)**

**Modalities, rules and guidelines for emissions trading**

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

*Aware* of its decisions -/CMP.1 (Mechanisms), -/CMP.1 (Article 6), -/CMP.1 (Article 12), -/CMP.1 (Modalities for accounting of assigned amounts) and -/CMP.1 (Compliance),

1. *Decides* to confirm and give full effect to any actions taken pursuant to decision -/CP.7 (Article 17) and to any other relevant decisions by the Conference of the Parties, as appropriate,



2. *Urges* the Parties included in Annex II to the Convention to facilitate the participation in emissions trading under Article 17 of the Kyoto Protocol of Parties included in Annex I to the Convention with commitments inscribed in Annex B, which are undergoing the process of transition to a market economy.

ANNEX

**Modalities, rules and guidelines for emissions trading**

1. For the purpose of this annex the definitions contained in Article 1 and the provisions of Article 14 shall apply. Furthermore:

(a) An “emission reduction unit” or “ERU” is a unit issued pursuant to Article 6 and requirements thereunder and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;

(b) A “certified emission reduction” or “CER” is a unit issued pursuant to Article 12 and requirements thereunder, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;

(c) An “assigned amount unit” or “AAU” is a unit issued pursuant to the relevant provisions on registries in decision -/CMP.1 (Modalities for the accounting of assigned amounts), and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;

(d) A “removal unit” or “RMU” is a unit issued pursuant to the relevant provisions on registries in decision -/CMP.1 (Modalities for the accounting of assigned amounts), and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5;

2. Subject to the provisions of paragraph 3, a Party included in Annex I with a commitment inscribed in Annex B is eligible to transfer and/or acquire ERUs, CERs, AAUs, or RMUs issued in accordance with the relevant provisions, if it is in compliance with the following eligibility requirements:

(a) It is a Party to the Kyoto Protocol;

(b) It has established its assigned amount pursuant to Article 3, paragraphs 7 and 8, in accordance with the modalities for the accounting of assigned amount under Article 7, paragraph 4;

(c) It has in place a national system for the estimation of anthropogenic emissions by sources and anthropogenic removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, in accordance with Article 5, paragraph 1, and the requirements in the guidelines decided thereunder;

(d) It has in place a national registry in accordance with Article 7, paragraph 4, and the requirements in the guidelines decided thereunder;

(e) It has submitted annually the most recent required inventory, in accordance with Article 5, paragraph 2, and Article 7, paragraph 1, and the requirements in the guidelines decided thereunder, including the national inventory report and the common reporting format. For the

first commitment period, the quality assessment needed for the purpose of determining eligibility to use the mechanisms shall be limited to the parts of the inventory pertaining to emissions of greenhouse gases from sources/sector categories from Annex A to the Kyoto Protocol and the submission of the annual inventory on sinks”;

(f) It submits the supplementary information on assigned amount in accordance with Article 7, paragraph 1, and the requirements in the guidelines decided thereunder and makes any additions to, and subtractions from, assigned amount pursuant to Article 3, paragraphs 7 and 8, including for the activities under Article 3, paragraphs 3 and 4, in accordance with Article 7, paragraph 4, and the requirements in the guidelines decided thereunder;

3. A Party included in Annex I with a commitment inscribed in Annex B shall be considered:

(a) To meet the eligibility requirements referred to in paragraph 2 above after 16 months have elapsed since the submission of its report to facilitate the establishment of its assigned amount pursuant to Article 3, paragraphs 7 and 8, and to demonstrate its capacity to account for its emissions and assigned amount, in accordance with the modalities adopted for the accounting of assigned amount under Article 7, paragraph 4, unless the enforcement branch of the compliance committee finds in accordance with decision -/CP.7 (Compliance) that the Party does not meet these requirements, or, at an earlier date, if the enforcement branch of the compliance committee has decided that it is not proceeding with any questions of implementation relating to these requirements indicated in reports of the expert review teams under Article 8 of the Kyoto Protocol, and has transmitted this information to the secretariat;

(b) To continue to meet the eligibility requirements referred to in paragraph 2 above unless and until the enforcement branch of the compliance committee decides that the Party does not meet one or more of the eligibility requirements, has suspended the Party’s eligibility and has transmitted this information to the secretariat.

4. The secretariat shall maintain a publicly accessible list of Parties that meet the eligibility requirements and of Parties that have been suspended.

5. Transfers and acquisitions between national registries shall be made under the responsibility of the Parties concerned in accordance with the provisions on registries in decision -/CMP.1 (Modalities for the accounting of assigned amounts). A Party that authorizes legal entities to transfer and/or acquire under Article 17 shall remain responsible for the fulfilment of its obligations under the Kyoto Protocol and shall ensure that such participation is consistent with the present annex. The Party shall maintain an up-to-date list of such entities and make it available to the secretariat and the public through its national registry. Legal entities may not transfer and/or acquire under Article 17 during any period of time in which the authorizing Party does not meet the eligibility requirements or has been suspended.

6. Each Party included in Annex I shall maintain, in its national registry, a commitment period reserve which should not drop below 90 per cent of the Party’s assigned amount calculated pursuant to Article 3, paragraphs 7 and 8, of the Kyoto Protocol, or 100 per cent of five times its most recently reviewed inventory, whichever is lowest.

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7. The commitment period reserve shall consist of holdings of ERUs, CERs, AAUs and/or RMUs for the relevant commitment period which have not been cancelled in accordance with decision -/CMP.1 (Modalities for accounting of assigned amount).
8. Upon establishment of its assigned amount pursuant to Article 3, paragraphs 7 and 8, and until expiration of the additional period for fulfilling commitments, a Party shall not make a transfer which would result in these holdings being below the required level of the commitment period reserve.
9. If calculations under paragraph 6 above, or cancellations of ERUs, CERs, AAUs and/or RMUs raise the required level of the commitment period reserve above the Party's holdings of ERUs, CERs, AAUs and/or RMUs valid for the relevant commitment period, which have not been cancelled, the Party shall be notified by the secretariat and, within 30 days of this notification, shall bring its holdings to the required level.
10. Any provisions relating to the commitment period reserve or other limitations to transfers under Article 17 shall not apply to transfers by a Party of ERUs issued into its national registry which were verified in accordance with the verification procedure under the Article 6 supervisory committee.
11. The secretariat shall perform functions as requested.

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**5. Modalities for the accounting of assigned amounts under  
Article 7, paragraph 4, of the Kyoto Protocol**

**Decision -/CP.7**

**Modalities for the accounting of assigned amounts under  
Article 7, paragraph 4, of the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* its decisions 1/CP.3, 1/CP.4, 8/CP.4 and 5/CP.6,

*Noting* the relevant provisions of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, in particular its Articles 3, 6, 7, 8, 12 and 17,

*Being aware* of its decisions -/CP.7 (Article 7), -/CP.7 (Article 8), -/CP.7 (Mechanisms), -/CP.7 (Article 6), -/CP.7 (Article 12), -/CP.7 (Article 17), -/CP.7 (Land use, land-use change and forestry) and -/CP.7 (Compliance),

1. *Requests* the Subsidiary Body for Scientific and Technical Advice to develop technical standards for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the clean development mechanism registry and the transaction log, based on the annex to the decision below, with a view to recommending to the Conference of the Parties, at its eighth session, a decision on this matter, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, to facilitate the early development and establishment of national registries, as well as of the clean development mechanism registry and transaction log;

2. *Requests* the secretariat to develop the transaction log referred to in the annex to the decision below, taking into account the technical standards referred to in paragraph 1 above, with a view to establishing it no later than the second session of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol;

3. *Requests* the Chairman of the Subsidiary Body for Scientific and Technological Advice, with the assistance of the secretariat, to convene inter-sessional consultations with Parties and experts for the purposes of:

(a) Preparing draft technical standards, as referred to in paragraph 1 above, for consideration by the Subsidiary Body for Scientific and Technological Advice at its sixteenth and seventeenth sessions;

(b) Providing for the exchange of information and experience between Parties included in Annex I and Parties not included in Annex I, as well as the secretariat, in relation to the development and establishment of national registries, the clean development mechanism registry and the transaction log.

4. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the following decision:

**Draft decision -/CMP.1**

**Modalities for the accounting of assigned amounts under  
Article 7, paragraph 4, of the Kyoto Protocol**

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

*Recalling* Article 7, paragraph 4, of the Kyoto Protocol,

*Recalling* decision -/CP.7 (assigned amount modalities),

*Being aware* of its decisions -/CMP.1 (Article 7), -/CMP.1 (Article 8), -/CMP.1 (Mechanisms), -/CMP.1 (Article 6), -/CMP.1 (Article 12), -/CMP.1 (Article 17), -/CMP.1 (Land use, land-use change and forestry) and -/CMP.1 (Compliance),

1. *Adopts* the modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol, as contained in the annex to this decision;
2. *Decides* that each Party included in Annex I shall submit to the secretariat, prior to 1 January 2007 or one year after the entry into force of the Kyoto Protocol for that Party, whichever is later, the report referred to in paragraph 6 of the annex to this decision. After completion of the initial review under Article 8 and resolution of any question of implementation relating to adjustments or assigned amounts, the assigned amount calculated pursuant to Article 3, paragraphs 7 and 8, of each Party shall be recorded in the database for the compilation and accounting of emissions and assigned amounts referred to in paragraph 50 of the annex to this decision and shall remain fixed for the commitment period;
3. *Decides* that each Party included in Annex I shall submit to the secretariat, upon expiration of the additional period for fulfilling commitments, the report referred to in paragraph 49 of the annex to this decision;
4. *Requests* the secretariat to begin publishing the annual compilation and accounting reports referred to in paragraph 61 of the annex to this decision after completion of the initial review under Article 8 and resolution of any question of implementation relating to adjustments or assigned amounts for a Party and to forward them to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, the Compliance Committee and each Party concerned;
5. *Requests* the secretariat to publish, after the additional period for fulfilling commitments, the final compilation and accounting reports referred to in paragraph 62 of the annex to this decision and forward them to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, the Compliance Committee and each Party concerned.

ANNEX

Modalities for the accounting of assigned amounts under  
Article 7, paragraph 4, of the Kyoto Protocol<sup>1</sup>

**I. MODALITIES**

**A. Definitions**

1. An “emission reduction unit” or “ERU” is a unit issued pursuant to the relevant provisions in these modalities for the accounting of assigned amounts, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5.
2. A “certified emission reduction” or “CER” is a unit issued pursuant to Article 12 and requirements thereunder, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5.
3. An “assigned amount unit” or “AAU” is a unit issued pursuant to the relevant provisions in these modalities for the accounting of assigned amounts, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5.
4. A “removal unit” or “RMU” is a unit issued pursuant to the relevant provisions in these modalities for the accounting of assigned amounts, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5.

**B. Calculation of assigned amount pursuant to Article 3, paragraphs 7 and 8**

5. The assigned amount pursuant to Article 3, paragraphs 7 and 8, for the first commitment period, from 2008 to 2012, for each Party included in Annex I with a commitment inscribed in Annex B to the Kyoto Protocol<sup>2</sup> shall be equal to the percentage inscribed for it in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases, and from the sources, listed in Annex A to the Kyoto Protocol in the base year, multiplied by five, taking into account the following:
  - (a) The base year shall be 1990 except for those Parties undergoing the process of transition to a market economy that have selected a historical base year or period other than 1990, in accordance with Article 3, paragraph 5, and for those Parties that have selected 1995 as the base year for total emissions of hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride, in accordance with Article 3, paragraph 8;
  - (b) Those Parties for which land-use change and forestry (all emissions by sources and removals by sinks under category 5 of the *Revised 1996 Intergovernmental Panel of Climate Change Guidelines for National Greenhouse Gas Inventories*) constituted a net source of

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<sup>1</sup> “Article” in these modalities refers to an article of the Kyoto Protocol, unless otherwise specified.

<sup>2</sup> Hereafter referred to as a “Party included in Annex I”.

greenhouse gas emissions in the base year or period shall include in their emissions during that year or period the aggregate anthropogenic carbon dioxide equivalent emissions by sources minus removals by sinks in that year or period from land-use change (all emissions by sources minus removals by sinks reported in relation to the conversion of forests (deforestation));

(c) Those Parties that have reached an agreement in accordance with Article 4 to fulfil their commitments under Article 3 jointly shall use the respective emission level allocated to each of the Parties in that agreement instead of the percentage inscribed for it in Annex B.

6. Each Party included in Annex I shall facilitate the calculation of its assigned amount pursuant to Article 3, paragraphs 7 and 8, for the commitment period and demonstrate its capacity to account for its emissions and assigned amount. To this end, each Party shall submit a report, in two parts, containing the information specified in paragraphs 7 and 8 below.

7. Part one of the report shall contain the following information, or references to such information where it has been previously submitted to the secretariat:

(a) Complete inventories of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for all years from 1990, or another approved base year or period under Article 3, paragraph 5, to the most recent year available, prepared in accordance with Article 5, paragraph 2, and relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP), taking into account any relevant decisions of the Conference of the Parties (COP);

(b) Identification of its selected base year for hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride in accordance with Article 3, paragraph 8;

(c) The agreement under Article 4, where the Party has reached such an agreement to fulfil its commitments under Article 3 jointly with other Parties;

(d) Calculation of its assigned amount pursuant to Article 3, paragraphs 7 and 8, on the basis of its inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol.

8. Part two of the report shall contain the following information, or references to such information where it has been previously submitted to the secretariat:

(a) Calculation of its commitment period reserve in accordance with decision -/CP.7 (Article 17);

(b) Identification of its selection of single minimum values for tree crown cover, land area and tree height for use in accounting for its activities under Article 3, paragraphs 3 and 4, together with a justification of the consistency of those values with the information that has been historically reported to the Food and Agriculture Organization of the United Nations or other international bodies, and in the case of difference, an explanation of why and how such values were chosen, in accordance with decision -/CP.7 (Land use, land-use change and forestry);

(c) Identification of its election of activities under Article 3, paragraph 4, for inclusion in its accounting for the first commitment period, together with information on how its



national system under Article 5, paragraph 1, will identify land areas associated with the activities, in accordance with decision -/CP.7 (Land use, land-use change and forestry);

(d) Identification of whether, for each activity under Article 3, paragraphs 3 and 4, it intends to account annually or for the entire commitment period.

(e) A description of its national system in accordance with Article 5, paragraph 1, reported in accordance with paragraphs \_\_ and \_\_ of the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol;

(f) A description of its national registry, reported in accordance with paragraph \_\_ of the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol.

**C. Recording of assigned amount pursuant to Article 3, paragraphs 7 and 8**

9. After review under Article 8 and resolution of any questions of implementation relating to adjustments or the calculation of assigned amount, the assigned amount calculated pursuant to Article 3, paragraphs 7 and 8, of each Party shall be recorded in the database for the compilation and accounting of emissions and assigned amounts referred to in paragraph 50 below.

10. Once recorded in the compilation and accounting database referred to in paragraph 50 below, the assigned amount pursuant to Article 3, paragraphs 7 and 8, of each Party shall remain fixed for the commitment period.

**D. Additions to, and subtractions from, assigned amount pursuant to Article 3, paragraphs 7 and 8, for the accounting of the compliance assessment**

11. At the end of the additional period for fulfilling commitments, the following additions to the assigned amount pursuant to Article 3, paragraphs 7 and 8, of a Party shall be made in accordance with Article 3, paragraphs 3, 4, 10, 12 and 13, for the accounting of the compliance assessment for the commitment period:

(a) Acquisitions by the Party of ERUs in accordance with Articles 6 and 17;

(b) Net acquisitions by the Party of CERs, where it acquires more CERs in accordance with Articles 12 and 17 than it transfers in accordance with Article 17;

(c) Acquisitions by the Party of AAUs in accordance with Article 17;

(d) Acquisitions by the Party of RMUs in accordance with Article 17;

(e) Issuance by the Party of RMUs (e) on the basis of its activities under Article 3, paragraph 3, and its elected activities under Article 3, paragraph 4, where such activities result in a net removal of greenhouse gases, as reported in accordance with Article 7, reviewed in accordance with Article 8, taking into account any adjustments applied under Article 5, paragraph 2, accounted in accordance with the decision -/CP.7 (land use, land-use change and forestry) and subject to any question of implementation relating to those activities having been resolved;

(f) Carry-over by the Party of ERUs, CERs and/or AAUs from the previous commitment period, in accordance with paragraph 15 below.

12. At the end of the additional period for fulfilling commitments, the following subtractions from the assigned amount pursuant to Article 3, paragraphs 7 and 8, of a Party shall be made in accordance with Article 3, paragraphs 3, 4 and 11, for the accounting of the compliance assessment for the commitment period:

- (a) Transfers by the Party of ERUs in accordance with Articles 6 and 17;
- (b) Transfers by the Party of AAUs in accordance with Article 17;
- (c) Transfers by the Party of RMUs in accordance with Article 17;
- (d) Cancellation by the Party of ERUs, CERs, AAUs and/or RMUs on the basis of its activities under Article 3, paragraph 3, and its elected activities under Article 3, paragraph 4, where such activities result in a net source of greenhouse gas emissions, as reported in accordance with Article 7, reviewed in accordance with Article 8, taking into account any adjustments applied under Article 5, paragraph 2, and accounted in accordance with decision -/CP.7 (Land use, land-use change and forestry);
- (e) Cancellation by the Party of ERUs, CERs, AAUs and/or RMUs following determination by the compliance committee that the Party was not in compliance with its commitment under Article 3, paragraph 1, for the previous commitment period, in accordance with decision -/CP.7 (Compliance);
- (f) Other cancellations by the Party of ERUs, CERs, AAUs and/or RMUs.

#### **E. Basis for the compliance assessment**

13. Each Party included in Annex I shall retire ERUs, CERs, AAUs and/or RMUs for the purpose of demonstrating its compliance with its commitment under Article 3, paragraph 1.

14. The assessment, after the expiration of the additional period for fulfilling commitments, of the compliance of a Party included in Annex I with its commitment under Article 3, paragraph 1, shall be based on the comparison of the quantity of ERUs, CERs, AAUs and/or RMUs, valid for the commitment period in question, retired by the Party in accordance with paragraph 13 above, with its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases, and from the sources, listed in Annex A to the Kyoto Protocol during the commitment period as reported in accordance with Article 7 and reviewed in accordance with Article 8, taking into account any adjustments in accordance with Article 5, paragraph 2, as recorded in the compilation and accounting database referred to in paragraph 50 below.

#### **F. Carry-over**

15. After expiration of the additional period for fulfilling commitments and where the final compilation and accounting report referred to in paragraph 62 below indicates that the quantity of ERUs, CERs, AAUs and/or RMUs retired by the Party in accordance with paragraph 13 above is at least equivalent to its anthropogenic carbon dioxide equivalent emissions of the greenhouse gases, and from the sources, listed in Annex A to the Kyoto Protocol for that commitment period, the Party may carry over to the subsequent commitment period:

(a) Any ERUs held in its national registry, which have not been converted from RMUs and have not been retired for that commitment period or cancelled, to a maximum of 2.5 per cent of the assigned amount pursuant to Article 3, paragraphs 7 and 8, of that Party;

(b) Any CERs held in its national registry, which have not been retired for that commitment period or cancelled, to a maximum of 2.5 per cent of the assigned amount pursuant to Article 3, paragraphs 7 and 8, of that Party;

(c) Any AAUs held in its national registry, which have not been retired for that commitment period or cancelled.

16. RMUs may not be carried over to the subsequent commitment period.

## II. REGISTRY REQUIREMENTS

### A. National registries

17. Each Party included in Annex I shall establish and maintain a national registry to ensure the accurate accounting of the issuance, holding, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and RMUs and the carry-over of ERUs, CERs and AAUs.

18. Each Party shall designate an organization as its registry administrator to maintain the national registry of that Party. Any two or more Parties may voluntarily maintain their respective national registries in a consolidated system, provided that each national registry remains distinct.

19. A national registry shall be in the form of a standardized electronic database which contains, *inter alia*, common data elements relevant to the issuance, holding, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and RMUs and the carry-over of ERUs, CERs and AAUs. The structure and data formats of national registries shall conform to technical standards to be adopted by the COP/MOP for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the clean development mechanism (CDM) registry and the independent transaction log.

20. Each ERU, CER, AAU and Rmu shall be held in only one account in one registry at a given time.

21. Each national registry shall have the following accounts:

(a) At least one holding account for the Party;

(b) At least one holding account for each legal entity authorized by the Party to hold ERUs, CERs, AAUs and/or RMUs under its responsibility;

(c) At least one cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph 12 (d);

(d) One cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph 12 (e);

(e) At least one cancellation account for each commitment period for the purposes of cancelling ERUs, CERs, AAUs and/or RMUs under paragraph 12 (f);

- (f) One retirement account for each commitment period.
22. Each account within a national registry shall have a unique account number comprising the following elements:
- (a) Party identifier: the Party in whose national registry the account is maintained, identified by means of the two-letter country code defined by ISO 3166;
  - (b) A unique number: a number unique to that account for the Party in whose national registry the account is maintained.

### **B. Issuance of ERUs, AAUs and RMUs**

23. Each Party included in Annex I shall, prior to any transactions taking place for that commitment period, issue a quantity of AAUs equivalent to its assigned amount pursuant to Article 3, paragraphs 7 and 8, calculated and recorded in accordance with paragraphs 5 to 10 above, in its national registry.
24. Each AAU shall have a unique serial number comprising the following elements:
- (a) Commitment period: the commitment period for which the AAU is issued;
  - (b) Party of origin: the Party issuing the AAU, identified by means of the two-letter country code defined by ISO 3166;
  - (c) Type: an element identifying the unit as an AAU;
  - (d) Unit: a number unique to the AAU for the identified commitment period and Party of origin.
25. Each Party included in Annex I shall issue in its national registry RMUs equivalent to the net removals of anthropogenic greenhouse gases resulting from its activities under Article 3, paragraph 3, and its elected activities under Article 3, paragraph 4, accounted in accordance with decision -/CP.7 (LULUCF) as reported under Article 7, paragraph 1, following completion of the review in accordance with Article 8, taking into account any adjustments applied in accordance with Article 5, paragraph 2, and resolution of any questions of implementation related to the reported net removals of anthropogenic greenhouse gases. Each Party shall elect for each activity, prior to the start of the commitment period, to issue such RMUs annually or for the entire commitment period. The decision of a Party shall remain fixed for the first commitment period.
26. Where a question of implementation is identified by an expert review team under Article 8 in relation to the calculation of the net removals of greenhouse gases from the activities of a Party under Article 3, paragraph 3 or 4, or where adjustments exceed thresholds to be decided according to paragraph 2 of decision -/CP.7 on guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol, the Party shall not issue the RMUs relating to the reported net removals of anthropogenic greenhouse gases for each activity under Article 3,

paragraph 3, and for each elected activity under Article 3, paragraph 4, until the question of implementation is resolved.

27. Each RMU shall have a unique serial number comprising the following elements:
- (a) Commitment period: the commitment period for which the RMU is issued;
  - (b) Party of origin: the Party included in Annex I issuing the RMU, identified by means of the two-letter country code defined by ISO 3166;
  - (c) Type: an element identifying the unit as an RMU;
  - (d) Activity: the type of activity for which the RMU was issued;
  - (e) Unit: a number unique to the RMU for the identified commitment period and Party of origin.

28. Each Party included in Annex I shall ensure that the total quantity of RMUs issued into its registry pursuant to Article 3, paragraph 4, for the commitment period does not exceed the limits established for that Party as set out in decision -/CP.7 (LULUCF).

29. Prior to their transfer, each Party shall issue ERUs into its national registry by converting AAUs or RMUs previously issued by that Party and held in its national registry. An AAU or RMU shall be converted into an ERU by adding a project identifier to the serial number and changing the type indicator in the serial number to indicate an ERU. Other elements of the serial number of the AAU or RMU shall remain unchanged. The project identifier shall identify the specific Article 6 project for which the ERUs are issued, using a number unique to the project for the Party of origin, including whether the relevant reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks were verified under the Article 6 supervisory committee.

### **C. Transfer, acquisition, cancellation, retirement and carry-over**

30. ERUs, CERs, AAUs and RMUs may be transferred between registries in accordance with decisions -/CP.7 (Article 6), -/CP.7 (Article 12), -/CP.7 (Article 17) and -/CP.7 (LULUCF), and may be transferred within registries.

31. Each Party included in Annex I shall ensure that its net acquisitions of CERs from afforestation and reforestation activities under Article 12 for the first commitment period do not exceed the limits established for that Party as set out in decision -/CP.7 (LULUCF).

32. Each Party included in Annex I shall cancel CERs, ERUs, AAUs and/or RMUs equivalent to the net emissions of anthropogenic greenhouse gases resulting from its activities under Article 3, paragraph 3, and its elected activities under Article 3, paragraph 4, accounted in accordance with decision -/CP.7 (LULUCF) as reported under Article 7, paragraph 1, following completion of the review in accordance with Article 8, taking into account any adjustments applied in accordance with Article 5, paragraph 2, and resolution of any questions of implementation related to the reported net emissions of anthropogenic greenhouse gases, in accordance with paragraph 12 (d) above, by transferring the ERUs, CERs, AAUs and/or RMUs to the appropriate cancellation account in its national registry. Each Party shall cancel ERUs,

CERs, AAUs and/or RMUs for each activity for the same period for which it has elected to issue RMUs for that activity.

33. Each Party included in Annex I may cancel ERUs, CERs, AAUs and/or RMUs so they cannot be used in fulfilment of commitments under Article 3, paragraph 1, in accordance with paragraph 12 (f) above, by transferring ERUs, CERs, AAUs and/or RMUs to a cancellation account in its national registry. Legal entities, where authorized by the Party, may also transfer ERUs, CERs, AAUs and RMUs into a cancellation account.

34. Prior to the end of the additional period for fulfilling commitments, each Party included in Annex I shall retire ERUs, CERs, AAUs and/or RMUs valid for that commitment period for use towards meeting its commitments under Article 3, paragraph 1, in accordance with paragraph 13 above, by transferring ERUs, CERs, AAUs and/or RMUs to the retirement account for that commitment period in its national registry.

35. ERUs, CERs, AAUs and RMUs transferred to cancellation accounts or the retirement account for a commitment period may not be further transferred or carried over to the subsequent commitment period. ERUs, CERs, AAUs and RMUs transferred to cancellation accounts may not be used for the purpose of demonstrating the compliance of a Party with its commitment under Article 3, paragraph 1.

36. Each Party included in Annex I may carry over ERUs, CERs and/or AAUs held in its registry that have not been cancelled or retired for a commitment period, to the subsequent commitment period in accordance with paragraph 15 above. Each ERU, CER and/or AAU carried over in this manner shall maintain its original serial number and shall be valid in the subsequent commitment period. ERUs, CERs, AAUs and RMUs of a previous commitment period held in the registry of a Party which have not been carried over in this manner shall be cancelled in accordance with paragraph 12 (f) above after the end of the additional period for fulfilling commitments.

37. Where the Compliance Committee determines that the Party is not in compliance with its commitment under Article 3, paragraph 1, for a commitment period, the Party shall transfer the quantity of ERUs, CERs, AAUs and/or RMUs calculated in accordance with decision -/CP.7 (compliance) into the relevant cancellation account, in accordance with paragraph 12 (e) above.

#### **D. Transaction procedures**

38. The secretariat shall establish and maintain an independent transaction log to verify the validity of transactions, including issuance, transfer and acquisition between registries, cancellation and retirement of ERUs, CERs, AAUs and RMUs and the carry-over of ERUs, CERs and AAUs.

39. A Party included in Annex I shall initiate issuance of AAUs or RMUs by directing its national registry to issue AAUs or RMUs into a specific account within that registry. The executive board of the CDM shall initiate issuance of CERs by directing the CDM registry to issue CERs into its pending account in accordance with the requirements under Article 12. A Party included in Annex I shall initiate issuance of ERUs by directing its national registry to convert specified AAUs or RMUs into ERUs within an account of that national registry. Subject to notification by the transaction log that there are no discrepancies pertaining to the issuance, the

issuance shall be completed when specific ERUs, CERs, AAUs or RMUs are recorded in the specified account and, in the case of ERUs, the specified AAUs or RMUs are removed from the account.

40. A Party included in Annex I shall initiate any transfer of ERUs, CERs, AAUs or RMUs, including those to cancellation and retirement accounts, by directing its national registry to transfer specified ERUs, CERs, AAUs or RMUs to a specific account within that registry or another registry. The executive board of the CDM shall initiate any transfer of CERs held in the CDM registry by directing it to transfer specified CERs to a specific account within that registry or another registry. Subject to notification by the transaction log, where applicable, that there are no discrepancies pertaining to the transfer, the transfer shall be completed when the specified ERUs, CERs, AAUs or RMUs are removed from the transferring account and are recorded in the acquiring account.

41. Upon the initiation of any issuance, transfer between registries, cancellation or retirement of ERUs, CERs, AAUs or RMUs, and prior to the completion of those transactions:

(a) The initiating registry shall create a unique transaction number comprising: the commitment period for which the transaction is proposed; the Party identifier for the Party initiating the transaction (using the two-letter country code defined by ISO 3166); and a number unique to that transaction for the commitment period and initiating Party;

(b) The initiating registry shall send a record of the proposed transaction to the transaction log and, in the case of transfers to another registry, to the acquiring national registry. The record shall include: the transaction number; the transaction type (issuance, transfer, cancellation or retirement, further distinguished in accordance with the categories in paragraphs 11 and 12 above); the serial numbers of the relevant ERUs, CERs, AAUs or RMUs; and the relevant account numbers.

42. Upon receipt of the record, the transaction log shall conduct an automated check to verify that there is no discrepancy, with regard to:

(a) In all transactions: units previously retired or cancelled; units existing in more than one registry; units for which a previously identified discrepancy has not been resolved; units improperly carried over; units improperly issued, including those which infringe upon the limits contained in decision -/CP.7 (LULUCF); and the authorization of legal entities involved to participate in the transaction;

(b) In the case of transfers between registries: the eligibility of Parties involved in the transaction to participate in the mechanisms; and infringement upon the commitment period reserve of the transferring Party;

(c) In the case of acquisitions of CERs from LULUCF projects under Article 12: infringement of the limits contained in decision -/CP.7 (LULUCF);

(d) In the case of a retirement of CERs: the eligibility of the Party involved to use CERs to contribute to its compliance under Article 3, paragraph 1;

43. Upon completion of the automated check, the transaction log shall notify the initiating and, in the case of transfers to another registry, the acquiring registry of the results of the automated check. Depending on the outcome of the check, the following procedures shall apply:

(a) If a discrepancy is notified by the transaction log, the initiating registry shall terminate the transaction, notify the transaction log and, in the case of transfers to another registry, the acquiring registry of the termination. The transaction log shall forward a record of the discrepancy to the secretariat for consideration as part of the review process for the relevant Party or Parties under Article 8;

(b) In the event of a failure by the initiating registry to terminate the transaction, the ERUs, CERs, AAUs or RMUs involved in the transaction shall not be valid for use towards compliance with commitments under Article 3, paragraph 1, until the problem has been corrected and any questions of implementation pertaining to the transaction have been resolved. Upon resolution of a question of implementation pertaining to a Party's transactions, that Party shall perform any necessary corrective action within 30 days;

(c) If no discrepancy is notified by the transaction log, the initiating registry and, in the case of transfers to another registry, the acquiring registry shall complete or terminate the transaction and send the record and a notification of completion or termination of the transaction to the transaction log. In the case of transfers to another registry, the initiating and acquiring registries shall also send their records and notifications to each other;

(d) The transaction log shall record, and make publicly available, all transaction records and the date and time of completion of each transaction, to facilitate its automated checks and the review under Article 8.

#### **E. Publicly accessible information**

44. Each national registry shall make non-confidential information publicly available and provide a publicly accessible user interface through the Internet that allows interested persons to query and view it.

45. The information referred to in paragraph 44 above shall include up-to-date information for each account number in that registry on:

- (a) Account name: the holder of the account;
- (b) Account type: the type of account (holding, cancellation or retirement);
- (c) Commitment period: the commitment period with which a cancellation or retirement account is associated;
- (d) Representative identifier: the representative of the account holder, using the Party identifier (the two-letter country code defined by ISO 3166) and a number unique to that representative within the Party's registry;



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(e) Representative name and contact information: the full name, mailing address, telephone number, facsimile number and email address of the representative of the account holder.

46. The information referred to in paragraph 44 shall include the following Article 6 project information, for each project identifier against which the Party has issued ERUs:

(a) Project name: a unique name for the project;

(b) Project location: the Party and town or region in which the project is located;

(c) Years of ERU issuance: the years in which ERUs have been issued as a result of the Article 6 project;

(d) Reports: downloadable electronic versions of all publicly available documentation relating to the project, including proposals, monitoring, verification and issuance of ERUs, where relevant, subject to confidentiality provisions in decision -/CP.7 (Article 6).

47. The information referred to in paragraph 44 shall include the following holding and transaction information relevant to the national registry, by serial number, for each calendar year (defined according to Greenwich Mean Time):

(a) The total quantity of ERUs, CERs, AAUs and RMUs in each account at the beginning of the year;

(b) The total quantity of AAUs issued on the basis of the assigned amount pursuant to Article 3, paragraphs 7 and 8;

(c) The total quantity of ERUs, CERs, AAUs and RMUs acquired from other registries and the identity of the transferring accounts and registries;

(d) The total quantity of RMUs issued on the basis of each activity under Article 3, paragraphs 3 and 4;

(e) The total quantity of ERUs, CERs, AAUs and RMUs transferred to other registries and the identity of the acquiring accounts and registries;

(f) The total quantity of ERUs, CERs, AAUs and RMUs cancelled on the basis of activities under Article 3, paragraphs 3 and 4;

(g) The total quantity of ERUs, CERs, AAUs and RMUs cancelled following determination by the Compliance Committee that the Party is not in compliance with its commitment under Article 3, paragraph 1;

(h) The total quantity of other ERUs, CERs, AAUs and RMUs cancelled;

(i) The total quantity of ERUs, CERs, AAUs and RMUs retired;

(j) The total quantity of ERUs, CERs, AAUs carried over from the previous commitment period;

(k) Current holdings of ERUs, CERs, AAUs and RMUs in each account.

48. The information referred to in paragraph 44 shall include a list of legal entities authorized by the Party to hold ERUs, CERs, AAUs and/or RMUs under its responsibility.

### **III. COMPILATION AND ACCOUNTING OF EMISSION INVENTORIES AND ASSIGNED AMOUNTS**

#### **A. Report upon expiration of the additional period for fulfilling commitments**

49. Upon expiration of an additional period for fulfilling commitments, each Party included in Annex I shall report to the secretariat and make available to the public, in a standard electronic format, the following information. This information shall only include ERUs, CERs, AAUs and RMUs valid for the commitment period in question:

(a) The total quantities of the categories of ERUs, CERs, AAUs and RMUs listed in paragraph 47 (a) to (j), for the current calendar year until the end of the additional period for fulfilling commitments (defined according to Greenwich Mean Time);

(b) The total quantity and serial numbers of ERUs, CERs, AAUs and RMUs in its retirement account;

(c) The total quantity and serial numbers of ERUs, CERs and AAUs which the Party requests to be carried over to the subsequent commitment period.

#### **B. Compilation and accounting database**

50. The secretariat shall establish a database to compile and account for emissions and assigned amounts pursuant to Article 3, paragraphs 7 and 8, and additions to, and subtractions from assigned amounts pursuant to Article 3, paragraphs 7 and 8, for the accounting of the compliance assessment, in accordance with paragraphs 11 and 12 above. The purpose of this database is to facilitate the assessment of the compliance of each Party included in Annex I with its commitment under Article 3, paragraph 1.

51. A separate record shall be maintained in the database for each Party included in Annex I for each commitment period. Information on ERUs, CERs, AAUs and RMUs shall only include units valid for the commitment period in question and shall be recorded separately for each type of unit.

52. The secretariat shall record in the database for each Party included in Annex I the following information:

(a) The assigned amount pursuant to Article 3, paragraphs 7 and 8;

(b) For the first commitment period, the total allowable issuances of RMUs resulting from forest management activities under Article 3, paragraph 4, and limits on net acquisitions of CERs from afforestation and reforestation activities under Article 12 pursuant to decision -/CP.7 (LULUCF).

53. The secretariat shall record in the database, for each Party included in Annex I, whether it is eligible to transfer and/or acquire ERUs, CERs, AAUs and RMUs pursuant to decisions -/CP.7 (Article 6), and -/CP.7 (Article 17) and to use CERs to contribute to its compliance under Article 3, paragraph 1, pursuant to decision -/CP.7 (Article 12).

54. The secretariat shall annually record the following information relating to emissions for each Party included in Annex I, following the annual review under Article 8, the application of any adjustment under Article 5, paragraph 2, and the resolution of any questions of implementation pertaining to emission estimates:

(a) Aggregate annual anthropogenic carbon dioxide equivalent emissions of the greenhouse gases, and from the sources, listed in Annex A to the Kyoto Protocol for each year of the commitment period that has been reported in accordance with Article 7;

(b) Any adjustments under Article 5, paragraph 2, recorded as the difference, in carbon dioxide equivalent terms, between the adjusted estimate and the inventory estimate reported under Article 7;

(c) Aggregate anthropogenic carbon dioxide equivalent emissions in the commitment period, calculated as the sum of the amounts in subparagraphs (a) and (b) above for all years of the commitment period to date.

55. The secretariat shall annually record in the database the following information for each Party included in Annex I related to accounting for net emissions and removals of greenhouse gases resulting from its activities under Article 3, paragraph 3, and its elected activities under Article 3, paragraph 4, following the annual review under Article 8, the application of any adjustment under Article 5, paragraph 2, and the resolution of any relevant questions of implementation:

(a) The calculation of whether the activities under Article 3, paragraphs 3 and 4, that have been reported in accordance with Article 7, result in net anthropogenic emissions or net anthropogenic removals of greenhouse gases pursuant to decision -/CP.7 (LULUCF);

(b) For those activities for which the Party has elected to account annually, the net anthropogenic emissions and removals of greenhouse gases pursuant to decision -/CP.7 (LULUCF) for the calendar year;

(c) For those activities for which the Party has elected to account for the entire commitment period, the net anthropogenic emissions and removals of greenhouse gases pursuant to decision -/CP.7 (LULUCF) for the calendar year;

(d) Any adjustments under Article 5, paragraph 2, recorded as the difference in carbon dioxide equivalent terms, between the adjusted estimate and the estimate reported under Article 7;

(e) The total net anthropogenic emissions and removals of greenhouse gases pursuant to decision -/CP.7 (LULUCF) for the commitment period, calculated as the sum for all years of the commitment period to date of the amounts referred to in subparagraphs (b), (c) and (d) above.

56. Where a Party submits recalculated estimates of emissions and removals of greenhouse gases for a year of the commitment period, subject to the review in accordance with Article 8, the secretariat shall make appropriate amendments to the information contained in the database including, where relevant, the removal of previously applied adjustments.

57. The secretariat shall record and update the required level of the commitment period reserve for each Party included in Annex I, in accordance with decision -/CP.7 (Article 17).

58. The secretariat shall annually record in the database for each Party included in Annex I the following information related to transactions, for the previous calendar year and to date for the commitment period, following completion of the annual review, including the application of any corrections, and resolution of any relevant questions of implementation:

- (a) Total transfers of ERUs, CERs, AAUs and RMUs;
- (b) Total acquisitions for ERUs, CERs, AAUs and RMUs;
- (c) Net acquisitions of CERs resulting from afforestation and reforestation activities under Article 12;
- (d) Total issuances relating to each activity under Article 3, paragraphs 3 and 4;
- (e) Total cancellations relating to each activity under Article 3, paragraphs 3 and 4;
- (f) Total cancellations following determination by the Compliance Committee that the Party is not in compliance with its commitment under Article 3, paragraph 1;
- (g) Total of any other cancellations of ERUs, CERs, AAUs and RMUs;
- (h) Total retirements of ERUs, CERs, AAUs and RMUs.

59. Upon expiration of the additional period for the fulfilment of commitments, and following review under Article 8 of the report submitted by the Party under paragraph 49 above, including the application of any corrections, and the resolution of any relevant questions of implementation, the secretariat shall record in the database the following information for each Party included in Annex I:

- (a) The total additions to, or subtractions from, the assigned amount pursuant to Article 3, paragraphs 7 and 8, for the accounting of the compliance assessment, in accordance with paragraphs 11 and 12 above;
- (b) The total quantity of ERUs, CERs, AAUs and RMUs in the retirement account of the Party for that commitment period.

60. Upon completion of the Article 8 review of the annual inventory for the last year of the commitment period, and the resolution of any related question of implementation, the secretariat shall record in the database the aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases, and from the sources, listed in Annex A to the Kyoto Protocol of the Party for the commitment period.

### **C. Compilation and accounting reports**

61. The secretariat shall publish an annual compilation and accounting report for each Party included in Annex I and forward it to the COP/MOP, the Compliance Committee and the Party concerned.

62. After the commitment period and the additional period for fulfilling commitments, the secretariat shall publish a final compilation and accounting report for each Party included in Annex I and forward it to the COP/MOP, the Compliance Committee and the Party concerned, indicating:

(a) The aggregate anthropogenic carbon dioxide equivalent emissions of the Party for the commitment period as recorded under paragraph 60 above;

(b) The total quantity of ERUs, CERs, AAUs and RMUs in the retirement account of the Party for the commitment period, as recorded under paragraph 59 (b) above;

(c) Where applicable, the quantities of ERUs, CERs and AAUs in the registry that the Party has requested to be carried over to the subsequent commitment period.

(d) Where applicable, the quantity in tonnes by which the aggregate anthropogenic carbon dioxide equivalent emissions exceed the total quantity of ERUs, CERs, AAUs and RMUs in the retirement account of the Party for the commitment period.

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## **K. MATTERS RELATED TO LAND-USE, LAND USE CHANGE AND FORESTRY**

### **1. Land use, land-use change and forestry**

#### **Decision -/CP.7**

#### **Land use, land-use change and forestry**

*The Conference of the Parties,*

*Recalling* its decisions 1/CP.4, 8/CP.4, 9/CP.4 and 16/CP.5,

*Recalling also* its decision 5/CP.6, containing the Bonn agreements on the Implementation of the Buenos Aires Plan of Action,

*Acknowledging with appreciation* the scientific advice provided in the *Special Report on Land use, Land-use Change and Forestry* prepared by the Intergovernmental Panel on Climate Change,

1. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session adopt decision -/CMP.1 (*Land use, land-use change and forestry*);

2. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA):

(a) To consider, following the completion of the methodological work by the Intergovernmental Panel on Climate Change (IPCC) as outlined in paragraph 3 (c) below, and adopt methodologies to account for anthropogenic greenhouse gas emissions resulting from direct human-induced degradation and devegetation activities, with a view to the Conference of the Parties at its tenth session recommending a decision for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session regarding whether such activities should be included in the first commitment period;

(b) To investigate the possible application of biome-specific forest definitions for the second and subsequent commitment periods with a view to the Conference of the Parties at its tenth session recommending a decision for adoption on the use of such biome-specific forest definitions for future commitment periods to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session;

(c) To incorporate the work of the IPCC as outlined in paragraph 3 (d) below into any revisions of modalities, rules and guidelines prior to the second commitment period, for the accounting of activities under Article 3.4 of the Kyoto Protocol;

(d) To develop at its fifteenth session terms of reference for the work to be conducted under paragraph 2 (e) below;

(e) To develop definitions and modalities for including afforestation and reforestation project activities under Article 12 in the first commitment period, taking into account the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural

ecosystems, and being guided by the principles in the preamble to decision -/CMP.1 (*Land use, land-use change and forestry*) and the terms of reference referred to in paragraph 2 (d) above, with the aim of adopting a decision on these definitions and modalities at the ninth session of the Conference of the Parties, to be forwarded to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session;

3. *Invites* the Intergovernmental Panel on Climate Change (IPCC):

(a) To elaborate methods to estimate, measure, monitor, and report changes in carbon stocks and anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from land use, land-use change and forestry activities under Article 3.3 and 3.4, and Articles 6 and 12 of the Kyoto Protocol on the basis of the *Revised 1996 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories*, taking into account decisions -/CMP.1 and -/CP.7, to be submitted for consideration and possible adoption to the Conference of the Parties at its ninth session;

(b) To prepare a report on good practice guidance and uncertainty management relating to the measurement, estimation, assessment of uncertainties, monitoring and reporting of net carbon stock changes and anthropogenic greenhouse gas emissions by sources and removals by sinks in the land use, land-use change and forestry sector, taking into consideration decisions -/CMP.1 and -/CP.7, to be submitted for consideration and possible adoption to the Conference of the Parties at its ninth session;

(c) To develop definitions for direct human-induced 'degradation' of forests and 'devegetation' of other vegetation types and methodological options to inventory and report on emissions resulting from these activities, to be submitted for consideration and possible adoption to the Conference of the Parties at its ninth session; and,

(d) To develop practicable methodologies to factor out direct human-induced changes in carbon stocks and greenhouse gas emissions by sources and removals by sinks from changes in carbon stocks and greenhouse gas emissions by sources and removals by sinks due to indirect human-induced and natural effects (such as those from carbon dioxide fertilization and nitrogen deposition), and effects due to past practices in forests (pre-reference year), to be submitted to the Conference of the Parties at its tenth session;

4. *Decides* that any changes to the treatment of harvested wood products shall be in accordance with future decisions of the Conference of the Parties.

**Draft decision -/CMP.1**

**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 United Nations Framework Convention on Climate Change and its Kyoto Protocol,

*Having considered* decision -/CP.7 adopted by the Conference of the Parties at the second part of its sixth session,

1. *Affirms* that the following principles govern the treatment of land use, land-use change and forestry activities:

- (a) That the treatment of these activities be based on sound science;
- (b) That consistent methodologies be used over time for the estimation and reporting of these activities;
- (c) That the aim stated in Article 3.1 of the Kyoto Protocol not be changed by accounting for land use, land-use change and forestry activities;
- (d) That the mere presence of carbon stocks be excluded from accounting;
- (e) That the implementation of land use, land-use change and forestry activities contributes to the conservation of biodiversity and sustainable use of natural resources;
- (f) That accounting for land use, land-use change and forestry does not imply a transfer of commitments to a future commitment period;
- (g) That reversal of any removal due to land use, land-use change and forestry activities be accounted for at the appropriate point in time;
- (h) That accounting excludes removals resulting from: (i) elevated carbon dioxide concentrations above their pre-industrial level; (ii) indirect nitrogen deposition; and (iii) the dynamic effects of age structure resulting from activities and practices before the reference year;

2. *Decides* that good practice guidance, and methods to estimate, measure, monitor and report changes in carbon stocks and anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from land use, land-use change and forestry activities, as developed by the Intergovernmental Panel on Climate Change, shall be applied by Parties, if decided in accordance with relevant decisions of the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

3. *Decides* that anthropogenic greenhouse gas emissions by sources and removals by sinks shall be accounted for in accordance with the annex to this decision and reported in annual inventories and reviewed in accordance with relevant decisions relating to Articles 5,



7 and 8 of the Kyoto Protocol, and in accordance with the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories*, any future elaboration of these guidelines, or parts of them, and any good practice guidance on land-use change and forestry in accordance with relevant decisions of the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

4. *Adopts* the definitions, modalities, rules and guidelines relating to land use, land-use change and forestry activities under Articles 3, 6 and 12 of the Kyoto Protocol contained in the annex for application in the first commitment period.

ANNEX

**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 Articles<sup>1</sup> 3.3 and 3.4, the following definitions shall apply:

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

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

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

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

(e) “Revegetation” is a direct human-induced activity to increase carbon stocks on sites through the establishment of vegetation that covers a minimum area of 0.05 hectares and does not meet the definitions of afforestation and reforestation contained here;

(f) “Forest management” is a system of practices for stewardship and use of forest land aimed at fulfilling relevant ecological (including biological diversity), economic and social functions of the forest in a sustainable manner;

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

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

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<sup>1</sup> “Article” in this annex refers to an Article of the Kyoto Protocol, unless otherwise specified.

B. Article 3.3

2. For the purposes of Article 3.3, 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.
3. For the purposes of determining the area of deforestation to come into the accounting system under Article 3.3, each Party shall determine the forest area using the same spatial assessment unit as is used for the determination of afforestation and reforestation, but not larger than 1 hectare.
4. For the first commitment period, debits<sup>2</sup> resulting from harvesting during the first commitment period following afforestation and reforestation since 1990 shall not be greater than credits<sup>3</sup> accounted for on that unit of land.
5. 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 3.4

6. 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 human-induced activities, other than afforestation, reforestation and deforestation, under Article 3.4 in the first commitment period: revegetation, forest management, cropland management, and grazing land management.
7. A Party included in Annex I wishing to account for activities under Article 3.4 shall identify, in its report to enable the establishment of its assigned amount pursuant to Article 3.7 and Article 3.8, the activities under Article 3.4 which it elects to include in its accounting for the first commitment period. Upon election, a decision by a Party will be fixed for the first commitment period.
8. During the first commitment period, a Party included in Annex I that selects any or all of the activities mentioned in paragraph 6 above shall demonstrate that such activities have occurred since 1990 and are human-induced. A Party included in Annex I shall not account for emissions by sources and removals by sinks resulting from activities under Article 3.4, if these are already accounted for under Article 3.3.
9. For the first commitment period, accountable anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from cropland management, grazing land management and revegetation under Article 3.4, shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks in the commitment period, less five 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.

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<sup>2</sup> 'Debits': where emissions are larger than removals on a unit of land.

<sup>3</sup> 'Credits': where removals are larger than emissions on a unit of land.

10. For the first commitment period, a Party included in Annex I that incurs a net source of emissions under the provisions of Article 3.3 may account for anthropogenic greenhouse gas emissions by sources and removals by sinks in areas under forest management under Article 3.4, up to a level that is equal to the net source of emissions under the provisions of Article 3.3, but not greater than [9.0] megatons of carbon times five, if the total anthropogenic greenhouse gas emissions by sources and removals by sinks in the managed forest since 1990 is equal to, or larger than, the net source of emissions incurred under Article 3.3.

11. For the first commitment period only, additions to and subtractions from the assigned amount of a Party<sup>4</sup> resulting from forest management under Article 3.4, after the application of paragraph 10 above and resulting from forest management project activities undertaken under Article 6, shall not exceed the value inscribed in the appendix<sup>5</sup> to this decision, times five.

12. A Party may request the Conference of the Parties to reconsider its numerical values as contained in paragraph 10 and in the appendix to paragraph 11, with a view to the Conference of the Parties recommending a decision for adoption to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, no later than 2 years prior to the beginning of the first commitment period.<sup>6</sup> Such a reconsideration shall be based upon country-specific data and the elements of guidance and consideration in footnote 6 to paragraph 11. These shall be submitted and reviewed in accordance with relevant decisions related to Articles 5, 7 and 8 of the Kyoto Protocol, and in accordance with the *Revised 1996 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories*, any future elaboration of these guidelines, or parts of them, and any good practice guidance on land use, land-use change and forestry in accordance with the relevant decisions of the Conference of the Parties.

#### D. Article 12

13. The eligibility of land-use, land-use change and forestry project activities under Article 12 is limited to afforestation and reforestation.

14. For the first commitment period, the total of additions to a Party's assigned amount resulting from eligible land-use, land-use change and forestry project activities under Article 12 shall not exceed one per cent of base year emissions of that Party, times five.

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<sup>4</sup> As will be elaborated in the relevant decision dealing with modalities for the accounting of assigned amounts.

<sup>5</sup> In arriving at the values in the appendix below, the Conference of the Parties was guided by the application of an 85 per cent discount factor to account for the removals identified in paragraph 1(h) in the preamble of decision -/CMP.1 (Land use, land-use change and forestry) and a 3 per cent cap on forest management, using a combination of data provided by Parties and by the Food and Agriculture Organization (FAO). Consideration was also given to national circumstances (including the degree of effort needed to meet Kyoto commitments and the forest management measures implemented). The accounting framework established in this paragraph shall not be construed as establishing any precedent for the second and subsequent commitment periods.

<sup>6</sup> The Russian Federation does not recognize the numerical value in paragraph 10 and the value for the Russian Federation in the appendix to paragraph 11 as final values for it. (See FCCC/CP/2001/CRP.10.)

15. The treatment of land-use, land-use change and forestry project activities under Article 12 in future commitment periods shall be decided as part of the negotiations on the second commitment period.

E. General

16. Each Party included in Annex I shall, for the purposes of applying the definition of “forest” as contained in paragraph 1 (a) above, select a single minimum tree crown cover value between 10 and 30 per cent, a single minimum land area value between 0.05 and 1 hectare and a single minimum tree height value between 2 and 5 metres. The selection of a Party shall be fixed for the duration of the first commitment period. The selection shall be included as an integral part of its report to enable the establishment of its assigned amount pursuant to Article 3.7 and 3.8 in accordance with decision -/CP.7, and shall include the values for tree crown cover, tree height and the minimum land area. Each Party shall justify in its reporting that such values are consistent with the information that has historically been reported to the Food and Agriculture Organization of the United Nations or other international bodies, and if they differ, explain why and how such values were chosen.

17. For the first 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 3.7 and 3.8 shall be equal to anthropogenic greenhouse gas emissions by sources and removals by sinks measured as verifiable changes in carbon stocks, and non-carbon dioxide greenhouse gas emissions during the period 1 January 2008 to 31 December 2012 resulting from afforestation, reforestation and deforestation under Article 3.3 and forest management under Article 3.4, 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.

18. Accounting of anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from land use, land-use change and forestry activities under Article 3.3 and 3.4, shall begin with the onset of the activity or the beginning of the commitment period, whichever comes later.

19. Once land is accounted for under Article 3.3 and 3.4, all anthropogenic greenhouse gas emissions by sources from and removals by sinks on this land must be accounted for throughout subsequent and contiguous commitment periods.

20. National inventory systems under Article 5.1 shall ensure that areas of land subject to land use, land-use change and forestry activities under Article 3.3 and 3.4 are identifiable, and information about these areas should 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.

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

APPENDIX<sup>7</sup>

Party	Mt C/yr
Australia	0.00
Austria	0.63
Belarus	
Belgium	0.03
Bulgaria	0.37
Canada	12.00
Croatia	
Czech Republic	0.32
Denmark	0.05
Estonia	0.10
Finland	0.16
France	0.88
Germany	1.24
Greece	0.09
Hungary	0.29
Iceland	0.00
Ireland	0.05
Italy	0.18
Japan	13.00
Latvia	0.34
Liechtenstein	0.01
Lithuania	0.28
Luxembourg	0.01
Monaco	0.00
Netherlands	0.01
New Zealand	0.20
Norway	0.40
Poland	0.82
Portugal	0.22
Romania	1.10
Russian Federation	17.63
Slovakia	0.50
Slovenia	0.36
Spain	0.67
Sweden	0.58
Switzerland	0.50
Ukraine	1.11
United Kingdom of Great Britain and Northern Ireland	0.37

<sup>7</sup> The list of countries in this table differs from that found in decision 5/CP.6 as a result of consultations undertaken during the session.

**2. Forest management activities under Article 3.4 of the Kyoto Protocol:  
the Russian Federation**

**Decision -/CP.7**

**Forest management activities under Article 3.4 of the Kyoto Protocol:  
the Russian Federation**

*The Conference of the Parties,*

*Recalling* its decision 5/CP.6, containing the Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

*Recalling also* the relevant provisions of decision -/CP.7 (Land use, land-use change and forestry), and in particular, paragraphs 10 and 11 and footnote 6,

*Having considered* a submission by the Russian Federation<sup>1</sup> with regard to the value stated for this Party in the appendix to the above-mentioned decision,

*Decides* that, for the first commitment period, additions to and subtractions from the assigned amount of the Russian Federation, resulting from forest management under Article 3.4 after the application of paragraph 10 of the annex to decision -/CP.7, and resulting from forest management projects under Article 6, shall not exceed 33 megatons of carbon per year, times five.<sup>2</sup>

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<sup>1</sup> See FCCC/CP/2001/MISC.6.

<sup>2</sup> This corrects an error in the appendix to the draft decision on land use, land-use change and forestry in document FCCC/CP/2001/5/Add.2.

**L. PROCEDURES AND MECHANISMS RELATING TO COMPLIANCE UNDER THE KYOTO PROTOCOL**

**Decision -/CP.7**

**Procedures and mechanisms relating to compliance under the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* its decisions 8/CP.4, 15/CP.5 and 5/CP.6,

*Recalling* Article 18 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change,

*Noting* with appreciation the work done by the Joint Working Group on Compliance on the development of procedures and mechanisms relating to compliance under the Kyoto Protocol,

*Recognizing* the need to prepare for the early entry into force of the Kyoto Protocol,

*Also recognizing* the need to prepare for the timely operation of the procedures and mechanisms relating to compliance under the Kyoto Protocol,

*Recognizing* that this decision respects the agreement reached at the Conference of the Parties, at its sixth session, as reflected in section VIII of decision 5/CP.6,

*Noting* that it is the prerogative of the Conference of the Parties serving as the meeting of the Parties of the Kyoto Protocol to decide on the legal form of the procedures and mechanisms relating to compliance,

1. *Decides* to adopt the text containing the procedures and mechanisms relating to compliance under the Kyoto Protocol annexed hereto;

2. *Recommends* that the Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol, at its first session, adopt the procedures and mechanisms relating to compliance annexed hereto in terms of Article 18 of the Kyoto Protocol.



ANNEX

**Procedures and mechanisms relating to compliance under the Kyoto Protocol**

*In pursuit* of the ultimate objective of the United Nations Framework Convention on Climate Change, hereinafter referred to as “the Convention”, as stated in its Article 2,

*Recalling* the provisions of the Convention and the Kyoto Protocol to the United Nations Framework Convention on Climate Change, hereinafter referred to as “the Protocol”,

*Being guided* by Article 3 of the Convention,

*Pursuant* to the mandate adopted by decision 8/CP.4 of the Conference of the Parties to the Convention, at its fourth session,

The following procedures and mechanisms have been adopted:

**I. OBJECTIVE**

The objective of these procedures and mechanisms is to facilitate, promote and enforce compliance with the commitments under the Protocol.

**II. COMPLIANCE COMMITTEE**

1. A compliance committee, hereinafter referred to as “the Committee”, is hereby established.
2. The Committee shall function through a plenary, a bureau and two branches, namely, the facilitative branch and the enforcement branch.
3. The Committee shall consist of twenty members elected by the Conference of the Parties serving as the meeting of the Parties to the Protocol, ten of whom are to be elected to serve in the facilitative branch and ten to be elected to serve in the enforcement branch.
4. Each branch shall elect, from among its members and for a term of two years, a chairperson and a vice-chairperson, one of whom shall be from a Party included in Annex I and one from a Party not included in Annex I. These persons shall constitute the bureau of the Committee. The chairing of each branch shall rotate between Parties included in Annex I and Parties not included in Annex I in such a manner that at any time one chairperson shall be from among the Parties included in Annex I and the other chairperson shall be from among the Parties not included in Annex I.
5. For each member of the Committee, the Conference of the Parties serving as the meeting of the Parties to the Protocol shall elect an alternate member.
6. Members of the Committee and their alternates shall serve in their individual capacities. They shall have recognized competence relating to climate change and in relevant fields such as the scientific, technical, socio-economic or legal fields.

7. The facilitative branch and the enforcement branch shall interact and cooperate in their functioning and, as necessary, on a case-by-case basis, the bureau of the Committee may designate one or more members of one branch to contribute to the work of the other branch on a non-voting basis.

8. The adoption of decisions by the Committee shall require a quorum of at least three fourths of the members to be present.

9. The Committee shall make every effort to reach agreement on any decisions by consensus. If all efforts at reaching consensus have been exhausted, the decisions shall as a last resort be adopted by a majority of at least three fourths of the members present and voting. In addition, the adoption of decisions by the enforcement branch shall require a majority of members from Parties included in Annex I present and voting, as well as a majority of members from Parties not included in Annex I present and voting. "Members present and voting" means members present and casting an affirmative or a negative vote.

10. The Committee shall, unless it decides otherwise, meet at least twice each year, taking into account the desirability of holding such meetings in conjunction with the meetings of the subsidiary bodies under the Convention.

11. The Committee shall take into account any degree of flexibility allowed by the Conference of the Parties serving as the meeting of the Parties to the Protocol, pursuant to Article 3, paragraph 6, of the Protocol and taking into account Article 4, paragraph 6, of the Convention, to the Parties included in Annex I undergoing the process of transition to a market economy.

### **III. PLENARY OF THE COMMITTEE**

1. The plenary shall consist of the members of the facilitative branch and the enforcement branch. The chairpersons of the two branches shall be the co-chairpersons of the plenary.

2. The functions of the plenary shall be:

(a) To report on the activities of the Committee, including a list of decisions taken by the branches, to each ordinary session of the Conference of the Parties serving as the meeting of the Parties to the Protocol;

(b) To apply the general policy guidance referred to in section XII (c) below, received from the Conference of the Parties serving as the meeting of the Parties to the Protocol;

(c) To submit proposals on administrative and budgetary matters to the Conference of the Parties serving as the meeting of the Parties to the Protocol for the effective functioning of the Committee;

(d) To develop any further rules of procedure that may be needed, including rules on confidentiality, conflict of interest, submission of information by intergovernmental and non-governmental organizations, and translation, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Protocol by consensus; and

(e) To perform such other functions as may be requested by the Conference of the Parties serving as the meeting of the Parties to the Protocol for the effective functioning of the Committee.

#### IV. FACILITATIVE BRANCH

1. The facilitative branch shall be composed of:
  - (a) One member from each of the five regional groups of the United Nations and one member from the small island developing States, taking into account the interest groups as reflected by the current practice in the Bureau of the Conference of the Parties;
  - (b) Two members from Parties included in Annex I; and
  - (c) Two members from Parties not included in Annex I.
2. The Conference of the Parties serving as the meeting of the Parties to the Protocol shall elect five members for a term of two years and five members for a term of four years. Each time thereafter, the Conference of the Parties serving as the meeting of the Parties to the Protocol shall elect five new members for a term of four years. Members shall not serve for more than two consecutive terms.
3. In electing the members of the facilitative branch, the Conference of the Parties serving as the meeting of the Parties to the Protocol shall seek to reflect competences in a balanced manner in the fields referred to in section II, paragraph 6, above.
4. The facilitative branch shall be responsible for providing advice and facilitation to Parties in implementing the Protocol, and for promoting compliance by Parties with their commitments under the Protocol, taking into account the principle of common but differentiated responsibilities and respective capabilities as contained in Article 3, paragraph 1, of the Convention. It shall also take into account the circumstances pertaining to the questions before it.
5. Within its overall mandate, as specified in paragraph 4 above, and falling outside the mandate of the enforcement branch, as specified in section V, paragraph 4, below, the facilitative branch shall be responsible for addressing questions of implementation:
  - (a) Relating to Article 3, paragraph 14, of the Protocol, including questions of implementation arising from the consideration of information on how a Party included in Annex I is striving to implement Article 3, paragraph 14, of the Protocol; and
  - (b) With respect to the provision of information on the use by a Party included in Annex I of Articles 6, 12 and 17 of the Protocol as supplemental to its domestic action, taking into account any reporting under Article 3, paragraph 2, of the Protocol.
6. With the aim of promoting compliance and providing for early warning of potential non-compliance, the facilitative branch shall be further responsible for providing advice and facilitation for compliance with:
  - (a) Commitments under Article 3, paragraph 1, of the Protocol, prior to the beginning of the relevant commitment period and during that commitment period;
  - (b) Commitments under Article 5, paragraphs 1 and 2, of the Protocol, prior to the beginning of the first commitment period; and
  - (c) Commitments under Article 7, paragraphs 1 and 4, of the Protocol prior to the beginning of the first commitment period.

7. The facilitative branch shall be responsible for applying the consequences set out in section XIV below.

## V. ENFORCEMENT BRANCH

1. The enforcement branch shall be composed of:

(a) One member from each of the five regional groups of the United Nations and one member from the small island developing States, taking into account the interest groups as reflected by the current practice in the Bureau of the Conference of the Parties;

(b) Two members from Parties included in Annex I; and

(c) Two members from Parties not included in Annex I.

2. The Conference of the Parties serving as the meeting of the Parties to the Protocol shall elect five members for a term of two years and five members for a term of four years. Each time thereafter, the Conference of the Parties serving as the meeting of the Parties to the Protocol shall elect five new members for a term of four years. Members shall not serve for more than two consecutive terms.

3. In electing the members of the enforcement branch, the Conference of the Parties serving as the meeting of the Parties to the Protocol shall be satisfied that the members have legal experience.

4. The enforcement branch shall be responsible for determining whether a Party included in Annex I is not in compliance with:

(a) Its quantified emission limitation or reduction commitment under Article 3, paragraph 1, of the Protocol;

(b) The methodological and reporting requirements under Article 5, paragraphs 1 and 2, and Article 7, paragraphs 1 and 4, of the Protocol; and

(c) The eligibility requirements under Articles 6, 12 and 17 of the Protocol.

5. The enforcement branch shall also determine whether to apply:

(a) Adjustments to inventories under Article 5, paragraph 2, of the Protocol, in the event of a disagreement between an expert review team under Article 8 of the Protocol and the Party involved; and

(b) A correction to the compilation and accounting database for the accounting of assigned amounts under Article 7, paragraph 4, of the Protocol, in the event of a disagreement between an expert review team under Article 8 of the Protocol and the Party involved concerning the validity of a transaction or such Party's failure to take corrective action.

6. The enforcement branch shall be responsible for applying the consequences set out in section XV below for the cases of non-compliance mentioned in paragraph 4 above. The consequences of non-compliance with Article 3, paragraph 1, of the Protocol to be applied by the enforcement branch shall be aimed at the restoration of non-compliance to ensure environmental integrity, and shall provide for an incentive to comply.

## VI. SUBMISSIONS

1. The Committee shall receive, through the secretariat, questions of implementation indicated in reports of expert review teams under Article 8 of the Protocol, together with any written comments by the Party which is subject to the report, or questions of implementation submitted by:
  - (a) Any Party with respect to itself; or
  - (b) Any Party with respect to another Party, supported by corroborating information.
2. The secretariat shall forthwith make available to the Party in respect of which the question of implementation is raised, hereinafter referred to as “the Party concerned”, any question of implementation submitted under paragraph 1 above.
3. In addition to the reports referred to in paragraph 1 above, the Committee shall also receive, through the secretariat, other final reports of expert review teams.

## VII. ALLOCATION AND PRELIMINARY EXAMINATION

1. The bureau of the Committee shall allocate questions of implementation to the appropriate branch in accordance with the mandates of each branch set out in section IV, paragraphs 4-7, and Section V, paragraphs 4-6.
2. The relevant branch shall undertake a preliminary examination of questions of implementation to ensure that, except in the case of a question raised by a Party with respect to itself, the question before it:
  - (a) Is supported by sufficient information;
  - (b) Is not *de minimis* or ill-founded; and
  - (c) Is based on the requirements of the Protocol.
3. The preliminary examination of questions of implementation shall be completed within three weeks from the date of receipt of these questions by the relevant branch.
4. After the preliminary examination of questions of implementation, the Party concerned shall, through the secretariat, be notified in writing of the decision and, in the event of a decision to proceed, be provided with a statement identifying the question of implementation, the information on which the question is based and the branch that will consider the question.
5. In the event of the review of eligibility requirements for a Party included in Annex I under Articles 6, 12 and 17 of the Protocol, the enforcement branch shall also, through the secretariat, notify forthwith the Party concerned, in writing, of the decision not to proceed with questions of implementation relating to eligibility requirements under those articles.
6. Any decision not to proceed shall be made available by the secretariat to other Parties and to the public.
7. The Party concerned shall be given an opportunity to comment in writing on all information relevant to the question of implementation and the decision to proceed.

### **VIII. GENERAL PROCEDURES**

1. Following the preliminary examination of questions of implementation, the procedures set out in this section shall apply to the Committee, except where otherwise provided in these procedures and mechanisms.
2. The Party concerned shall be entitled to designate one or more persons to represent it during the consideration of the question of implementation by the relevant branch. This Party shall not be present during the elaboration and adoption of a decision of the branch.
3. Each branch shall base its deliberations on any relevant information provided by:
  - (a) Reports of the expert review teams under Article 8 of the Protocol;
  - (b) The Party concerned;
  - (c) The Party that has submitted a question of implementation with respect to another Party;
  - (d) Reports of the Conference of the Parties, the Conference of the Parties serving as the meeting of the Parties to the Protocol, and the subsidiary bodies under the Convention and the Protocol; and
  - (e) The other branch.
4. Competent intergovernmental and non-governmental organizations may submit relevant factual and technical information to the relevant branch.
5. Each branch may seek expert advice.
6. Any information considered by the relevant branch shall be made available to the Party concerned. The branch shall indicate to the Party concerned which parts of this information it has considered. The Party concerned shall be given an opportunity to comment in writing on such information. Subject to any rules relating to confidentiality, the information considered by the branch shall also be made available to the public, unless the branch decides, of its own accord or at the request of the Party concerned, that information provided by the Party concerned shall not be made available to the public until its decision has become final.
7. Decisions shall include conclusions and reasons. The relevant branch shall forthwith, through the secretariat, notify the Party concerned in writing of its decision, including conclusions and reasons therefor. The secretariat shall make final decisions available to other Parties and to the public.
8. The Party concerned shall be given an opportunity to comment in writing on any decision of the relevant branch.
9. If the Party concerned so requests, any question of implementation submitted under section VI, paragraph 1; any notification under section VII, paragraph 4; any information under paragraph 3 above; and any decision of the relevant branch, including conclusions and reasons therefor, shall be translated into one of the six official languages of the United Nations.

## **IX. PROCEDURES FOR THE ENFORCEMENT BRANCH**

1. Within ten weeks from the date of receipt of the notification under section VII, paragraph 4, the Party concerned may make a written submission to the enforcement branch, including rebuttal of information submitted to the branch.
2. If so requested in writing by the Party concerned within ten weeks from the date of receipt of the notification under section VII, paragraph 4, the enforcement branch shall hold a hearing at which the Party concerned shall have the opportunity to present its views. The hearing shall take place within four weeks from the date of receipt of the request or of the written submission under paragraph 1 above, whichever is the later. The Party concerned may present expert testimony or opinion at the hearing. Such a hearing shall be held in public, unless the enforcement branch decides, of its own accord or at the request of the Party concerned, that part or all of the hearing shall take place in private.
3. The enforcement branch may put questions to and seek clarification from the Party concerned, either in the course of such a hearing or at any time in writing, and the Party concerned shall provide a response within six weeks thereafter.
4. Within four weeks from the date of receipt of the written submission of the Party concerned under paragraph 1 above, or within four weeks from the date of any hearing pursuant to paragraph 2 above, or within fourteen weeks from the notification under section VII, paragraph 4, if the Party has not provided a written submission, whichever is the latest, the enforcement branch shall:
  - (a) Adopt a preliminary finding that the Party concerned is not in compliance with commitments under one or more of the articles of the Protocol referred to in section V, paragraph 4; or
  - (b) Otherwise determine not to proceed further with the question.
5. The preliminary finding, or the decision not to proceed, shall include conclusions and reasons therefor.
6. The enforcement branch shall forthwith, through the secretariat, notify the Party concerned in writing of its preliminary finding or decision not to proceed. The secretariat shall make the decision not to proceed available to the other Parties and to the public.
7. Within ten weeks from the date of receipt of the notification of the preliminary finding, the Party concerned may provide a further written submission to the enforcement branch. If the Party concerned does not do so within that period of time, the enforcement branch shall forthwith adopt a final decision confirming its preliminary finding.
8. If the Party concerned provides a further written submission, the enforcement branch shall, within four weeks from the date it received the further submission, consider it and adopt a final decision, indicating whether the preliminary finding, as a whole or any part of it to be specified, is confirmed.
9. The final decision shall include conclusions and reasons therefor.

10. The enforcement branch shall forthwith, through the secretariat, notify the Party concerned in writing of its final decision. The secretariat shall make the final decision available to the other Parties and to the public.
11. The enforcement branch, when the circumstances of an individual case so warrant, may extend any time frames provided for in this section.
12. Where appropriate, the enforcement branch may, at any time, refer a question of implementation to the facilitative branch for consideration.

#### X. EXPEDITED PROCEDURES FOR THE ENFORCEMENT BRANCH

1. Where a question of implementation relates to eligibility requirements under Articles 6, 12 and 17 of the Protocol, sections VII to IX shall apply, except that:
  - (a) The preliminary examination referred to in section VII, paragraph 2, shall be completed within two weeks from the date of receipt of the question of implementation by the enforcement branch;
  - (b) The Party concerned may make a written submission within four weeks from the date of receipt of the notification under section VII, paragraph 4;
  - (c) If so requested in writing by the Party concerned within two weeks from the date of receipt of the notification under section VII, paragraph 4, the enforcement branch shall hold a hearing as referred to in section IX, paragraph 2, that shall take place within two weeks from the date of receipt of the request or of the written submission under subparagraph (b) above, whichever is the later;
  - (d) The enforcement branch shall adopt its preliminary finding or a decision not to proceed within six weeks of the notification under section VII, paragraph 4, or within two weeks of a hearing under section IX, paragraph 2, whichever is the shorter;
  - (e) The Party concerned may make a further written submission within four weeks from the date of receipt of the notification referred to in section IX, paragraph 6;
  - (f) The enforcement branch shall adopt its final decision within two weeks from the date of receipt of any further written submission referred to in section IX, paragraph 7; and
  - (g) The periods of time stipulated in section IX shall apply only if, in the opinion of the enforcement branch, they do not interfere with the adoption of decisions in accordance with subparagraphs (d) and (f) above.
2. Where the eligibility of a Party included in Annex I under Articles 6, 12 and 17 of the Protocol has been suspended under section XV, paragraph 4, the Party concerned may submit a request to reinstate its eligibility, either through an expert review team or directly to the enforcement branch. If the enforcement branch receives a report from the expert review team indicating that there is no longer a question of implementation with respect to the eligibility of the Party concerned, it shall reinstate that Party's eligibility, unless the enforcement branch considers that there continues to be such a question of implementation, in which case the procedure referred to in paragraph 1 above shall apply. In response to a request submitted to it directly by the Party concerned, the enforcement branch shall decide as soon as possible, either that there no longer continues to be a question of implementation with respect to that Party's



eligibility in which case it shall reinstate that Party's eligibility, or that the procedure referred to in paragraph 1 above shall apply.

3. Where the eligibility of a Party to make transfers under Article 17 of the Protocol has been suspended under section XV, paragraph 5 (c), the Party may request the enforcement branch to reinstate that eligibility. On the basis of the compliance action plan submitted by the Party in accordance with section XV, paragraph 6, and any progress reports submitted by the Party including information on its emissions trends, the enforcement branch shall reinstate that eligibility, unless it determines that the Party has not demonstrated that it will meet its quantified emission limitation or reduction commitment in the commitment period subsequent to the one for which the Party was determined to be in non-compliance, hereinafter referred to as "the subsequent commitment period". The enforcement branch shall apply the procedure referred to in paragraph 1 above, adapted insofar as necessary for the purposes of the procedure in this paragraph.

4. Where the eligibility of a Party to make transfers under Article 17 of the Protocol has been suspended under section XV, paragraph 5 (c), the enforcement branch shall reinstate that eligibility forthwith if the Party demonstrates that it has met its quantified emission limitation or reduction commitment in the subsequent commitment period, either through the report of the expert review team under Article 8 of the Protocol for the final year of the subsequent commitment period or through a decision of the enforcement branch.

5. In the event of a disagreement whether to apply adjustments to inventories under Article 5, paragraph 2, of the Protocol, or whether to apply a correction to the compilation and accounting database for the accounting of assigned amounts under Article 7, paragraph 4, of the Protocol, the enforcement branch shall decide on the matter within twelve weeks of being informed in writing of such disagreement. In doing so, the enforcement branch may seek expert advice.

## **XI. APPEALS**

1. The Party in respect of which a final decision has been taken may appeal to the Conference of the Parties serving as the meeting of the Parties to the Protocol against a decision of the enforcement branch relating to Article 3, paragraph 1, of the Protocol if that Party believes it has been denied due process.

2. The appeal shall be lodged with the secretariat within 45 days after the Party has been informed of the decision of the enforcement branch. The Conference of the Parties serving as the meeting of the Parties to the Protocol shall consider the appeal at its first session after the lodging of the appeal.

3. The Conference of the Parties serving as the meeting of the Parties to the Protocol may agree by a three-fourths majority vote of the Parties present and voting at the meeting to override the decision of the enforcement branch, in which event the Conference of the Parties serving as the meeting of the Parties to the Protocol shall refer the matter of the appeal back to the enforcement branch.

4. The decision of the enforcement branch shall stand pending the decision on appeal. It shall become definitive if, after 45 days, no appeal has been made against it.

## **XII. RELATIONSHIP WITH THE CONFERENCE OF THE PARTIES SERVING AS THE MEETING OF THE PARTIES TO THE PROTOCOL**

The Conference of the Parties serving as the meeting of the Parties to the Protocol shall:

- (a) In considering the reports of the expert review teams in accordance with Article 8, paragraphs 5 and 6 of the Protocol, identify any general problems that should be addressed in the general policy guidance referred to in subparagraph (c) below;
- (b) Consider the reports of the plenary on the progress of its work;
- (c) Provide general policy guidance, including on any issues regarding implementation that may have implications for the work of the subsidiary bodies under the Protocol;
- (d) Adopt decisions on proposals on administrative and budgetary matters; and
- (e) Consider and decide appeals in accordance with section XI.

## **XIII. ADDITIONAL PERIOD FOR FULFILLING COMMITMENTS**

For the purpose of fulfilling commitments under Article 3, paragraph 1, of the Protocol, a Party may, until the hundredth day after the date set by the Conference of the Parties serving as the meeting of the Parties to the Protocol for the completion of the expert review process under Article 8 of the Protocol for the last year of the commitment period, continue to acquire, and other Parties may transfer to such Party, emission reduction units, certified emission reductions and assigned amount units under Articles 6, 12 and 17 of the Protocol, respectively, from the preceding commitment period, provided the eligibility of any such Party has not been suspended in accordance with section XV, paragraph 4.

## **XIV. CONSEQUENCES APPLIED BY THE FACILITATIVE BRANCH**

The facilitative branch, taking into account the principle of common but differentiated responsibilities and respective capabilities, shall decide on the application of one or more of the following consequences:

- (a) Provision of advice and facilitation of assistance to individual Parties regarding the implementation of the Protocol;
- (b) Facilitation of financial and technical assistance to any Party concerned, including technology transfer and capacity building from sources other than those established under the Convention and the Protocol for the developing countries;
- (c) Facilitation of financial and technical assistance, including technology transfer and capacity building, taking into account Article 4, paragraphs 3, 4 and 5, of the Convention; and
- (d) Formulation of recommendations to the Party concerned, taking into account Article 4, paragraph 7, of the Convention.

## **XV. CONSEQUENCES APPLIED BY THE ENFORCEMENT BRANCH**

1. Where the enforcement branch has determined that a Party is not in compliance with Article 5, paragraph 1 or paragraph 2, or Article 7, paragraph 1 or paragraph 4, of the Protocol, it shall apply the following consequences, taking into account the cause, type, degree and frequency of the non-compliance of that Party:

- (a) Declaration of non-compliance; and
- (b) Development of a plan in accordance with paragraphs 2 and 3 below.

2. The Party not in compliance under paragraph 1 above, shall, within three months after the determination of non-compliance, or such longer period that the enforcement branch considers appropriate, submit to the enforcement branch for review and assessment a plan that includes:

- (a) An analysis of the causes of non-compliance of the Party;
- (b) Measures that the Party intends to implement in order to remedy the non-compliance; and
- (c) A timetable for implementing such measures within a time frame not exceeding twelve months which enables the assessment of progress in the implementation.

3. The Party not in compliance under paragraph 1 above shall submit to the enforcement branch progress reports on the implementation of the plan on a regular basis.

4. Where the enforcement branch has determined that a Party included in Annex I does not meet one or more of the eligibility requirements under Articles 6, 12 and 17 of the Protocol, it shall suspend the eligibility of that Party in accordance with relevant provisions under those articles. At the request of the Party concerned, eligibility may be reinstated in accordance with the procedure in section X, paragraph 2.

5. Where the enforcement branch has determined that the emissions of a Party have exceeded its assigned amount, calculated pursuant to its quantified emission limitation or reduction commitment inscribed in Annex B to the Protocol and in accordance with the provisions of Article 3 of the Protocol as well as the modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Protocol, taking into account emission reduction units, certified emission reductions and assigned amount units the Party has acquired in accordance with section XIII, it shall declare that that Party is not in compliance with its commitments under Article 3, paragraph 1, of the Protocol, and shall apply the following consequences:

- (a) Deduction from the Party's assigned amount for the second commitment period of a number of tonnes equal to 1.3 times the amount in tonnes of excess emissions;
- (b) Development of a compliance action plan in accordance with paragraphs 6 and 7 below; and
- (c) Suspension of the eligibility to make transfers under Article 17 of the Protocol until the Party is reinstated in accordance with section X, paragraph 3 or paragraph 4.

6. The Party not in compliance under paragraph 5 above shall, within three months after the determination of non-compliance or, where the circumstances of an individual case so warrant,

such longer period that the enforcement branch considers appropriate, submit to the enforcement branch for review and assessment a compliance action plan that includes:

- (a) An analysis of the causes of the non-compliance of the Party;
- (b) Action that the Party intends to implement in order to meet its quantified emission limitation or reduction commitment in the subsequent commitment period, giving priority to domestic policies and measures; and
- (c) A timetable for implementing such action, which enables the assessment of annual progress in the implementation, within a time frame that does not exceed three years or up to the end of the subsequent commitment period, whichever occurs sooner. At the request of the Party, the enforcement branch may, where the circumstances of an individual case so warrants, extend the time for implementing such action for a period which shall not exceed the maximum period of three years mentioned above.

7. The Party not in compliance under paragraph 5 above shall submit to the enforcement branch a progress report on the implementation of the compliance action plan on an annual basis.

8. For subsequent commitment periods, the rate referred to in paragraph 5 (a) above shall be determined by an amendment.

#### **XVI. RELATIONSHIP WITH ARTICLES 16 AND 19 OF THE PROTOCOL**

The procedures and mechanisms relating to compliance shall operate without prejudice to Articles 16 and 19 of the Protocol.

#### **XVII. SECRETARIAT**

The secretariat referred to in Article 14 of the Protocol shall serve as the secretariat of the Committee.

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**M. NATIONAL SYSTEMS, ADJUSTMENTS AND GUIDELINES UNDER ARTICLES 5, 7 AND 8 OF THE KYOTO PROTOCOL**

**1. Guidelines for national systems under Article 5, paragraph 1, of the Kyoto Protocol**

**Decision -/CP.7**

**Guidelines for national systems under Article 5, paragraph 1, of the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* its decisions 1/CP.3, 1/CP.4, 8/CP.4 and 5/CP.6,

*Noting* Article 5, paragraph 1, of the Kyoto Protocol to the United Nations Framework Convention on Climate Change,

*Having considered* the conclusions of the Subsidiary Body for Scientific and Technological Advice at its twelfth and resumed thirteenth sessions,<sup>1</sup>

1. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the attached draft decision;
2. *Encourages* Parties included in Annex I to implement the recommended guidelines for national systems under Article 5, paragraph 1, of the Kyoto Protocol as soon as possible with the aim of gaining experience with their implementation;
3. *Urges* Parties included in Annex II to the Convention to assist Parties included in Annex I with economies in transition, through appropriate bilateral or multilateral channels, with the implementation of the guidelines for national systems under Article 5, paragraph 1, of the Kyoto Protocol.

**Draft decision -/CMP.1**

**Guidelines for national systems under Article 5, paragraph 1, of the Kyoto Protocol**

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

*Recalling* Article 5, paragraph 1, of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, in particular its provision that each Party included in Annex I shall have in place, no later than one year prior to the start of the first commitment period, a

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<sup>1</sup> FCCC/SBSTA/2000/5 and FCCC/SBSTA/2000/14.

Advance unedited version

national system for the estimation of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol,

*Recognizing* the importance of such national systems for the implementation of other provisions of the Kyoto Protocol,

*Having considered* decision -/CP.7, adopted by the Conference of the Parties at its seventh session,

1. *Adopts* the guidelines for national systems under Article 5, paragraph 1, of the Kyoto Protocol as contained in the annex to this decision,
2. *Urges* Parties included in Annex I to implement the guidelines as soon as possible.

ANNEX

**GUIDELINES FOR NATIONAL SYSTEMS FOR THE ESTIMATION OF ANTHROPOGENIC GREENHOUSE GAS EMISSIONS BY SOURCES AND REMOVALS BY SINKS UNDER ARTICLE 5, PARAGRAPH 1 OF THE KYOTO PROTOCOL<sup>2</sup>**

**I. APPLICABILITY**

1. The provisions of these guidelines shall apply for each Party included in Annex I which is also a Party to the Kyoto Protocol. Parties' implementation of national system requirements may differ according to national circumstances, but shall include the elements described in these guidelines. Any differences in implementation shall not impair the performance of the functions described in these guidelines.

**II. DEFINITIONS**

**A. Definition of national system**

2. A national system includes all institutional, legal and procedural arrangements made within a Party included in Annex I for estimating anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, and for reporting and archiving inventory information.

**B. Other definitions**

3. The meaning of the following terms in these guidelines for national systems<sup>3</sup> is the same as in the glossary of the Intergovernmental Panel on Climate Change (IPCC) good practice guidance,<sup>4</sup> accepted by the IPCC at its XVI Plenary:<sup>5</sup>

(a) Good practice is a set of procedures intended to ensure that greenhouse gas inventories are accurate in the sense that they are systematically neither over- nor underestimated as far as can be judged, and that uncertainties are reduced as far as possible. Good practice covers choice of estimation methods appropriate to national circumstances, quality assurance and quality control at the national level, quantification of uncertainties, and data archiving and reporting to promote transparency;

(b) Quality control (QC) is a system of routine technical activities to measure and control the quality of the inventory as it is being developed. The QC system is designed to:

(i) Provide routine and consistent checks to ensure data integrity, correctness and completeness;

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<sup>2</sup> "Article" in these guidelines refers to an Article of the Kyoto Protocol, unless otherwise specified.

<sup>3</sup> The guidelines for national systems for the estimation of anthropogenic greenhouse gas emissions by sources and removals by sinks under Article 5, paragraph 1 of the Kyoto Protocol are referred to as "guidelines for national systems in this document.

<sup>4</sup> The IPCC "*Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories*" is referred to as the "IPCC good practice guidance" in these guidelines for national systems.

<sup>5</sup> Montreal, 1-8 May 2000.

- (ii) Identify and address errors and omissions;
- (iii) Document and archive inventory material and record all QC activities.

QC activities include general methods such as accuracy checks on data acquisition and calculations and the use of approved standardized procedures for emission calculations, measurements, estimating uncertainties, archiving information and reporting. Higher tier QC activities also include technical reviews of source categories, activity and emission factor data and methods;

(c) Quality assurance (QA) activities include a planned system of review procedures conducted by personnel not directly involved in the inventory compilation development process, to verify that data quality objectives were met, ensure that the inventory represents the best possible estimate of emissions and sinks given the current state of scientific knowledge and data available, and support the effectiveness of the QC programme;

(d) Key source category is one that is prioritized within the national inventory because its estimate has a significant influence on a country's total inventory of direct greenhouse gases in terms of the absolute level of emissions, the trend in emissions, or both;

(e) Decision tree is a flow-chart describing the specific ordered steps which need to be followed to develop an inventory or an inventory component in accordance with the principles of good practice.

4. Recalculation, consistent with the UNFCCC reporting guidelines on annual inventories,<sup>6</sup> is a procedure for re-estimating anthropogenic greenhouse gas (GHG)<sup>7</sup> emissions by sources and removals by sinks of previously submitted inventories<sup>8</sup> as a consequence of changes in methodologies, changes in the manner in which emission factors and activity data are obtained and used, or the inclusion of new source and sink categories.

### III. OBJECTIVES

5. The objectives of national systems under Article 5, paragraph 1 for the estimation of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, referred to below as national systems, are:

(a) To enable Parties included in Annex I to estimate anthropogenic GHG emissions by sources and removals by sinks, as required by Article 5, and to report these emissions by sources and removals by sinks in accordance with Article 7, paragraph 1 and relevant decisions of the Conference of the Parties (COP) and/or the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP);

(b) To assist Parties included in Annex I in meeting their commitments under Articles 3 and 7;

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<sup>6</sup> FCCC/CP/1999/7.

<sup>7</sup> References to greenhouse gases (GHG) in these guidelines for national systems refer to GHGs not controlled by the Montreal Protocol.

<sup>8</sup> "National GHG inventories" are referred to simply as "inventories" in these guidelines for the sake of brevity.



(c) To facilitate the review of the information submitted under Article 7 by Parties included in Annex I, as required by Article 8;

(d) To assist Parties included in Annex I to ensure and improve the quality of their inventories.

#### IV. CHARACTERISTICS

6. National systems should be designed and operated to ensure the transparency, consistency, comparability, completeness and accuracy of inventories as defined in the guidelines for the preparation of inventories by Parties included in Annex I, in accordance with relevant decisions of the COP and/or COP/MOP.

7. National systems should be designed and operated to ensure the quality of the inventory through planning, preparation and management of inventory activities. Inventory activities include collecting activity data, selecting methods and emission factors appropriately, estimating anthropogenic GHG emissions by sources and removals by sinks, implementing uncertainty assessment and quality assurance/quality control (QA/QC) activities, and carrying out procedures for the verification of the inventory data at the national level, as described in these guidelines for national systems.

8. National systems should be designed and operated to support compliance with Kyoto Protocol commitments related to the estimation of anthropogenic GHG emissions by sources and removals by sinks.

9. National systems should be designed and operated to enable Parties included in Annex I to consistently estimate anthropogenic emissions by all sources and removals by all sinks of all GHGs, as covered by the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories* and IPCC good practice guidance, in accordance with relevant decisions of the COP and/or COP/MOP.

#### V. GENERAL FUNCTIONS

10. In the implementation of its national system, each Party included in Annex I shall:

(a) Establish and maintain the institutional, legal and procedural arrangements necessary to perform the functions defined in these guidelines for national systems, as appropriate, between the government agencies and other entities responsible for the performance of all functions defined in these guidelines;

(b) Ensure sufficient capacity for timely performance of the functions defined in these guidelines for national systems, including data collection for estimating anthropogenic GHG emissions by sources and removals by sinks and arrangements for technical competence of the staff involved in the inventory development process;

(c) Designate a single national entity with overall responsibility for the national inventory;

(d) Prepare national annual inventories and supplementary information in a timely manner in accordance with Article 5 and Article 7, paragraphs 1 and 2 and relevant decisions of the COP and/or COP/MOP;

(e) Provide information necessary to meet the reporting requirements defined in the guidelines under Article 7 in accordance with the relevant decisions of the COP and/or COP/MOP.

## **VI. SPECIFIC FUNCTIONS**

11. In order to meet the objectives and perform the general functions described above, each Party included in Annex I shall undertake specific functions related to inventory planning, preparation and management.<sup>9</sup>

### **A. Inventory planning**

12. As part of its inventory planning, each Party included in Annex I shall:

(a) Designate a single national entity with overall responsibility for the national inventory;

(b) Make available the postal and electronic addresses of the national entity responsible for the inventory;

(c) Define and allocate specific responsibilities in the inventory development process, including those related to choice of methods, data collection, particularly activity data and emission factors from statistical services and other entities, processing and archiving, and QC and QA. This definition shall specify the roles of, and cooperation between, government agencies and other entities involved in the preparation of the inventory, as well as the institutional, legal and procedural arrangements made to prepare the inventory;

(d) Elaborate an inventory QA/QC plan which describes specific QC procedures to be implemented during the inventory development process, facilitate the overall QA procedures to be conducted, to the extent possible, on the entire inventory and establish quality objectives;

(e) Establish processes for the official consideration and approval of the inventory, including any recalculations, prior to its submission and to respond to any issues raised by the inventory review process under Article 8.

13. As part of its inventory planning, each Party included in Annex I should consider ways to improve the quality of activity data, emission factors, methods and other relevant technical elements of inventories. Information obtained from the implementation of the QA/QC programme, the review process under Article 8 and other reviews should be considered in the development and/or revision of the QA/QC plan and the quality objectives.

### **B. Inventory preparation**

14. As part of its inventory preparation, each Party included in Annex I shall:

(a) Identify key source categories following the methods described in the IPCC good practice guidance (chapter 7, section 7.2);

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<sup>9</sup> For the purpose of these guidelines for national systems, the inventory development process encompasses inventory planning, preparation and management. These steps of the inventory development process are considered in these guidelines only in order to clearly identify the functions to be performed by the national systems, as described in paragraphs 12 to 17 below.

- (b) Prepare estimates in accordance with the methods described in the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories*, as elaborated by the IPCC good practice guidance, and ensure that appropriate methods are used to estimate emissions from key source categories;
- (c) Collect sufficient activity data, process information, and emission factors as are necessary to support the methods selected for estimating anthropogenic GHG emissions by sources and removals by sinks;
- (d) Make a quantitative estimate of inventory uncertainty for each source category and for the inventory in total, following the IPCC good practice guidance;
- (e) Ensure that any recalculations of previously submitted estimates of anthropogenic GHG emissions by sources and removals by sinks are prepared in accordance with the IPCC good practice guidance and relevant decisions of the COP and/or COP/MOP;
- (f) Compile the national inventory in accordance with Article 7, paragraph 1 and relevant decisions of the COP and/or COP/MOP;
- (g) Implement general inventory QC procedures (tier 1) in accordance with its QA/QC plan following the IPCC good practice guidance.

15. As part of its inventory preparation, each Party included in Annex I should:

- (a) Apply source category specific QC procedures (tier 2) for key source categories and for those individual source categories in which significant methodological and/or data revisions have occurred, in accordance with the IPCC good practice guidance;
- (b) Provide for a basic review of the inventory by personnel that have not been involved in the inventory development, preferably an independent third party, before the submission of the inventory, in accordance with the planned QA procedures referred to in paragraph 12 (d) above;
- (c) Provide for a more extensive review of the inventory for key source categories, as well as source categories where significant changes in methods or data have been made;
- (d) Based on the reviews described in paragraph 15 (b) and (c) and periodic internal evaluations of the inventory preparation process, re-evaluate the inventory planning process in order to meet the established quality objectives referred to in paragraph 12 (d).

### **C. Inventory management**

16. As part of its inventory management, each Party included in Annex I shall:

- (a) Archive inventory information for each year in accordance with relevant decisions of the COP and/or COP/MOP. This information shall include all disaggregated emission factors, activity data, and documentation about how these factors and data have been generated and aggregated for the preparation of the inventory. This information shall also include internal documentation on QA/QC procedures, external and internal reviews, documentation on annual key sources and key source identification and planned inventory improvements;

(b) Provide review teams under Article 8 with access to all archived information used by the Party to prepare the inventory, in accordance with relevant decisions of the COP and/or COP/MOP;

(c) Respond to requests for clarifying inventory information resulting from the different stages of the review process of the inventory information, and information on the national system, in a timely manner in accordance with Article 8.

17. As part of its inventory management, each Party included in Annex I should make the archived information accessible by collecting and gathering it at a single location.

## **VII. UPDATING OF THE GUIDELINES**

18. These guidelines shall be reviewed and revised, as appropriate, by consensus, in accordance with decisions of the COP/MOP, taking into account any relevant decisions of the COP.

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**2. Good practice guidance and adjustments under Article 5, paragraph 2, of the Kyoto Protocol**

**Decision -/CP.7**

**Good practice guidance and adjustments under Article 5, paragraph 2, of the Kyoto Protocol**

*The Conference of the Parties,*

*Noting* Article 5, paragraph 2, of the Kyoto Protocol to the United Nations Framework Convention on Climate Change,

*Recalling* its decisions 1/CP.3, 2/CP.3, 1/CP.4, 8/CP.4 and 5/CP.6,

*Recognizing* the essential role of high quality greenhouse gas inventories under the Convention and the Kyoto Protocol,

*Recognizing* the need for confidence in estimates of anthropogenic emissions and anthropogenic removals<sup>1</sup> for the purpose of ascertaining compliance with commitments under Article 3 of the Kyoto Protocol,

*Acknowledging* the importance of ensuring that anthropogenic emissions are not underestimated and that anthropogenic removals by sinks and anthropogenic base year emissions are not overestimated,

*Having considered* the relevant conclusions and recommendations of the Subsidiary Body for Scientific and Technological Advice,<sup>2</sup>

1. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the attached draft decision;

2. *Requests* the secretariat to organize a workshop prior to, and one or possibly more workshops after, the sixteenth session of the Subsidiary Body for Scientific and Technological Advice on methodologies for adjustments under Article 5, paragraph 2, of the Kyoto Protocol with the participation of greenhouse gas inventory experts and other experts nominated to the UNFCCC roster of experts and experts involved in the preparation of the Intergovernmental Panel on Climate Change report entitled *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories*. The purpose of the first workshop would be to elaborate draft technical guidance on methodologies for adjustments under Article 5, paragraph 2, building upon submissions by Parties contained in documents FCCC/SBSTA/2000/MISC.1 and Add.1, FCCC/SBSTA/2000/MISC.7 and Add.1-2 as well as FCCC/TP/2000/1, for consideration by the Subsidiary Body for Scientific and Technological

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<sup>1</sup> In this decision, estimates of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol are referred to as anthropogenic emissions and anthropogenic removals respectively, for the sake of brevity.

<sup>2</sup> FCCC/SBSTA/1999/14, paragraph 51 (i); FCCC/SBSTA/2000/5, paragraph 40 (b).

Advice at its sixteenth session. At that session, the Subsidiary Body for Scientific and Technological Advice should define more precisely the scope of the second workshop;<sup>3</sup>

3. *Requests* the Subsidiary Body for Scientific and Technological Advice to complete technical guidance on methodologies for adjustments under Article 5, paragraph 2, of the Kyoto Protocol, building upon the attached draft decision and the outcome of the process described in paragraph 2 above, for consideration by the Conference of the Parties at its ninth session, with a view to recommending, at that session, such technical guidance for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session;

4. *Decides* to develop technical guidance on methodologies for adjustments under Article 5, paragraph 2, of the Kyoto Protocol for estimates of anthropogenic emissions and removals from land use, land-use change and forestry, in light of the decision -/CP.7 (land use, land-use change and forestry) immediately after completion of the work of the Intergovernmental Panel on Climate Change on good practice guidance on land use, land-use change and forestry, with a view to recommending a decision on adjustments, at its tenth session, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its subsequent session.

#### **Draft decision -/CMP.1**

#### **Good practice guidance and adjustments under Article 5, paragraph 2, of the Kyoto Protocol**

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

*Recalling* Article 5, paragraph 2, of the Kyoto Protocol to the United Nations Framework Convention on Climate Change,

*Further recalling* decisions 1/CP.3, 2/CP.3, 1/CP.4, 8/CP.4 and 5/CP.6 of the Conference of the Parties,

*Having considered* decision -/CP.7 adopted by the Conference of the Parties at its seventh session,

1. *Endorses* the Intergovernmental Panel on Climate Change (IPCC) report entitled *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories*, as accepted by the sixteenth session of the IPCC held in Montreal, Canada, 1 to 8 May 2000 (hereinafter referred to as the IPCC good practice guidance), as an elaboration of the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories*;

2. *Decides* that the good practice guidance referred to in paragraph 1 shall be used by Parties included in Annex I in their preparation of national greenhouse gas inventories under the Kyoto Protocol;

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<sup>3</sup> The organization of the workshops is subject to availability of funds.

3. *Decides* that adjustments referred to in Article 5, paragraph 2, of the Kyoto Protocol shall be applied only when inventory data submitted by Parties included in Annex I are found to be incomplete and/or are prepared in a way that is not consistent with the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories* as elaborated by the IPCC good practice guidance and any good practice guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

4. *Decides* that the calculation of adjustments shall commence only after a Party included in Annex I has been provided with opportunities to correct any deficiencies in accordance with the time-frame and procedures set forth in the guidelines for inventory review under Article 8;

5. *Decides* that the adjustment procedure shall result in estimates that are conservative for the Party concerned so as to ensure that anthropogenic emissions are not underestimated and anthropogenic removals by sinks and anthropogenic base year emissions are not overestimated;

6. *Emphasizes* that adjustments are intended to provide an incentive for Parties included in Annex I to provide complete and accurate annual greenhouse gas inventories prepared in accordance with the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories* as elaborated by the IPCC good practice guidance and any good practice guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol. Adjustments are intended to correct inventory problems for the purpose of accounting emissions inventories and assigned amounts of the Parties included in Annex I. Adjustments are not intended to substitute for the obligation of a Party included in Annex I to estimate and report greenhouse gas inventories in accordance with the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories* as elaborated by the IPCC good practice guidance and any good practice guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

7. *Decides* that adjusted estimates shall be calculated in accordance with the technical guidance on methodologies for adjustments contained in the annex to this decision. Such technical guidance shall ensure consistency and comparability and that similar methods are used for similar problems as far as possible across all inventories reviewed under Article 8;

8. *Decides* that any adjustments applied to the base year inventory estimates of a Party included in Annex I shall be used in the calculation of the Party's assigned amount pursuant to Article 3, paragraphs 7 and 8, in accordance with the modalities for the accounting of assigned amount under Article 7, paragraph 4, and shall not be replaced by a revised estimate subsequent to the establishment of the Party's assigned amount pursuant to Article 3, paragraphs 7 and 8;

9. *Decides* that any adjustments applied to the inventory for a year of the commitment period of the Party included in Annex I shall be used in the annual compilation and accounting of emission inventories and assigned amounts;

10. *Decides* that in the event of a disagreement between the Party included in Annex I and the expert review team regarding the adjustment, the issue will be forwarded to [the

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Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and] the Compliance Committee;

11. *Decides* that a Party included in Annex I may submit a revised estimate for a part of its inventory of a year of the commitment period to which an adjustment was previously applied, provided that the revised estimate is submitted, at the latest, in conjunction with the inventory for the year 2012. Subject to a review under Article 8 and the acceptance of the revised estimate by the expert review team, the revised estimate shall replace the adjusted estimate. In the event of a disagreement between the Party included in Annex I and the expert review team regarding the revised estimate, the issue will be forwarded to [the COP/MOP and] the Compliance Committee, which will resolve the disagreement in accordance with the procedures and mechanisms on compliance. The option for a Party included in Annex I to submit a revised estimate for a part of its inventory to which an adjustment was previously applied should not prevent Parties included in Annex I from making best efforts to correct the problem at the time it was initially identified and in accordance with the time-frame set forth in the guidelines for review under Article 8.

ANNEX

*(to be elaborated in accordance with decision -/CP.7, paragraph 3)*

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**3. Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol**

**Decision -/CP.7**

**Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* its decisions 1/CP.3, 1/CP.4, 8/CP.4, 3/CP.5, 4/CP.5 and 5/CP.6,

*Noting* the relevant provisions of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, in particular its Article 7,

*Having considered* the relevant recommendations of the Subsidiary Body for Scientific and Technological Advice,<sup>1</sup>

*Recognizing* the role of information submitted under the Kyoto Protocol pursuant to Article 7, in demonstrating the progress of Parties included in Annex I by 2005 towards meeting their commitments under the Protocol in accordance with their national circumstances,

1. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the attached draft decision;

2. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA) to develop criteria for cases of failure to submit information related to estimates of greenhouse gas emissions by sources and removal by sinks from activities under Article 3, paragraphs 3 and 4, including, *inter alia*, the reporting of those emissions and removals, similar to those described in paragraph 3 of the attached draft decision, after the work on good practice for land use, land-use change and forestry, with a view to recommending a decision on this matter as soon as practicable thereafter, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its subsequent session;

3. *Requests* the SBSTA, at its sixteenth session, to elaborate further the sections on information on assigned amounts and information on national registries contained in the appendix to this decision. In so doing, the SBSTA should take into account the decision of the Conference of the Parties on modalities for assigned amounts under Article 7, paragraph 4 (decision -/CP.7). The SBSTA should elaborate those sections with a view to recommending to the Conference of the Parties, at its eighth session, a decision incorporating those sections into the guidelines for the preparation of information required under Article 7 (decision -/CP.7) for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session after the entry into force of the Kyoto Protocol.

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<sup>1</sup> FCCC/SBSTA/2000/5 and FCCC/SBSTA/2000/14.

4. *Urges* each Party included in Annex I that is also a Party to the Kyoto Protocol to submit, by 1 January 2006, a report to provide the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol with the basis for reviewing the demonstration of progress by 2005, in accordance with Article 3, paragraph 2, of the Kyoto Protocol. The report shall include:

(a) A description of domestic measures, including any legal and institutional steps to prepare to implement its commitments under the Kyoto Protocol to mitigate greenhouse gas emissions, and any of its programmes for domestic compliance and enforcement;

(b) Trends in, and projections of, its greenhouse gas emissions;

(c) An evaluation of how such domestic measures, in light of these trends and projections, will contribute to the Party's meeting its commitments under Article 3;

(d) A description of the activities, actions and programmes undertaken by the Party in fulfilment of its commitments under Articles 10 and 11;

5. *Requests* the SBSTA, at its sixteenth session, to consider how this information should be presented and evaluated taking into account document FCCC/CP/2001/MISC.2 and other relevant submissions by Parties with a view to recommending a decision on this matter for adoption by the Conference of the Parties at its eighth session.

#### Appendix

### **I. REPORTING OF SUPPLEMENTARY INFORMATION UNDER ARTICLE 7, PARAGRAPH 1**

#### **E. Information on emission reduction units, certified emission reductions, assigned amount units and removal units**

1. Each Party included in Annex I with a commitment inscribed in Annex B shall report, in a standard electronic format, the following information on emission reduction units (ERUs), certified emission reductions (CERs), assigned amount units (AAUs) and removal units (RMUs)<sup>2</sup> from its national registry, for the previous calendar year (defined according to Greenwich Mean Time) distinguishing between units valid for different commitment periods:

(a) The total quantity of ERUs, CERs, AAUs and RMUs in each account at the beginning of the year;

(b) The total quantity of AAUs issued on the basis of assigned amount pursuant to Article 3, paragraphs 7 and 8;

(c) The total quantity of ERUs, CERs, AAUs and RMUs acquired from other registries and the identity of the transferring accounts and national registries;

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<sup>2</sup> As defined in paragraph 12 of the modalities for the accounting of assigned amounts under Article 7, paragraph 4 contained in the Annex to decision -/CP.7 (modalities for the accounting of assigned amounts).

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- (d) The total quantity of RMUs issued on the basis of activities under Article 3, paragraphs 3 and 4;
  - (e) The total quantity of ERUs, CERs, AAUs and RMUs transferred to other registries and the identity of the acquiring accounts and national registries;
  - (f) The total quantity of ERUs, CERs, AAUs and RMUs cancelled on the basis of activities under Article 3, paragraphs 3 and 4;
  - (g) The total quantity of ERUs, CERs, AAUs and RMUs cancelled following determination by the Compliance Committee that the Party is not in compliance with its commitment under Article 3, paragraph 1;
  - (h) The total quantity of other ERUs, CERs, AAUs and RMUs cancelled;
  - (i) The total quantity of ERUs, CERs, AAUs and RMUs retired;
  - (j) The total quantity of ERUs, CERs and AAUs carried over from the previous commitment period;
  - (k) The total quantity of ERUs, CERs, AAUs and RMUs in each account at the end of the year.
2. Each Party included in Annex I shall report a calculation of its commitment period reserve calculated in accordance with decision -/CP.7 (*Article 17*).

**II. REPORTING OF SUPPLEMENTARY INFORMATION UNDER  
ARTICLE 7, PARAGRAPH 2**

**E. National registries**

3. Each Party included in Annex I with a commitment inscribed in Annex B to the Kyoto Protocol shall provide a description of its national registry. The description shall include the following information:
- (a) The name and contact information of the registry administrator designated by the Party to maintain the national registry;
  - (b) Any other Party with which the Party cooperates by maintaining their respective national registries in a consolidated system;
  - (c) A description of the database structure used in the national registry;
  - (d) A description of how the national registry conforms to the technical standards for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the clean development registry and the independent transaction log, including:
    - (i) A description of the formats used in the national registry for account numbers, serial numbers for ERUs, CERs, AAUs and RMUs, including project identifiers and transaction numbers;

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- (ii) A list, and the electronic format, of the information transmitted electronically when transferring ERUs, CERs, AAUs and/or RMUs to other registries;
  - (iii) A list, and the electronic format, of the information transmitted electronically when acquiring ERUs, CERs, AAUs and/or RMUs from other national registries or the CDM registry;
  - (iv) A list, and the electronic format, of the information transmitted electronically from the national registry to the independent transaction log when issuing, transferring, acquiring, cancelling and retiring ERUs, CERs, AAUs and/or RMUs;
  - (v) An explanation of the procedures employed in the national registry to prevent discrepancies in the issuance, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and/or RMUs;
  - (vi) An overview of security measures employed in the national registry to deter unauthorized manipulations and minimize operator error;
- (e) A list of the information publicly accessible through the user interface to the national registry;
- (f) An explanation of how to access information through the user interface to the national registry.

**Draft decision -/CMP.1**

**Guidelines for the preparation of the information required  
under Article 7 of the Kyoto Protocol**

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

*Recalling* Article 7 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change,

*Recalling* that Parties have affirmed that the principles in decision -/ CMP.1 on land use, land-use change and forestry govern the treatment of land use, land-use change and forestry activities in the annex to that decision,

*Having considered* decision -/CP.7, adopted by the Conference of the Parties at its seventh session,

*Recognizing* the importance of transparent reporting for facilitating the review process under Article 8 of the Kyoto Protocol,

1. *Adopts* the guidelines for the preparation of information under Article 7 of the Kyoto Protocol as contained in the annex to this decision;
2. *Decides* that each Party included in Annex I, bearing in mind Article 7, paragraph 3, of the Kyoto Protocol and the needs of the review under Article 8 of the Kyoto Protocol, shall start reporting the information under Article 7, paragraph 1, of the Kyoto Protocol with the inventory submission due under the Convention for the first year of the commitment period after the Protocol has entered into force for that Party, but may start reporting this information from the year following the submission of the information referred to in paragraph 6 of the annex to decision -/CP.7 (*modalities for the accounting of assigned amounts*) on a voluntary basis;
3. *Decides* that a Party included in Annex I shall fail to meet the methodological and reporting requirements under Article 7, paragraph 1, for the purpose of the eligibility requirements under paragraph 21 of the guidelines adopted under decision -/CP.7 (Article 6), paragraph 31 of the guidelines adopted under decision -/CP.7 (Article 12) and paragraph 2 of the guidelines adopted under decision -/CP.7 (Article 17) if:
  - (a) The Party concerned has failed to submit an annual inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol, including the national inventory report and the common reporting format within six weeks of the submission date;
  - (b) The Party concerned has failed to include an estimate for an Annex A source category (as defined in chapter 7 of the Intergovernmental Panel on Climate Change *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories*, hereinafter referred to as the IPCC good practice guidance) that individually accounted for 7 per cent or more of the Party's aggregate emissions, defined as aggregate submitted emissions

of the gases and from the sources listed in Annex A to the Kyoto Protocol, in the most recent of the Party's reviewed inventories in which the source was estimated;

(c) For any single year during the commitment period, the aggregate adjusted greenhouse gas emissions for the Party concerned exceed the aggregate submitted emissions, defined as aggregate submitted emissions of the gases and from the sources listed in Annex A to the Kyoto Protocol by more than 7 per cent;

(d) At any time during the commitment period the sum of the numerical values of the percentages calculated according to subparagraph (c) above for all years of the commitment period for which the review has been conducted exceeds 20;

(e) An adjustment for any key source category (as defined in chapter 7 of the IPCC good practice guidance) of the Party concerned that accounted for 2 per cent or more of the Party's aggregate emissions of the gases from the sources listed in Annex A was calculated during the inventory review in three subsequent years, unless the Party has requested assistance from the facilitative branch of the Compliance Committee in addressing this problem, prior to the beginning of the first commitment period, and the assistance is being provided.

4. Requests the secretariat to prepare a report relating to paragraph 4 of section VI.1 of the annex to decision 5/CP.6, based on information contained in national communications from Parties and other relevant sources, for consideration by the Subsidiary Body for Scientific and Technological Advice. This report shall be prepared each time that the review process under Article 8 of the Kyoto Protocol relating to national communications and supplementary information from Parties included in Annex I, is completed.

ANNEX

Draft guidelines for the preparation of the information required under Article 7  
of the Kyoto Protocol<sup>3</sup>

**I. REPORTING OF SUPPLEMENTARY INFORMATION UNDER  
ARTICLE 7, PARAGRAPH 1<sup>4</sup>**

**A. Applicability**

1. The provisions of these guidelines shall apply for each Party included in Annex I which is also a Party to the Kyoto Protocol.

**B. General approach**

2. Each Party included in Annex I shall include the necessary supplementary information required by these guidelines, for the purpose of ensuring compliance with Article 3, in its annual inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol, prepared in accordance with Article 5, paragraph 2, and submitted in accordance with decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP), taking into account any relevant decisions of the Conference of the Parties (COP). A Party included in Annex I need not separately submit an inventory under Article 12, paragraph 1 (a), of the Convention.

**C. Objectives**

3. The objectives of these guidelines are:

(a) To enable Parties included in Annex I to meet their commitments for reporting information in accordance with Article 7, paragraph 1;

(b) To promote the reporting of consistent, transparent, comparable, accurate and complete information by Parties included in Annex I;

(c) To facilitate the preparation of the information to be submitted to the COP/MOP by Parties included in Annex I;

(d) To facilitate the review under Article 8 of inventories and supplementary information under Article 7, paragraph 1, from Parties included in Annex I.

**D. Greenhouse gas inventory information**

4. Each Party included in Annex I shall describe in its annual inventory any steps taken to improve estimates in areas that were previously adjusted.

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<sup>3</sup> Note that additional reporting requirements are included in the modalities for the accounting of assigned amounts under Article 7, paragraph 4 of the Kyoto Protocol.

<sup>4</sup> “Article” in these guidelines refers to an Article of the Kyoto Protocol, unless otherwise specified.

5. Each Party included in Annex I shall include in its annual<sup>5</sup> greenhouse gas inventory information on anthropogenic greenhouse gas emissions by sources and removals by sinks from land use, land-use change and forestry activities under Article 3, paragraph 3 and, if any, elected activities under Article 3, paragraph 4, in accordance with Article 5, paragraph 2, as elaborated by any good practice guidance in accordance with relevant decisions of the COP/MOP on land use, land-use change and forestry. Estimates for Article 3, paragraphs 3 and 4, shall be clearly distinguished from anthropogenic emissions from the sources listed in Annex A to the Kyoto Protocol. In reporting the information requested above, each Party included in Annex I shall include the reporting requirements specified in paragraphs 6 to 8 below, taking into consideration the selected values in accordance with paragraph 16 of the annex to decision -/CMP.1 on land use, land-use change and forestry.

6. General information to be reported for activities under Article 3, paragraphs 3, and any elected activities<sup>6</sup> under Article 3, paragraph 4, shall include:

(a) Information on how inventory methodologies have been applied taking into account any IPCC Good Practice Guidance on land use, land-use change and forestry agreed by the COP and recognising the principles as laid out in decision -/CP.7 on land use, land-use change and forestry;

(b) The geographical location of the boundaries of the areas that encompass:

(i) Units of land subject to activities under Article 3, paragraph 3;

(ii) Units of land subject to activities under Article 3, paragraph 3, which would otherwise be included in land subject to elected activities under Article 3, paragraph 4, under the provisions of paragraph 8 of the annex to decision -/CMP.1 on land use, land-use change and forestry; and

(iii) Land subject to elected activities under Article 3, paragraph 4.

The information aims to ensure that units of land and areas of land are identifiable. Parties are encouraged to elaborate on this information on the basis of any relevant decisions of the COP/MOP on good practice guidance associated with land use, land-use change and forestry under Article 8;

(c) The spatial assessment unit used for determining the area of accounting for afforestation, reforestation and deforestation;

(d) Information on anthropogenic greenhouse gas emissions by sources and removals by sinks<sup>7</sup> resulting from activities under Article 3, paragraphs 3 and 4, for all geographical locations reported in the current and previous years, under paragraph 6 (g), above, since the

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<sup>5</sup> It is recognised in the IPCC 1996 Revised Guidelines that the current practice on land use, land-use change and forestry does not in every situation request annual data collection for the purpose of preparing annual inventories based on a sound scientific basis.

<sup>6</sup> The elected activities shall be the same as those identified in the Party's report referred to in paragraph 8 of annex to decision -/CP.7 (*modalities for the accounting of assigned amounts*).

<sup>7</sup> Such information shall be within levels of confidence as elaborated by any IPCC good practice guidance adopted by the COP/MOP and in accordance with relevant decisions of the COP/MOP on land use, land-use change and forestry.



beginning of the commitment period or the onset of the activity, whichever comes later. In the latter case the year of the onset of the activity shall also be included. Once land is accounted for under Article 3, paragraph 3 or Article 3, paragraph 4, reporting shall continue throughout subsequent and contiguous commitment periods;

(e) Information on which, if any, of the following pools: above-ground biomass, below-ground biomass, litter, dead wood and/or soil organic carbon were not accounted for, together with verifiable information that demonstrates that these unaccounted pools were not a net source of anthropogenic greenhouse gas emissions;

7. Information<sup>8</sup> should also be provided which indicates whether or not anthropogenic greenhouse gas emissions by sources and removals by sinks from land use, land-use change and forestry activities under Article 3 paragraph 3 and elected activities under Article 3 paragraph 4 factor out removals from:

(a) Elevated carbon dioxide concentrations above pre-industrial levels;

(b) Indirect nitrogen deposition; and

(c) The dynamic effects of age structure resulting from activities prior to 1 January 1990;

8. Specific information to be reported for activities under Article 3, paragraph 3, shall include:

(a) Information that demonstrates that activities under Article 3, paragraph 3, began on or after 1 January 1990 and before 31 December of the last year of the commitment period, and are directly human-induced;

(b) Information on how harvesting or forest disturbance that is followed by the re-establishment of a forest is distinguished from deforestation;

(c) Information on emissions and removals of greenhouse gases from lands harvested during the first commitment period following afforestation and reforestation on these units of land since 1990 consistent with the requirements under paragraph 4 of the annex to draft decision -/CMP.1 on land use, land-use change and forestry.

9. Specific information to be reported for any elected activities<sup>9</sup> under Article 3, paragraph 4, shall include:

(a) A demonstration that activities under Article 3, paragraph 4, have occurred since 1 January 1990 and are human induced;

(b) For Parties included in Annex I that elect cropland management and/or grazing land management and/or revegetation, anthropogenic greenhouse gas emissions by sources and removals by sinks for each year of the commitment period and for the base year for each of the elected activities on the geographical locations reported under paragraph 6 (g), above;

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<sup>8</sup> This recognises that the intent of the Appendix to the Annex of the decision -/CMP.1 (land use, land-use change and forestry) is to factor out the effects described in (a) - (c) for the first commitment period

<sup>9</sup> See footnote 5.

(c) Information that demonstrates that emissions by sources and removals by sinks resulting from elected Article 3, paragraph 4, activities are not accounted for under activities under Article 3, paragraph 3;

(d) For Parties included in Annex I that elect to account for forest management, under Article 3, paragraph 4, information that indicates to what extent the anthropogenic greenhouse gas removal by sinks offsets the debit incurred under Article 3, paragraph 3, if any, consistent with the requirements under paragraph 10 of the annex to draft decision –/CMP.1 on land use, land-use change and forestry.

**E. Information on emission reduction units, certified emission reductions, assigned amount units and removal units**

**F. Changes in national systems in accordance with Article 5, paragraph 1**

10. Each Party included in Annex I shall include in its national inventory report information on any changes that have occurred in its national system compared with information reported in its last submission, including information submitted in accordance with paragraphs 19 to 20 of these guidelines.

**G. Changes in national registries**

11. Each Party included in Annex I with a commitment inscribed in Annex B shall include in its national inventory report information on any changes that have occurred in its national registry, compared with information reported in its last submission, including information submitted in accordance with paragraph 3<sup>10</sup> of these guidelines.

**H. Minimization of adverse impacts in accordance with Article 3, paragraph 14**

12. Each Party included in Annex I shall provide information relating to how it is striving, under Article 3, paragraph 14, of the Kyoto Protocol, to implement its commitments mentioned in Article 3, paragraph 1, of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention.

13. Parties included in Annex II, and other Parties included in Annex I that are in a position to do so, shall incorporate information on how they give priority, in implementing their commitments under Article 3, paragraph 14, to the following actions, based on relevant methodologies referred to in paragraph 11 of draft decision –/CMP.1 on Matters relating to Article 3, paragraph 14, of the Kyoto Protocol:

(a) The progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors, taking into account the need for energy price reforms to reflect market prices and externalities;

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<sup>10</sup> Paragraph 3 is located in appendix I to decision –/CP.7 (*Guidelines for the preparation of information under article 7 of the Kyoto Protocol*). The number of this paragraph will change accordingly once the corresponding part of the appendix is incorporated in these guidelines.

- (b) Removing subsidies associated with the use of environmentally unsound and unsafe technologies;
- (c) Cooperating in the technological development of non-energy uses of fossil fuels, and supporting developing country Parties to this end;
- (d) Cooperating in the development, diffusion, and transfer of less greenhouse gas emitting advanced fossil-fuel technologies, and/or technologies relating to fossil fuels that capture and store greenhouse gases, and encouraging their wider use; and facilitating the participation of the least developed countries and other non-Annex I Parties in this effort;
- (e) Strengthening the capacity of developing country Parties identified in Article 4, paragraphs 8 and 9, of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities; and
- (f) Assisting developing country Parties which are highly dependent on the export and consumption of fossil fuels in diversifying their economies.

14. Where the information referred to in paragraphs 12 and 13 above has been provided in earlier submissions, the Party included in Annex I shall include information in its national inventory report on any changes that have occurred, compared with the information reported in its last submission.

15. The secretariat shall annually compile the supplementary information mentioned in paragraphs 12 and 13 above.

## **II. REPORTING OF SUPPLEMENTARY INFORMATION UNDER ARTICLE 7, PARAGRAPH 2**

### **A. Applicability**

16. The provisions of these guidelines shall apply for each Party included in Annex I which is also a Party to the Kyoto Protocol.

### **B. General approach**

17. Each Party included in Annex I shall include the necessary supplementary information required under these guidelines to demonstrate compliance with its commitments under the Protocol in its national communication submitted under Article 12 of the Convention, with the time-frames for the obligations established by the Kyoto Protocol and with the relevant decisions of the COP and the COP/MOP.

### **C. Objectives**

18. The objectives of these guidelines are:

- (a) To enable Parties included in Annex I to meet their commitments for reporting information in accordance with Article 7, paragraph 2;
- (b) To promote the reporting of consistent, transparent, comparable, accurate and complete information by Parties included in Annex I;

(c) To facilitate the preparation of the information to be submitted to the COP/MOP by Parties included in Annex I;

(d) To facilitate the review under Article 8 of national communications and of the supplementary information under Article 7, paragraph 2, from Parties included in Annex I.

**D. National systems in accordance with Article 5, paragraph 1**

19. Each Party included in Annex I shall provide a description of how it is performing the general and specific functions defined in the guidelines for national systems under Article 5, paragraph 1. The description shall contain the following elements:

(a) The name and contact information for the national entity and its designated representative with overall responsibility for the national inventory of the Party;

(b) The roles and responsibilities of various agencies and entities in relation to the inventory development process, as well as the institutional, legal and procedural arrangements made to prepare the inventory;

(c) A description of the process for collecting activity data, for selecting emission factors and methods, and for the development of emission estimates;

(d) A description of the process and the results of key source identification and, where relevant, archiving of test data;

(e) A description of the process for the recalculation of previously submitted inventory data;

(f) A description of the quality assurance and quality control plan, its implementation and the quality objectives established, and information on internal and external evaluation and review processes and their results in accordance with the guidelines for national systems;

(g) A description of the procedures for the official consideration and approval of the inventory.

20. Where the Party included in Annex I has not performed all functions, the Party shall provide an explanation of which functions were not performed or were only partially performed and information on the action planned or taken to perform these functions in the future.

**E. National registries**

**F. Supplimentarity relating to the mechanisms pursuant to Articles 6, 12 and 17**

21. Each Party included in Annex I shall provide information on how its use of the mechanisms is supplemental to domestic action, and how its domestic action thus constitutes a significant element of the effort made to meet its quantified limitation and reduction commitments under Article 3, paragraph 1, in accordance with the provisions of decision 5/CP.6.

**G. Policies and measures in accordance with Article 2**

22. In providing information under part II, section V, of the guidelines for the preparation of national communications by Parties included in Annex I to the Convention (FCCC/CP/1999/7), each Party included in Annex I shall specifically address policies and measures implemented and/or further elaborated as well as cooperation with other such Parties in achieving its quantified emission limitation and reduction commitment under Article 3, in order to promote sustainable development. Such reporting shall take into account any relevant decision by the COP and the COP/MOP resulting from the process for further consideration of the issue of policies and measures (decision -/CP.7).

23. With respect to aviation and marine bunker fuels, each Party included in Annex I shall, in pursuit of Article 2, paragraph 2, of the Kyoto Protocol, identify the steps it has taken to promote and/or implement any decisions by the International Civil Aviation Organization and the International Maritime Organization in order to limit or reduce emissions of greenhouse gases not controlled by the Montreal Protocol from aviation and marine bunker fuels.

24. Each Party included in Annex I shall also provide information not reported elsewhere under these guidelines on how it strives to implement policies and measures under Article 2 of the Kyoto Protocol in such a way as to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties and in particular those identified in Article 4, paragraphs 8 and 9, of the Convention, taking into account Article 3 of the Convention.

**H. Domestic and regional programmes and/or legislative arrangements and enforcement and administrative procedures**

25. Each Party included in Annex I shall report any relevant information on its domestic and regional legislative arrangements and enforcement and administrative procedures, established pursuant to the implementation of the Kyoto Protocol, according to its national circumstances. This information shall include:

(a) A description of any domestic and regional legislative arrangements and enforcement and administrative procedures the Party has in place to meet its commitments under the Kyoto Protocol, including the legal authority for such programmes, how they are implemented and procedures for addressing cases of non-compliance under domestic law;

(b) A description of any provisions to make information on these legislative arrangements and enforcement and administrative procedures (e.g. rules on enforcement and administrative procedures, action taken) publicly accessible;

(c) A description of any institutional arrangements and decision-making procedures that it has in place to coordinate activities related to participation in the mechanisms under Articles 6, 12 and 17, including the participation of legal entities.

26. Each Party included in Annex I shall provide a description of any national legislative arrangements and administrative procedures that seek to ensure that the implementation of activities under Article 3, paragraph 3, and any elected activities under Article 3, paragraph 4, also contributes to the conservation of biodiversity and sustainable use of natural resources.

**I. Information under Article 10**

27. Each Party included in Annex I shall report its activities, actions and programmes undertaken in fulfilment of its commitments under Article 10.

28. Each Party included in Annex I shall report on the steps it has taken to promote, facilitate and finance the transfer of technology to developing countries and to build their capacity, taking into account Article 4, paragraphs 3, 5 and 7, of the Convention in order to facilitate the implementation of Article 10 of the Kyoto Protocol.

**J. Financial resources**

29. Each Party included in Annex II shall provide information on the implementation of Article 11 of the Kyoto Protocol, in particular information on what new and additional financial resources have been provided, in what way these resources are new and additional, and how that Party has taken into account the need for adequacy and predictability in the flow of these resources.

30. Each Party included in Annex II shall provide information on its contribution to the entity or entities entrusted with the operation of the financial mechanism.

31. Any Party included in Annex I that has provided funding for the adaptation fund established in accordance with decision -/CP.7 (*Funding under the Kyoto Protocol*) shall report on its financial contributions to this fund. In doing so, the Party shall take into account the information reported in accordance with paragraph 6 of decision -/CP.7 (*Funding under the Kyoto Protocol*).

**III. LANGUAGE**

32. The information reported in accordance with these guidelines shall be submitted in one of the official languages of the United Nations. Parties included in Annex I are encouraged to submit a translation of the information under Article 7, paragraph 1, in English, in order to facilitate the annual review of the inventory information under Article 8.

**IV. UPDATING**

33. These guidelines shall be reviewed and revised, as appropriate, by consensus, in accordance with decisions of the COP/MOP, taking into account any relevant decisions of the COP.

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#### **4. Guidelines for review under Article 8 of the Kyoto Protocol**

##### **Decision -/CP.7**

##### **Guidelines for review under Article 8 of the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* its decisions 1/CP.3, 1/CP.4, 8/CP.4, 6/CP.5 and 5/CP.6,

*Noting* the relevant provisions of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, in particular its Article 8,

*Recalling* its decisions 6/CP.3 and 11/CP.4 and the usefulness of past compilations and syntheses of national communications,

*Having considered* the relevant recommendations of the Subsidiary Body for Scientific and Technological Advice,<sup>1</sup>

1. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt the attached draft decision;
2. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA), at its seventeenth session to elaborate the characteristics of the relevant training, the subsequent assessment after completion of the training, and/or any other means needed to ensure the necessary competence of experts for participation in expert review teams, and to forward any draft decision on this issue to the Conference of the Parties at its eighth session, with a view to recommending it for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session after the entry into force of the Kyoto Protocol;
3. *Invites* Parties to submit their views to the secretariat on the issues mentioned in paragraph 2 above, by 15 September 2002, and requests the secretariat to compile these views in a miscellaneous document for consideration by the SBSTA at its seventeenth session;
4. *Requests* the SBSTA, at its seventeenth session, to elaborate terms of service for the lead reviewers of expert review teams and to forward any draft decision on this subject to the Conference of the Parties at its eighth session, with a view to recommending it for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session after the entry into force of the Kyoto Protocol;
5. *Invites* Parties to submit their views to the secretariat on the issues referred to in paragraph 4 above, by 1 July 2002, and requests the secretariat to compile these views in a miscellaneous document for consideration by the SBSTA at its seventeenth session.
6. *Requests* the secretariat to prepare a document containing different options for the terms of service for lead reviewers of expert review teams, including financial implications and working arrangements, for consideration by the SBSTA at its seventeenth session;

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<sup>1</sup> FCCC/SBSTA/2000/14.

7. *Requests*, the SBSTA at its seventeenth session, to consider options for the treatment of confidential data during the review activities under Article 8 of the Kyoto Protocol, with a view to recommending to the Conference of the Parties, at its eighth session, a decision on this matter for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session after the entry into force of the Kyoto Protocol;

8. *Requests* the secretariat to prepare a document containing an analysis of the practices of other international treaty bodies and organizations on the treatment of confidential information, for consideration by the SBSTA at its sixteenth session;

9. *Invites* Parties to submit their views on the question of confidentiality referred to in paragraph 7 above, by 1 August 2002;

10. *Decides* that there shall be an expedited procedure for the review for reinstatement of eligibility of a Party included in Annex I to use the mechanisms established under Articles 6, 12 and 17 of the Kyoto Protocol;

11. *Recognizes* the elements of the expedited procedure for the review for reinstatement of eligibility to use the mechanisms included in the appendix II to this decision;

12. *Invites* Parties to submit their views to the secretariat on the issues mentioned in paragraph 10 above, by 15 March 2002;

13. *Requests* the SBSTA, at its sixteenth session, to elaborate further part III (Review of information on assigned amounts) and part V (Review of national registries) of the guidelines for review under Article 8 of the Kyoto Protocol, as contained in appendix I to this decision, and any additional issues decided upon by the SBSTA. It also requests the SBSTA, at its sixteenth session, to elaborate the procedures, timing and reporting for the review under Article 8 of information for the reinstatement of eligibility to use the mechanisms under Articles 6, 12 and 17, as contained in appendix II to this decision. In so doing, the SBSTA should take into account the decision of the Conference of the Parties on modalities for the accounting of assigned amounts under Article 7, paragraph 4 (decision -/CP.7). The SBSTA should elaborate the above-mentioned sections with a view to recommending to the Conference of the Parties, at its eighth session, a decision incorporating those sections into the guidelines for review under Article 8 of the Kyoto Protocol (decision -/CP.7) for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session after the entry into force of the Kyoto Protocol.



Appendix I

**PART III: REVIEW OF INFORMATION ON ASSIGNED AMOUNTS PURSUANT TO ARTICLE 3, PARAGRAPHS 7 AND 8, EMISSION REDUCTION UNITS, CERTIFIED EMISSION REDUCTIONS, ASSIGNED AMOUNT UNITS AND REMOVAL UNITS**

**A. Purpose**

1. The purpose of this review is to ensure that the COP/MOP and the Compliance Committee have adequate information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERUs, CERs, AAUs and RMUs.

**B. General procedures**

2. The review of information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, ERUs, CERs, AAUs and RMUs shall take place in conjunction with the annual inventory review.
3. The expert review team shall review the information as a centralized desk exercise.

**C. Scope of the review**

4. The review of information on assigned amounts shall cover the calculation by each Party included in Annex I of its assigned amount pursuant to Article 3, paragraphs 7 and 8, and the information reported in accordance with section I.E, “A. Information on emission reduction units, certified emission reductions, assigned amount units and removal units”, of the guidelines for the preparation of information under Article 7.

**1. Identification of problems**

5. The expert review team shall:
- (a) Check whether information is complete and submitted in accordance with section I of the guidelines for the preparation of information required under Article 7, and relevant decisions of the COP and the COP/MOP;
  - (b) Check that the assigned amount pursuant to Article 3, paragraphs 7 and 8, is calculated in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4, is consistent with reviewed and adjusted inventory estimates, is consistent with information submitted in previous years and is issued into the national registry in conformity with the modalities for the accounting of assigned amounts under Article 7, paragraph 4;
  - (c) Check that ERUs, CERs, AAUs and RMUs are issued and cancelled in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4, and are consistent with reviewed and adjusted inventory estimates;
  - (d) Cross-check the information on transfers and acquisitions, including for the purposes of cancelling and retiring, as well as on carry-overs to the subsequent commitment period, and highlight any discrepancies;

(e) Check that the required level of the commitment period reserve, as reported, is calculated in accordance with decision -/CP.7 (Article 17);

(f) Check that the required level of the commitment period reserve has not been infringed upon at any time.

#### **D. Timing**

6. During the review, the expert review team shall identify problems and notify the Party of them. The Party included in Annex I may correct the problems or provide additional information within the time frame set out in these guidelines (see paragraphs 72 to 78).

#### **E. Reporting**

7. The following specific elements shall be included in the reports referred to in paragraph 46 (a) and (b):

(a) Identification of problems according to the categories listed in paragraph 5;

(b) For each problem, a quantitative indication of the magnitude of the part of the assigned amount affected by the problem expressed as a percentage of the assigned amount pursuant to Article 3, paragraphs 7 and 8.

### **PART V: REVIEW OF NATIONAL REGISTRIES**

#### **A. Purpose**

8. The purpose of the review of national registries is:

(a) To provide a thorough and comprehensive technical assessment of the capacity of a national registry;

(b) To assess the extent to which the registry requirements contained in the modalities for the accounting of assigned amounts under Article 7, paragraph 4, have been adhered to and to assist Parties included in Annex I in meeting their commitments;

(c) To provide the COP/MOP and the Compliance Committee with reliable information on national registries.

#### **B. General procedures**

9. The review of national registries shall take place in two parts:

(a) A thorough review of the national registry, as part of the review prior to the commitment period and its in-country visit;

(b) A desk or centralized review of any reported changes in the national registry reported since the first thorough review, conducted in conjunction with the annual inventory review.

### **C. Scope of the review**

#### **1. In-country review**

10. The expert review team shall conduct a thorough and comprehensive review of the national registry of each Party included in Annex I. The review of the national registry should cover the extent to which the registry requirements contained in the modalities for the accounting of assigned amounts under to Article 7, paragraph 4, and the technical standards for the purpose of ensuring the accurate, transparent and efficient exchange of data between national registries, the clean development mechanism registry and the independent transaction log, have been adhered to.

#### **2. Review of changes in the national registry**

11. Any significant changes in the national registry reported by Parties included in Annex I or identified by the expert review team during the in-country visit that may affect the performance of the registry should be reviewed annually in conjunction with the annual inventory review.

#### **3. Identification of problems**

12. The expert review team shall, *inter alia*:

(a) Check whether information on national registries is complete and submitted in accordance with section I of the guidelines for the preparation of information required under Article 7, and with relevant decisions of the COP and the COP/MOP;

(b) Check whether the registry conforms to the technical standards for the purpose of ensuring accurate, transparent and efficient exchange of data between national registries, the clean development registry and the independent transaction log;

(c) Check whether the issuance and cancellation of units is in accordance with the modalities for the accounting of assigned amounts under to Article 7, paragraph 4;

(d) Check whether the transaction procedures, including those relating to the transaction log, are in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4;

(e) Check the procedures to prevent discrepancies in the issuance, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and RMUs;

(f) Check the security measures to deter unauthorized manipulations and minimize operator error;

(g) Check whether information is publicly available in accordance with the modalities for the accounting of assigned amounts under Article 7, paragraph 4;

### **D. Timing**

13. During the process of the in-country visit, the expert review team shall list all the problems identified and shall notify the Party included in Annex I no later than six weeks after the visit of the problems identified. The Party included in Annex I shall comment on these problems within six weeks of the notification. The expert review team shall prepare a draft of a

review report on the national registry, within six weeks of the receipt of the comments on the questions posed. Any corrections, additional information or comments on the draft report received from the Party included in Annex I within four weeks after the report has been sent to that Party shall be subject to review and shall be included in the final inventory review report. The expert review team shall prepare a final report on the review of the national registry within four weeks of the receipt of the comments on the draft report. The review of the national registry shall be concluded within one year of the date of submission of the information.

14. The review of changes in the national registry shall follow the timetable for the review of annual inventories defined in part II of these guidelines. If either the annual inventory review or the review of changes in the national registry recommends an in-depth review of the national registry, the inventory review of national registries should be conducted together with the subsequent in-country review of either the annual inventory or the periodic national communication, whichever is earlier.

### **E. Reporting**

15. The following specific elements shall be included in the reports referred to in paragraph 46 (a) and (b):

- (a) Identification of problems according to the categories listed in paragraph 12;
- (b) An evaluation of the overall functioning of the national registry.]

### **Appendix II**

#### **[4. Review for reinstatement of eligibility to use mechanisms<sup>2</sup>**

19bis. The purpose of the review for reinstatement of eligibility of a Party included in Annex I to the Convention to use the mechanism established under Articles 6,12 and 17 is:

(c) To provide for an expedited procedure for the reinstatement of a Party included in Annex I to the Convention which is able to demonstrate that it is no longer failing to meet eligibility requirements under Articles 6,12 and 17;

(d) To provide an objective, transparent, thorough and comprehensive assessment of information provided by a Party on Articles 5 and 7 matters which led to the suspension of its eligibility to use the mechanisms;

(e) To ensure that the enforcement branch has reliable information to consider the eligibility of Parties to use the mechanisms.

19ter. Any Annex I Party that has been suspended from eligibility to use the mechanisms may, at any time following suspension, submit information on the matter which led to the suspension of eligibility. This information shall be reviewed expeditiously in accordance with the relevant provisions of parts II, III, IV and/or V of these guidelines.

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<sup>2</sup> It was proposed that section 4 and paragraphs 19 bis to 19 quat would be included in section D. of part I of the draft guidelines for review under Article 8 of the Kyoto Protocol contained in the annex to the attached draft CMP decision.

19quat. For the purposes of this review for reinstatement, the following time frames shall apply:

- (a) The expert review team shall prepare an expedited draft review report within [x] weeks of the receipt of information from the Party in question;
- (b) The Party shall be provided with [y] weeks to comment upon the expedited draft review report;
- (c) The expert review team shall prepare an expedited final review report within [z] weeks of the receipt of comments upon the draft report;
- (d) The review shall be completed as soon as practicable, with the aim of completion no more than 10 weeks after the expert review team has been formed and starts the consideration of the information from the Party.

### **Draft decision -/CMP.1**

#### **Guidelines for review under Article 8 of the Kyoto Protocol**

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

*Recalling* Article 8 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change,

*Having considered* decision -/CP.7, adopted by the Conference of the Parties at its seventh session,

*Recognizing* the importance of the review process under Article 8 for the implementation of other provisions of the Kyoto Protocol,

1. *Adopts* the guidelines for review under Article 8 of the Kyoto Protocol as contained in the annex to this decision;
2. *Decides* that for each Party included in Annex I the review prior to the first commitment period shall be initiated upon receipt of the report as mentioned in paragraph 2 of the annex to the decision on modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol. The review prior to the commitment period for each Party, including the procedures for adjustments under Article 5, paragraph 2, between the expert review team and the Party, shall be completed within 12 months of the initiation of the review and a report shall be forwarded expeditiously to the COP/MOP and the Compliance Committee. Further expertise and resources shall be provided to ensure the quality of the review in the case where review has to take place for several Parties at the same time;
3. *Decides* to start the periodic review for each Party included in Annex I when it submits its first national communication under the Kyoto Protocol;
4. *Decides* to start the annual review for each Party included in Annex I in the year that the Party commences reporting under Article 7, paragraph 1;

Advance unedited version

5. *Decides* to start the annual review in the year following the submission of the report referred to in paragraph 6 of the annex to decision -/CP.7 (*modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol*) for those Parties included in Annex I that started reporting information under Article 7, paragraph 1, on a voluntary basis earlier than required under Article 7, paragraph 3.

6. Invites Parties that opt to submit information for review before January 2007 to notify the secretariat at their earliest convenience in order to facilitate the timely establishment of the expert review teams.

ANNEX

Draft guidelines for review under Article 8 of the Kyoto Protocol<sup>3</sup>

**PART I: GENERAL APPROACH TO REVIEW**

**A. Applicability**

1. Each Party included in Annex I which is also a Party to the Protocol will be subject to review of information submitted under Article 7 in accordance with the provisions of these guidelines. For these Parties, the review process established under these guidelines shall encompass any existing review under the Convention.

**B. Objectives**

2. The objectives for review under Article 8 of the Kyoto Protocol are:

(a) To establish a process for a thorough, objective and comprehensive technical assessment of all aspects of the implementation of the Kyoto Protocol by Parties included in Annex I;

(b) To promote consistency and transparency in the review of information submitted by Parties included in Annex I under Article 7 of the Kyoto Protocol;

(c) To assist Parties included in Annex I in improving their reporting of information under Article 7 and the implementation of their commitments under the Protocol;

(d) To provide the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) and the Compliance Committee with a technical assessment of the implementation of the Kyoto Protocol by Parties included in Annex I.

**C. General approach**

3. The provisions of these guidelines shall apply to the review of information submitted by Parties included in Annex I under Article 7, relevant decisions of the COP/MOP and relevant decisions of the Conference of the Parties (COP) specific to Parties included in Annex I.

4. The expert review team shall provide a thorough and comprehensive technical assessment of all aspects of the implementation by a Party of the Kyoto Protocol and identify any potential problems in, and factors influencing, the fulfilment of commitments. The expert review team shall conduct technical reviews to provide information expeditiously to the COP/MOP and the Compliance Committee in accordance with the procedures in these guidelines.

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<sup>3</sup> “Article” in these guidelines refers to an article of the Kyoto Protocol, unless otherwise specified.

5. At any stage in the review process, expert review teams may put questions to, or request additional or clarifying information from, the Parties included in Annex I regarding a potential problem identified by the team. The expert review team should offer advice to Parties included in Annex I on how to correct problems that they identify, taking into account the national circumstances of the Party. The expert review team shall also provide technical advice to the COP/MOP or the Compliance Committee, upon its request.

6. Parties included in Annex I should provide the expert review team with access to information necessary to substantiate and clarify the implementation of their commitments under the Kyoto Protocol, in accordance with relevant guidelines adopted by the COP and/or the COP/MOP and, during the in-country visits, should also provide appropriate working facilities. Parties included in Annex I should make every reasonable effort to respond to all questions and requests from the expert review team for additional clarifying information relating to identified problems and correct such problems within the time limits set out in these guidelines.

### 1. Questions of implementation

7. If the expert review team identifies potential problems during the review, it shall put questions to the Party included in Annex I regarding these potential problems and offer advice to the Party on how to correct them. The Party may correct the problems or provide additional information within the time-frame set out in these guidelines. Subsequently, a draft of each review report shall be forwarded to the Party subject to review for comment.

8. Only if an unresolved problem pertaining to language of a mandatory nature in these guidelines influencing the fulfilment of commitments still exists after the Party included in Annex I has been provided with opportunities to correct the problem within the time-frames established under the relevant review procedures, shall that problem be listed as a question of implementation in the final review reports. An unresolved problem pertaining to language of a non-mandatory nature in these guidelines shall be noted in the final review report, but shall not be listed as a question of implementation.

### 2. Confidentiality

9. Pursuant to a request from the expert review team for additional data or information or access to data used in the preparation of the inventory, a Party included in Annex I may indicate whether such information and data are confidential. In such a case, the Party should provide the basis for protecting such information, including any domestic law, and upon receipt of assurance that the data will be maintained as confidential by the expert review team, shall submit the confidential data in accordance with domestic law and in a manner that allows the expert review team access to sufficient information and data for the assessment of conformity with the IPCC Guidelines as elaborated by the IPCC good practice guidance and any good practice guidance adopted by the COP/MOP. Any confidential information and data submitted by a Party in accordance with this paragraph shall be maintained as confidential by the expert review team, in accordance with any decisions on this matter adopted by the COP/MOP.

10. An expert review team member's obligation not to disclose confidential information shall continue after termination of his or her service on the expert review team.



**D. Timing and procedures**

1. Initial review

11. Each Party included in Annex I shall be subject to review prior to the first commitment period or within one year after the entry into force of the Kyoto Protocol for that Party, whichever is later.

12. The expert review team shall review the following information contained or referenced in the report referred to in paragraph 6 of the annex to the decision on modalities for the accounting of assigned amounts under Article 7, paragraph 4, for each Party included in Annex I:

(a) Complete inventories of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for all years from 1990, or other approved base year or period under Article 3, paragraph 5, to the most recent year available with an emphasis on the base year or period, including the selected base year for HFCs, PFCs and SF<sub>6</sub> in accordance with Article 3, paragraph 8, and the most recent year, for conformity with Article 5, paragraph 2, in accordance with the procedures contained in part II of these guidelines;

(b) The calculation of the assigned amount pursuant to Article 3, paragraphs 7 and 8, and the commitment period reserve, for conformity with the modalities for the accounting of assigned amounts under Article 7, paragraph 4, in accordance with the procedures contained in part III of these guidelines;

(c) The national system pursuant to Article 5, paragraph 1, in accordance with the procedures contained in part IV of these guidelines;

(d) The national registry pursuant to Article 7, paragraph 4, in accordance with the procedures contained in part V of these guidelines.

13. The first national communication due under the Convention after the Protocol has entered into force for that Party will be reviewed prior to the first commitment period in accordance with the provisions of paragraph 19 below.<sup>4</sup>

14. For each Party included in Annex I, the elements specified in paragraph 12 (a) to (d) above, shall be reviewed in conjunction. An in-country visit shall be conducted as part of this review.

2. Annual review

15. Each Party included in Annex I shall be subject to an annual review of:

(a) The annual inventory, including the national inventory report and the common reporting format (CRF) for conformity with Article 5, paragraph 2, in accordance with the procedures contained in part II of these guidelines;

(b) The following supplementary information, in accordance with the guidelines for the preparation of the information required under Article 7, section I:

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<sup>4</sup> This will be the case if this national communication is submitted prior to the first commitment period.

- (i) Information provided during the commitment period for land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, for conformity with the requirements of relevant decisions of the COP/MOP, in accordance with the procedures contained in part II of these guidelines;
- (ii) Information on assigned amounts pursuant to Article 3, paragraphs 7 and 8, emission reduction units, certified emission reductions, assigned amount units and removal units, in accordance with the procedures contained in part III of these guidelines;
- (iii) Changes in national systems in accordance with the procedures contained in part IV of these guidelines;
- (iv) Changes in national registries in accordance with the procedures contained in part V of these guidelines;
- (v) Information provided on matters related to Article 3, paragraph 14, and supplementary information in accordance with the procedures contained in part VI of these guidelines.

16. The annual review, including adjustment procedures as part of the review of the annual or base year inventory, shall be concluded within one year of the due date for submission of the information to be reported under Article 7, paragraph 1.

17. The elements specified in paragraph 15 (b) (iii) and (iv) above, shall be subject to review as part of the annual review only if problems or significant changes have been identified by an expert review team or if the Party included in Annex I reports significant changes in its inventory report as defined in paragraphs 89 and 11<sup>5</sup> of these guidelines.

18. The elements described in paragraph 15 above shall be reviewed together for each Party included in Annex I by a single expert review team.

### 3. Periodic review

19. Each national communication submitted under the Kyoto Protocol by a Party included in Annex I shall be subject to a scheduled in-country review in accordance with part VII of these guidelines.<sup>6</sup>

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<sup>5</sup> Paragraph 11 is located in appendix I to decision -/CP.7 (guidelines for review under article 8 of the Kyoto Protocol). The number of this paragraph will change accordingly once the corresponding part of the appendix is incorporated in these guidelines.

<sup>6</sup> It is likely that the fourth national communication will be the first national communication under the Kyoto Protocol and that such review will occur prior to the first commitment period: Article 7, paragraph 3, states that each Party included in Annex I shall submit the information required under Article 7, paragraph 2, as part of the first national communication due under the Convention after the Protocol has entered into force for it and after adoption of guidelines for the preparation of information under Article 7. This article also states that the COP/MOP shall determine the frequency of submission of national communications, taking into account any timetable for submission of national communications decided upon by the COP. Decision 11/CP.4 requests Parties included in Annex I to submit a third national communication by 30 November 2001 and subsequent national communications on a regular basis, at intervals of three to five years, to be decided at a future session, and requires that each of those national communications should be subject to an in-depth review coordinated by the secretariat.

**E. Expert review teams and institutional arrangements**

1. Expert review teams

20. Each submission under Article 7 shall be assigned to a single expert review team that shall be responsible for performing the review in accordance with the procedures and time frames established in these guidelines. A submission by a Party included in Annex I shall not be reviewed in two successive review years by expert review teams with identical composition.

21. Each expert review team shall provide a thorough and comprehensive technical assessment of information submitted under Article 7 and shall, under its collective responsibility, prepare a review report, assessing the implementation of the commitments of the Party included in Annex I and identifying any potential problems in, and factors influencing, the fulfilment of commitments. The expert review teams shall refrain from making any political judgement. If needed, the expert review teams shall calculate adjustments in accordance with any guidance under Article 5, paragraph 2, adopted by the COP/MOP, in consultation with the Party concerned.

22. Expert review teams shall be coordinated by the secretariat and shall be composed of experts selected on an ad hoc basis from the UNFCCC roster of experts and will include lead reviewers. Expert review teams formed for the tasks carried out under the provisions of these guidelines may vary in size and composition, taking into account the national circumstances of the Party under review and the different expertise needs of each review task.

23. Participating experts shall serve in their personal capacity.

24. Participating experts shall have recognized competence in the areas to be reviewed according to these guidelines. The training to be provided to experts, and the subsequent assessment after the completion of the training<sup>7</sup> and/or any other means needed to ensure the necessary competence of experts for participation in expert review teams shall be designed and operationalized in accordance with relevant decisions of the COP and the COP/MOP.

25. Experts selected for a specific review activity shall neither be nationals of the Party under review, nor be nominated or funded by that Party.

26. Experts shall be nominated by Parties to the Convention to the roster of experts and, as appropriate, by intergovernmental organizations, in accordance with guidance provided for this purpose by the COP.

27. Participating experts from Parties not included in Annex I and Parties included in Annex I with economies in transition shall be funded according to the existing procedures for participation in UNFCCC activities. Experts from other Parties included in Annex I shall be funded by their governments.

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<sup>7</sup> Those experts that opt not to participate in the training have to undergo a similar assessment successfully in order to enable them to qualify for participation in expert review teams.

28. In the conduct of the review, expert review teams shall adhere to these guidelines and work on the basis of established and published procedures agreed upon by the SBSTA, including quality assurance and control and confidentiality provisions.

## 2. Competences

29. Competences required to be members of the expert review teams for the review of annual information submitted under Article 7, paragraph 1 are:

(a) GHG inventories in general and/or specific sectors (Energy, Industrial Processes, Solvents and Other Products Use, Agriculture, Land Use, Land-Use Change and Forestry, and Waste);

(b) National systems, national registries, information on assigned amounts as referred to in these guidelines and information related to Article 3, paragraph 14, as referred to in the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol.

30. Competences required to be members of the expert review teams for the review of national communications and the supplementary information under Article 7, paragraph 2, are on those areas referred to in paragraph 112 (b) and (c) of these guidelines.

## 3. Composition of the expert review teams:

31. The secretariat shall select the members of the review teams to review the annual information submitted under Article 7, paragraph 1, and to review national communications and the supplementary information under Article 7, paragraph 2 in a way that the collective skills of the team address the areas mentioned in paragraph 29 and 30 above, respectively.

32. The secretariat shall select the members of the expert review teams with a view to achieving a balance between experts from Annex I and non-Annex I Parties in the overall composition of the expert review teams, without compromising the selection criteria referred in the paragraph 31 above. The secretariat shall make every effort to ensure geographical balance among those experts selected from non-Annex I Parties and among those experts selected from Annex I Parties.

33. The secretariat shall ensure that in any expert review team one co-lead reviewer shall be from a Party included in Annex I and one from a Party not included in Annex I.

34. Without compromising the selection criteria stated in paragraphs 31, 32 and 33 above, the formation of expert review teams should ensure, to the extent possible, include at least one member fluent in the language of the Party under review.

35. The secretariat shall prepare an annual report to the SBSTA on the composition, including the selection of experts for the review teams and the lead reviewers, and the actions taken to ensure the application of selection criteria expressed in paragraphs 31 and 32 above.

## 4. Lead reviewers

36. Lead reviewers shall act as co-lead reviewers for the expert review teams under these guidelines.

37. Lead reviewers should ensure that the reviews in which they participate are performed according to the review guidelines and are performed consistently across Parties by each expert review team. They also should ensure the quality and the objectivity of the thorough and comprehensive technical assessments in the reviews and to provide for continuity, comparability and timeliness of the review.

38. Lead reviewers may be offered additional training to that referred to in paragraph 24 above to enhance their skills.

39. With the administrative support of the secretariat, lead reviewers shall, for each review activity:

- (a) Prepare a brief work plan for the review activity;
- (b) Verify that the reviewers have all the necessary information provided by the secretariat prior to the review activity;
- (c) Monitor the progress of the review activity;
- (d) Coordinate queries of the expert review team to the Party and coordinate the inclusion of the answers in the review reports;
- (e) Provide technical advice to the ad hoc experts, if needed;
- (f) Ensure that the review is performed and the review report is prepared in accordance with the relevant guidelines; and
- (g) For inventory reviews, verify that the review team gives priority to individual source categories for review in accordance with the guidelines;

40. Lead reviewers collectively shall also:

- (a) Prepare an annual report to the SBSTA with suggestions on how to improve the review process in the light of paragraph 2 of these guidelines; and
- (b) Advise on the standardized data comparisons of inventory information referred to in paragraph 67.

41. Lead reviewers shall comprise experts from Parties to the Convention nominated to the UNFCCC roster by Parties and their collective skills shall address the areas mentioned in paragraph 29 above. During the period where national communications and the supplementary information under Article 7, paragraph 2, are reviewed, additional experts from Parties to the Convention nominated to the UNFCCC roster by Parties will act as lead reviewers whose collective skills relate to the areas referred to in paragraph 30 above.

42. Lead reviewers shall be assigned for a minimum period of two years and a maximum period of three years to ensure the continuity and consistency of the review process. Half of the lead reviewers shall be assigned initially for a term of two years and the other half for a term of three years. The terms of service of lead reviewers for a given period of service shall be designed and operationalized in accordance with relevant decisions of the COP and the COP/MOP.

## 5. Ad hoc review experts

43. Ad hoc review experts shall be selected from those nominated by Parties or, exceptionally and only when the required expertise for the task is not available among them, from the relevant intergovernmental organizations belonging to the UNFCCC roster of experts for specific annual or periodic reviews by the secretariat. They shall perform individual review tasks in accordance with the duties set out in their nomination.

44. Ad hoc review experts shall, as necessary, perform desk review tasks in their home countries and participate in in-country visits, centralized reviews and in review meetings.

#### 6. Guidance by the SBSTA

45. The SBSTA shall provide general guidance to the secretariat on the selection of experts and coordination of the expert review teams and to the expert review teams on the expert review process. The reports mentioned in paragraphs 35 and 40 (a) above are intended to provide the SBSTA with inputs for elaborating such guidance.

### **F. Reporting and publication**

46. The expert review team shall, under its collective responsibility, produce the following review reports for each Party included in Annex I:

(a) For the initial review, a report on the review of the elements described in paragraph 12 (a) to (d) above in accordance with parts II, III, IV and V of these guidelines;

(b) For the annual review, a status report after the initial check of the annual inventory and a final report on the annual review of the elements in paragraph 15 in accordance with parts II, III, IV, V and VI of these guidelines;

(c) For the periodic review, a report on the review of the national communication in accordance with part VII of these guidelines.

47. Review reports for each Party included in Annex I shall follow a format and outline comparable to that set out in paragraph 48 below and shall include the specific elements described in parts II to VII of these guidelines.

48. All final review reports prepared by the expert review team, except for status reports, shall include the following elements:

(a) An introduction and summary;

(b) A description of the technical assessment of each of the elements reviewed according to the relevant sections on the scope of the review in parts II to VII of these guidelines, including:

(i) A description of any potential problems in, and factors influencing the fulfilment of, commitments identified during the review;

(ii) Any recommendations provided by the expert review team to solve the potential problems;

- (iii) An assessment of any efforts by the Party included in Annex I to address any potential problems identified by the expert review team during the current review or during previous reviews that have not been corrected;
  - (iv) Any questions of implementation of the commitments under the Kyoto Protocol;
- (c) Possible recommendations by the expert review team on the conduct of the review in subsequent years, including which parts may need to be considered in more depth;
- (d) Information on any other issue of concern deemed relevant by the expert review team;
- (e) The sources of information used in the formulation of the final report.

49. Following their completion, all final review reports, including status reports on initial checks on annual inventories, shall be published and forwarded by the secretariat, together with any written comments on the final review report by the Party which is subject of the report, to the COP/MOP, the Compliance Committee and the Party concerned.

## **PART II: REVIEW OF ANNUAL INVENTORIES**

### **A. Purpose**

50. The purpose of the review of annual inventories of Parties included in Annex I is:

(a) To provide an objective, consistent, transparent, thorough and comprehensive technical assessment of annual inventories of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for conformity with the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories*<sup>8</sup> as elaborated by the Intergovernmental Panel on Climate Change (IPCC) report entitled *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories*<sup>9</sup> and any good practice guidance adopted by the COP/MOP, and with section I of the guidelines for the preparation of the information required under Article 7;

(b) To assess if adjustments under Article 5, paragraph 2, may be needed and, if so, to calculate adjustments in accordance with relevant decisions of the COP/MOP relating to Article 5, paragraph 2, of the Kyoto Protocol;

(c) To ensure that the COP/MOP and the Compliance Committee have reliable information on the annual inventories of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol of each Party included in Annex I.

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<sup>8</sup> In these guidelines the *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories* are referred to as the IPCC Guidelines.

<sup>9</sup> In these guidelines the IPCC report entitled *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories* is referred to as the IPCC good practice guidance.

**B. General procedures**

51. The review should cover:

(a) The annual inventory, including the national inventory report and the common reporting format (CRF);

(b) Supplementary information under Article 7, paragraph 1, incorporated in the Party's national inventory according to section I.D, greenhouse gas inventory information, of the guidelines for the preparation of the information required under Article 7.

52. The annual inventory review shall consist of two elements:

(a) Initial check by the expert review team, with the assistance of the secretariat;

(b) Individual inventory review by the expert review team.

53. The individual inventory review shall occur in conjunction with the review of assigned amount, changes in national systems and changes in national registries as set out in part I of these guidelines.

54. The base year inventory shall be reviewed only once prior to the commitment period and adjusted if appropriate.

55. The annual inventory review should be conducted as a desk or centralized review. In addition, each Party included in Annex I shall be subject to at least one in-country visit by an expert review team during the commitment period as part of its annual review.

56. In-country visits should be scheduled, planned and take place with the consent of the Party included in Annex I subject to review.

57. In years when an in-country visit is not scheduled, an expert review team can request an in-country visit if it believes, based on the findings of the desk or centralized review, that such a visit is necessary to allow for fuller investigation of a potential problem that the team has identified, subject to the consent of the Party included in Annex I. The expert review team shall provide a rationale for the additional country visit and shall compile a list of questions and issues to be addressed during the country visit to be sent to the Party included in Annex I in advance of the visit. If such an in-country visit occurs, the expert review team may recommend that a pending scheduled in-country visit is not necessary.

58. If a Party included in Annex I fails to provide to the expert review team the data and information necessary for the assessment of conformity with the IPCC Guidelines as elaborated by the IPCC good practice guidance and any good practice guidance adopted by the COP/MOP, the expert review team shall assume that the estimate was not prepared in accordance with the IPCC Guidelines as elaborated by the IPCC good practice guidance and any good practice guidance adopted by the COP/MOP.

**C. Initial checks of annual inventories**

1. Scope of the review



59. The expert review team shall conduct an initial check as a desk or centralized review to examine that each Party included in Annex I has submitted a consistent, complete and timely annual inventory, including the national inventory report and the common reporting format and that data contained in the CRF are complete by means of computerized analysis and checks and in the correct format to enable subsequent review stages to occur.

60. The initial check shall identify whether:

(a) The submission is complete and information has been provided in the correct format in accordance with reporting guidelines on annual inventories;

(b) All sources, sinks and gases included in the IPCC Guidelines and any good practice adopted by the COP/MOP are reported;

(c) Any gaps are explained by use of notation keys, such as NE (not estimated) and NA (not applicable), in the CRF and whether there is frequent use of these notation keys;

(d) Methodologies are documented with notations in the CRF;

(e) Estimates for carbon dioxide (CO<sub>2</sub>) emissions from fossil fuel combustion are reported using the IPCC reference approach, in addition to estimates derived using national methods;

(f) Estimates for hydrofluorocarbon, perfluorocarbon and sulphur hexafluoride emissions are reported by individual chemical species;

(g) A Party included in Annex I has failed to submit an annual inventory or the national inventory report or the common reporting format by the due date, or within six weeks of the due date;

(h) A Party included in Annex I has failed to include an estimate for a source category (as defined in chapter 7 of the IPCC good practice guidance) that individually accounted for 7 per cent or more of the Party's aggregate emissions, defined as aggregate submitted emissions of the gases and from the sources listed in Annex A to the Kyoto Protocol, in the most recent of the Party's reviewed inventories in which the source was estimated.

(i) A Party included in Annex I has failed to provide the supplementary information in accordance with paragraphs 5 to 9 of annex I to the draft decision –/CMP.1 (*Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol*).

## 2. Timing<sup>10</sup>

61. The initial check for each Party included in Annex I shall be performed and a draft status report shall be completed within four weeks after the submission date of the annual inventory and sent to the Party for comment. A delay in the preparation of the draft status report shall not shorten the time available for the Party concerned to comment on the draft status report. The secretariat shall immediately notify the Party concerned of any omissions or technical format problems identified in the initial check.

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<sup>10</sup> For the initial review, the time frames for the initial check may serve as an indication.

62. Any information, corrections, additional information or comments on the draft status report received from the Party included in Annex I within six weeks of the submission due date shall be subject to an initial check and shall be covered in the final status report. A delay in the submission of the annual inventory shortens the time available for the Party concerned to comment on the draft status report.

63. The status report on the initial check for each Party included in Annex I shall be finalized within ten weeks from the submission due date to be used in the individual inventory review.

### 3. Reporting

64. The status report shall include:

- (a) The date of receipt of the inventory submission by the secretariat;
- (b) An indication whether the annual inventory, including the national inventory report and the CRF, has been submitted;
- (c) An indication whether any source category or gas of a source category is missing and, if so, an indication of the magnitude of the likely emissions of that source category or gas, if possible relative to the last inventory for which the review has been completed;
- (d) Identification of any inventory problems according to the categories listed in paragraph 60 (g) to (i).

#### **D. Individual inventory reviews**

##### 1. Scope of the review

65. The expert review team shall, *inter alia*:

- (a) Examine application of the requirements of the IPCC Guidelines as elaborated by any IPCC good practice guidance adopted by the COP/MOP and the reporting guidelines on annual inventories and relevant decisions of the COP/MOP, and identify any departure from these requirements;
- (b) Examine application of the reporting requirements of the section I.D of the guidelines for the preparation of information required under Article 7;
- (c) Examine whether the IPCC good practice guidance and any other good practice guidance adopted by the COP/MOP was applied and documented, in particular noting the identification of key source categories, selection and use of methodologies and assumptions, development and selection of emission factors, collection and selection of activity data, reporting of consistent time-series, reporting of uncertainties related to inventory estimates and methodologies used for estimating those uncertainties and identify any inconsistencies;
- (d) Compare emission or removal estimates, activity data, implied emission factors and any recalculations with data from previous submissions of the Party included in Annex I to identify any irregularities or inconsistencies;
- (e) Compare the activity data of the Party included in Annex I with relevant external authoritative sources, if feasible, and identify sources where there are significant differences;

(f) Assess the consistency of information in the common reporting format with that in the national inventory report;

(g) Assess the extent to which issues and questions raised by expert review teams in previous reports have been addressed and resolved;

(h) Recommend possible ways for improving the estimation and the reporting of inventory information.

66. The expert review team may use relevant technical information in the review process, such as information from international organizations.

67. The secretariat shall, under the direction of the expert review team, conduct a standardized set of data comparisons to be performed on the electronic common reporting format submissions to be used in the review process.

## 2. Identification of problems

68. The individual inventory review shall identify any problems for which adjustments under Article 5, paragraph 2, would be appropriate and initiate procedures for calculation of adjustments.

69. Problems should be identified as a failure to follow agreed guidelines under Article 5, paragraph 2, in preparing greenhouse gas inventories, as a failure to follow section I of the guidelines for the preparation of the information required under Article 7, and as a failure to follow agreed methodologies for estimating and reporting activities under Article 3, paragraphs 3 and 4, as adopted by the COP/MOP. These may be further subdivided as problems of:

(a) Transparency, as defined in the UNFCCC reporting guidelines on annual inventories,<sup>11</sup> including:

- (i) Inadequate documentation and description of methodologies, assumptions and recalculations;
- (ii) Failure to disaggregate national activity data, emission factors and other factors used in national methods at the required level unless an issue of confidentiality exists;
- (iii) Failure to provide justifications for recalculations, references and information sources for key factors and data;

(b) Consistency, as defined in the UNFCCC reporting guidelines on annual inventories, including failure to provide consistent time-series in accordance with the IPCC good practice guidance;

(c) Comparability, as defined in the UNFCCC reporting guidelines on annual inventories, including failure to use agreed reporting formats;

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<sup>11</sup> Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual inventories (document FCCC/CP/1999/7) or any subsequent revision of these guidelines by the COP.

(d) Completeness, as defined in the UNFCCC reporting guidelines on annual inventories, including:

- (i) Gaps in the inventory estimates for source categories or gases;
- (ii) Inventory data that do not provide full geographic coverage of sources and sinks of a Party included in Annex I;
- (iii) Failure to provide full coverage of sources in a source category;

(e) Accuracy, as defined in the UNFCCC reporting guidelines on annual inventories, including failure to provide estimates of uncertainty and address uncertainty through the application of the good practice.

70. The expert review team shall calculate:

(a) The percentage by which the aggregate adjusted greenhouse gas emissions for a Party included in Annex I exceed the aggregate submitted emissions, defined as aggregate submitted emissions of the gases and from the sources listed in Annex A to the Kyoto Protocol, for any single year;

(b) The sum of the numerical values of the percentages calculated in subparagraph (a) above for all years of the commitment period for which the review has been conducted.

71. The expert review team shall identify whether the same key source category as defined in chapter 7 of the IPCC good practice guidance was adjusted in previous reviews and, if so, the team shall indicate the number of reviews that identified and adjusted the problem previously and the percentage that the key source category contributes to the aggregate submitted emissions, defined as aggregate submitted emissions of the gases and from the sources listed in Annex A to the Kyoto Protocol.

### 3. Timing

72. The individual inventory review, including adjustment procedures, shall be concluded within one year of the due date of submission of the information to be reported under Article 7, paragraph 1.

73. The expert review team shall list all problems identified, indicating which would need an adjustment, and send this list to the Party included in Annex I no later than fifteen weeks from the submission due date of the annual inventory, if the inventory was submitted at least six weeks after the submission due date.

74. The Party included in Annex I shall comment on these questions within six weeks and, where requested by the review team, may provide revised estimates.

75. The expert review team shall prepare a draft individual inventory review report, which includes, where appropriate, adjusted estimates calculated according to guidance under Article 5, paragraph 2, within eight weeks of the receipt of the comments on the questions posed and shall send the draft report to the Party concerned.

76. The Party included in Annex I shall be provided with four weeks to comment on the draft individual inventory review report and, where appropriate, on whether it accepts or rejects the adjustment.

77. The expert review team shall prepare a final individual inventory review report within four weeks of the receipt of the comments on the draft report.

78. If a Party included in Annex I during the above steps is able to comment earlier than in the above given time-frames, the Party concerned may use the time saved to comment on the revised final report. A total of four additional weeks to comment may be granted to Parties included in Annex I whose national language is not one of the United Nations official languages.

#### 4. Procedures for adjustments under Article 5, paragraph 2

79. Adjustments referred to in Article 5, paragraph 2, of the Kyoto Protocol shall be applied only when inventory data submitted by Parties included in Annex I are found to be incomplete and/or are prepared in a way that is not consistent with the IPCC Guidelines as elaborated by the IPCC good practice guidance and any good practice guidance adopted by the COP/MOP.

80. The procedure for the calculation of adjustments shall be as follows:

(a) During the individual inventory review, the expert review team shall identify problems to which the criteria in the guidance for adjustments under Article 5, paragraph 2, apply. The expert review team shall officially notify the Party included in Annex I of the reason why an adjustment is considered necessary and provide advice on how the problem could be corrected;

(b) The adjustment procedure should only commence after the Party included in Annex I has had opportunities to correct a problem and if the expert review team finds that the Party included in Annex I has not adequately corrected the problem through the provision of an acceptable revised estimate, in accordance with the time-frames set out in paragraphs 73 to 78 above;

(c) The expert review team shall calculate adjustments in accordance with any guidance under Article 5, paragraph 2, adopted by the COP/MOP, in consultation with the Party concerned and within the time-frame set out in these guidelines;<sup>12</sup>

(d) The expert review team shall officially notify the Party concerned of the calculated adjustment(s) within the time-frame set out in these guidelines. This notification shall describe the assumptions, data and methodologies used to calculate the adjustment(s), as well as the value of the adjustment(s);

(e) Within the time-frame set out in these guidelines, the Party concerned shall notify the secretariat of its intention to accept or reject the adjustment(s), with its rationale. Failure to respond by this date shall be considered as acceptance of the adjustment(s), as follows:

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<sup>12</sup> Special arrangements in the composition of the expert review teams may be needed for the case where an adjustment needs to be calculated.

- (i) If the Party concerned accepts the adjustment(s), the adjustment(s) shall be applied for the purpose of compilation and accounting of emissions inventories and assigned amounts;
- (ii) If the Party concerned disagrees with the proposed adjustment(s), it should send a notification to the expert review team, including its rationale, and the expert review team should send the notification along with its recommendation in its final report to the COP/MOP and the Compliance Committee, which will resolve the disagreement in accordance with the procedures and mechanisms on compliance.

81. A Party included in Annex I may submit a revised estimate for a part of its inventory for a year of the commitment period to which an adjustment was previously applied, provided that the revised estimate is submitted, at the latest, in conjunction with the inventory for the year 2012.

82. Subject to a review under Article 8 and the acceptance of the revised estimate by the expert review team, the revised estimate shall replace the adjusted estimate. In the event of a disagreement between the Party included in Annex I and the expert review team regarding the revised estimate, the procedure set out in paragraph 79 (e) (ii) above shall be followed. The option for a Party included in Annex I to submit a revised estimate for a part of its inventory to which an adjustment was previously applied should not prevent Parties included in Annex I from making best efforts to correct the problem at the time it was initially identified and in accordance with the time-frame set forth in the guidelines for review under Article 8.

## 5. Reporting

83. The following specific elements shall be included in the reports referred to in paragraph 46 (a) and (b):

(a) A summary of the results of the inventory review, including a description of emission trends, key sources and methodologies and a general assessment of the inventory;

(b) Identification of any inventory problems according to the categories listed in paragraph 69 and a description of factors influencing the fulfilment of the inventory-related obligations of the Party included in Annex I ;

(c) Information on adjustments, if applicable, including, *inter alia*,

- (i) The original estimate, if applicable;
- (ii) The underlying problem;
- (iii) The adjusted estimate;
- (iv) The rationale for the adjustment;
- (v) The assumptions, data and methodology used to calculate the adjustment;
- (vi) A description of how the adjustment is conservative;
- (vii) The expert review team's identification of possible ways for the Party included in Annex I to address the underlying problem;

- (viii) The magnitude of the numerical values related to an adjusted problem as identified under paragraph 70 above;
- (ix) Recurrence of adjustments as identified under paragraph 71 above;
- (x) An indication whether the adjustment was agreed upon by the Party included in Annex I and the expert review team.

**PART III: REVIEW OF INFORMATION ON ASSIGNED AMOUNTS PURSUANT TO ARTICLE 3, PARAGRAPHS 7 AND 8, EMISSION REDUCTION UNITS, CERTIFIED EMISSION REDUCTIONS, ASSIGNED AMOUNT UNITS AND REMOVAL UNITS**

**PART IV: REVIEW OF NATIONAL SYSTEMS**

**A. Purpose**

84. The purpose of the review of national systems is:
- (a) To provide a thorough and comprehensive technical assessment of the capacity of a national system and the adequacy of its institutional, legal and procedural arrangements to produce an inventory of anthropogenic emissions by sources and removals by sinks in conformity with Article 5, paragraph 2;
  - (b) To assess the extent to which the guidelines for national systems under Article 5, paragraph 1, have been adhered to, and to assist Parties included in Annex I in meeting their commitments under Article 5, paragraph 1;
  - (c) To provide the COP/MOP and the Compliance Committee with reliable information on national systems established under Article 5, paragraph 1;

**B. General procedures**

85. The review of national systems shall take place in two parts:
- (a) A thorough review of the national system, as part of the review prior to the commitment period and its in-country visit;
  - (b) A desk or centralized review of any reported changes in the national system reported since the first thorough review, conducted in conjunction with the annual inventory review.
86. The review of national systems shall be conducted, as appropriate, through interviews with personnel involved in inventory planning, preparation and management, and through examination of relevant records and documentation, including use of the inventory CRF and preparation of the national inventory report.
87. Based on any findings during the individual inventory review and on findings related to reported changes in national systems considered by the expert review team to be potentially significant in relation to an identified problem in the inventory of the Party included in Annex I, the expert review team may request an additional country visit to review the relevant components of the national system in conjunction with an in-country inventory review.

### **C. Scope of the review**

#### **1. In-country review**

88. The expert review team shall conduct a thorough and comprehensive review of the national system of each Party included in Annex I. The review of national systems should cover:

(a) Activities undertaken by the Party included in Annex I to implement, and performance of, the general functions described in paragraph 10 of the guidelines for national systems,<sup>13</sup> and the specific functions related to inventory planning, preparation and management in accordance with paragraphs 12 to 17 of those guidelines;

(b) Reported and archived information on national systems in accordance with guidelines under Article 5, paragraph 1, and Article 7, including plans and internal documentation related to the functions mentioned in subparagraph (a) above.

#### **2. Review of changes in national systems**

89. Any significant changes in the functions of the national systems reported by Parties included in Annex I or identified by the expert review team during the in-country visit that may affect the preparation of greenhouse gas inventories in conformity with Article 5, paragraph 2, and the guidelines for national systems should be reviewed annually in conjunction with the annual inventory review. The scope of such a review shall follow the scope set out for the in-country review according to paragraph 88 above.

#### **3. Identification of problems**

90. The expert review team shall assess whether the Party included in Annex I has established and maintained the specific inventory planning components covered in paragraph 12 of the guidelines for national systems, on the basis of a review of the information provided on the national system under Article 7 and any additional information gathered.

91. The expert review team shall assess whether the Party included in Annex I has completed the inventory preparation components covered in paragraph 14 (a) and (d) of the guidelines for national systems, on the basis of the review of the information provided on the national system under Article 7 and any additional information gathered.

92. The expert review team shall assess whether the inventory preparation components covered in paragraph 14 (c), (e) and (g) of the guidelines for national systems are functioning adequately, on the basis of an assessment of the most recent annual inventory, its consistency with good practice, and any additional information gathered.

93. The expert review team shall assess whether the Party included in Annex I has archived inventory information according to the provisions of paragraphs 16 and 17 of the guidelines for national systems as part of its inventory management. The expert review team shall assess whether the archiving is functioning adequately on the basis of an assessment of:

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<sup>13</sup> The guidelines for national systems for the estimation of anthropogenic greenhouse gas emissions by sources and removals by sinks under Article 5, paragraph 1, of the Kyoto Protocol are referred to as “guidelines for national systems” in this document. The full text of those guidelines can be found in document FCCC/CP/2001/L.18.



(a) The completeness of archived information for a sample of source categories as chosen by the expert review teams, including key source categories, as defined in accordance with IPCC good practice guidelines;

(b) The ability of the Party included in Annex I to respond in a timely manner to requests for clarifying inventory information resulting from the different stages of the review process of the most recent inventory.

94. Based on the assessment carried out in accordance with paragraphs 90 to 93 above, expert review teams shall identify any potential problems in, and factors influencing, the fulfilment of commitments related to the functions of national systems according to paragraphs 10, 12, 14 and 16 of the guidelines for national systems. In addition, the expert review teams shall recommend how deficiencies of functions described in paragraphs 13, 15 and 17 of the guidelines for national systems could be improved. These provisions shall apply to both in-country reviews and reviews of changes in national systems.

#### **D. Timing**

95. During the process of in-country visit, the expert review team shall list all problems identified, and notify the Party included in Annex I no later than six weeks after the country visit on the problems identified. The Party included in Annex I shall comment on these problems not later than within six weeks. The expert review team shall prepare a draft of a review report on the national system, within six weeks of the receipt of the comments on the questions posed. Any corrections, additional information or comments on the draft report received from the Party included in Annex I within four weeks after the report has been sent to the Party included in Annex I shall be subject to review and shall be included in the final inventory review report. The expert review team shall prepare a final report on the review of the national system within four weeks of the receipt of the comments on the draft report. The review of national systems shall be concluded within one year of the date of submission of the information.

96. The process of review of changes in national systems shall follow the timetable for the review of annual inventories defined in part II of these guidelines. If either the annual inventory review or the review of changes in national systems recommend an in-depth review of national systems, the process of inventory review of national systems should be conducted together with the following in-country review either of the annual inventory or of the periodic national communication whichever is earlier.

#### **E. Reporting**

97. The following specific elements shall be included in the reports referred to in paragraph 46 (a) and (b):

(a) An evaluation of the overall organization of the national system, including a discussion of the effectiveness and reliability of the institutional, procedural and legal arrangements for estimating greenhouse gas emissions;

(b) A technical assessment of the performance of each of the national system functions defined in paragraphs 10 to 17 of the guidelines for national systems, including an assessment of the system's strengths and weaknesses;

(c) Any recommendations by the review team for further improvement of the national system of the Party included in Annex I.

## **PART V: REVIEW OF NATIONAL REGISTRIES**

### **PART VI: REVIEW OF INFORMATION ON THE MINIMIZATION OF ADVERSE IMPACTS IN ACCORDANCE WITH ARTICLE 3, PARAGRAPH 14**

#### **A. Purpose**

98. The purpose of the review of information of each Party included in Annex I in relation to Article 3, paragraph 14, is:

(a) To provide a thorough objective and comprehensive technical assessment of the information submitted relating to how the Party included in Annex I is striving to implement its commitments under Article 3, paragraph 14;

(b) To assess trends and the extent to which action the Party included in Annex I is striving to implement to minimize adverse impacts on developing countries in accordance to Article 3, paragraph 14, and taking into account any relevant decisions by the COP and COP/MOP;

(c) To assist Parties included in Annex I to improve their reporting of information under Article 3, paragraph 14;

(d) To ensure that the COP/MOP and the Compliance Committee have reliable information on the review of minimization of adverse impacts in accordance with Article 3, paragraph 14.

#### **B. General procedures**

99. The review of the information on the minimization of adverse impacts in accordance with Article 13, paragraph 14 shall take place in two parts:

(a) An annual desk or centralized review of additional information submitted by Parties included in Annex I, conducted in conjunction with the annual inventory review;

(b) A thorough and comprehensive review through in-country visits, conducted in conjunction with the review of national communications.

#### **C. Scope of the review**

##### **1. Annual Review**

100. The expert review team shall, *inter alia*:

(a) Check whether the Party included in Annex I submitted the supplementary information in accordance with paragraphs 13 and 14 of annex I to decision -/CMP.1 (*Guidelines for the preparation of the information under Article 7*), on action relating to the minimization of adverse effects under Article 3, paragraph 14;

(b) For the first year that the Party included in Annex I provides the information mentioned in paragraph (a) above, conduct a desk or centralized review to assess whether each Party included in Annex I has submitted consistent, complete and timely information. For subsequent years, conduct a desk or centralized review to assess whether Parties included in Annex I have submitted information on any changes that have occurred, compared with the information reported in its last submission;

(c) Notify the Party concerned of any questions the team has regarding information on actions relating to minimization of adverse effects under Article 3, paragraph 14 and relevant decisions of the COP and COP/MOP;

(d) Assess the extent to which issues and questions raised by previous reports have been addressed and resolved;

(e) Recommend possible ways to improve the reporting of information, including possible recommendations to the workshop on reporting methodologies mentioned in decision -/CP.7 (*Matters related to Article 3, paragraph 14*).

## 2. In-country visit

101. Each Party included in Annex I shall be subject to at least one in-country visit by an expert review team during the commitment period in conjunction with the review of the national communication.

102. The in-country review shall provide a detailed examination of supplementary information incorporated in the annual inventory, in accordance with paragraphs 13 and 14 of annex I to decision -/CMP.1 (*Guidelines for the preparation of the information under Article 7*) compiled by the secretariat and reviewed in paragraph 101 above for all years since the initial review.

103. Based on the assessment carried out in accordance with paragraphs 100 and 101 above, expert review teams shall identify any potential problems in, and factors influencing, the fulfilment of commitments under Article 3, paragraph 14, and relevant decisions of the COP and COP/MOP.

## 3. Identification of problems

104. The problems identified during the assessment related to the supplementary information reported in accordance with paragraphs 13 and 14 of annex I to decision -/CMP.1 (*Guidelines for the preparation of the information under Article 7*) shall be identified as relating to:

- (a) Transparency;
- (b) Completeness;
- (c) Timeliness.

105. Failure to submit supplementary information reported in accordance with paragraphs 13 and 14 of annex I to decision -/CMP.1 (*Guidelines for the preparation of the information under Article 7*) shall be considered as a potential problem.

#### **D. Timing**

106. The process of the in-country review shall follow the timetable for the review of the national communication of the Party included in Annex I defined in part VII of these guidelines. The annual review process shall follow the timetable for the review of annual inventories defined in part II of these guidelines. The preparation of the reports should also follow these respective timetables.

#### **E. Reporting**

107. The following specific elements shall be included in the report referred to in paragraph 46 (a) and (b):

- (a) A technical assessment of the elements specified in paragraph 100 and 102 above;
- (b) An identification of problems in accordance with paragraphs 104 and 105;
- (c) Any recommendations by the review team for further improvement of reporting by a Party included in Annex I.

### **PART VII: REVIEW OF NATIONAL COMMUNICATIONS AND INFORMATION ON OTHER COMMITMENTS UNDER THE KYOTO PROTOCOL**

#### **A. Purpose**

108. The purpose of the guidelines on the review of national communications of Parties included in Annex I, including information reported under Article 7, paragraph 2, is:

- (a) To provide a thorough and comprehensive technical assessment of national communications and information reported under Article 7, paragraph 2 of the Kyoto Protocol;
- (b) To examine in an objective and transparent manner whether quantitative and qualitative information was submitted by Parties included in Annex I in accordance with section II of the guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol;
- (c) To promote consistency in the review of the information contained in the national communications of Parties included in Annex I, including information reported under Article 7, paragraph 2;
- (d) To assist Parties included in Annex I to improve reporting of information under Article 7, paragraph 2 and the implementation of their commitments under the Protocol;
- (e) To ensure that the COP/MOP and the Compliance Committee have reliable information on the implementation of commitments under the Kyoto Protocol by each Party included in Annex I.

#### **B. General procedures**

109. Supplementary information under Article 7, paragraph 2, shall be incorporated into the national communications and shall be reviewed as part of the review of the communications.

Each national communication submitted under the Kyoto Protocol by a Party included in Annex I shall be subject to a scheduled in-country periodic review.

110. Prior to the in-country visit, the expert review team shall conduct a desk or centralized review of the national communication of the Party included in Annex I. The review team shall notify the Party concerned of any questions the team has regarding the national communication and of any focal areas for the in-country visit.

### **C. Scope of the review**

111. The review of the national communication shall also cover supplementary information reported under Article 7, paragraph 2.

112. The individual review shall:

(a) Provide an assessment of the completeness of the national communication, including supplementary information reported under Article 7, paragraph 2, in accordance with the reporting requirements under Article 7, paragraph 2, and an indication of whether it was submitted on time;

(b) Provide a detailed examination of each part of the national communication, as well as procedures and methodologies used in the preparation of the information, such as:<sup>14</sup>

- (i) National circumstances relevant to greenhouse gas emissions and removals;
- (ii) Policies and measures;
- (iii) Projections and the total effect of policies and measures;
- (iv) Vulnerability assessment, climate change impacts and adaptation measures;
- (v) Financial resources;
- (vi) Transfer of technology;
- (vii) Research and systematic observation;<sup>15</sup>
- (viii) Education, training and public awareness;

(c) Provide a detailed examination of supplementary information provided under Article 7, paragraph 2:

- (i) Supplemmentarity relating to the mechanisms pursuant to Articles 6, 12 and 17;
- (ii) Policies and measures in accordance with Article 2;

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<sup>14</sup> Headings of the national communication according to the UNFCCC reporting guidelines on national communications with the exception of “greenhouse gas inventory information” (see document FCCC/CP/1999/7).

<sup>15</sup> Information provided under this heading includes a summary of the information provided on global climate observation systems.

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- (iii) Domestic and regional programmes and/or legislative arrangements and enforcement and administrative procedures;
- (iv) Information under Article 10;
- (v) Financial resources;

(d) Identify any potential problems in and factors influencing, the fulfilment of commitments related to each part of the national communication and to the reporting of supplementary information under Article 7, paragraph 2.

113. All common elements in paragraph 112 (b) and (c) above are to be reviewed in conjunction.

### Identification of problems

114. The problems identified during the assessment related to individual sections of the national communication, including supplementary information reported under Article 7, paragraph 2, shall be identified as relating to:

- (a) Transparency;
- (b) Completeness;
- (c) Timeliness.

115. Failure to submit any section of the national communication shall be considered as a potential problem.

### **D. Timing**

116. If a Party included in Annex I expects difficulties with the timeliness of its national communication submission, it should inform the secretariat before the due date of the submission. If the national communication is not submitted within six weeks after the due date, the delay shall be brought to the attention of the COP/MOP and the Compliance Committee and made public.

117. The expert review teams shall make every effort to complete the individual review of national communications within two years of the national communication submission for each Party included in Annex I.

118. If additional information is requested during the in-country visit, it should be provided by the Party included in Annex I within six weeks after the visit.

119. The expert review team for each Party included in Annex I shall, under its collective responsibility, produce a draft of the national communication review report following the format below to be finalized within eight weeks after the in-country visit.

120. The draft of each national communication review report will be sent to the Party included in Annex I subject to review for comment. The Party concerned shall be provided with four weeks of receipt of the draft report to provide comments on it.

121. The expert review team shall produce the finalized national communication review report taking into account the comments of the Party included in Annex I within four weeks of receipt of the comments.

**E. Reporting**

122. The following specific elements shall be included in the report referred to in paragraph 46 (c):

- (a) A technical assessment of the elements specified in paragraph 112 (b) and (c);
- (b) An identification of problems in accordance with paragraphs 114 and 115.

123. The secretariat shall produce a report on the compilation and synthesis of national communications for all Parties included in Annex I in accordance with the decisions of the COP/MOP.

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**N. “GOOD PRACTICES” IN POLICIES AND MEASURES AMONG PARTIES  
INCLUDED IN ANNEX I TO THE CONVENTION**

**Decision -/CP.7**

**“Good practices” in policies and measures among Parties  
included in Annex I to the Convention<sup>1</sup>**

*The Conference of the Parties,*

*Recalling* the relevant provisions of the United Nations Framework Convention on Climate Change, in particular in Articles 4 and 7, paragraph 2 (b), and of the Kyoto Protocol, in particular in Articles 2, 3 and 7,

*Recalling also* its decision 8/CP.4 whereby it requested the Subsidiary Body for Scientific and Technological Advice to undertake preparatory work to enable the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session after the entry into force of the Kyoto Protocol, to consider ways to facilitate cooperation to enhance the individual and combined effectiveness of policies and measures under Article 2, paragraph 1 (b), of the Kyoto Protocol,

*Recalling further* its decision 5/CP.6, containing the Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

*Noting* the Chairman’s report on the workshop held in Copenhagen from 11 to 13 April 2000,<sup>2</sup> pursuant to decision 8/CP.4,

*Appreciative* of the contribution of the Governments of Denmark and France in sponsoring this workshop,

*Welcoming* the organization of the workshop held from 8 to 10 October 2001

*Recognizing* that the implementation of policies and measures contributes to achieving the objectives of the Convention and the Kyoto Protocol,

*Recognizing also* the value of information exchanges on “good practices” in policies and measures which are based on national circumstances, in furthering the objectives of the Convention and the Kyoto Protocol,

1. *Decides*, in making preparations during the lead-up to the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, in relation to Article 2, paragraph 1 (b), of the Kyoto Protocol, to continue to facilitate cooperation among Parties included in Annex I to the Convention (Annex I Parties) in order to enhance the individual and combined effectiveness of policies and measures such as those in Article 2, paragraph 1(a), of the Kyoto Protocol, in particular by sharing experience and exchanging information at a technical level, and taking into account national circumstances;

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<sup>1</sup> In the context of this decision, the term “good practice” replaces the term “best practice”.

<sup>2</sup> FCCC/SBSTA/2000/2.



2. *Decides further* that the work referred to in paragraph 1 should take place under the guidance of the Subsidiary Body for Scientific and Technological Advice (SBSTA), *inter alia* through initiatives involving all Parties and, as appropriate, environmental and business non-governmental organizations, and should include the exchange of information on policies and measures undertaken by Annex I Parties in all relevant sectors and on cross-cutting and methodological issues;

3. *Decides* that this work should contribute to the improvement of transparency, effectiveness and comparability of policies and measures. To that end this work should:

(a) Enhance transparency in reporting on policies and measures in the national communications of Annex I Parties through, as appropriate, criteria and quantitative parameters, and consider issues of methodology, attribution, and national circumstances;

(b) Facilitate information sharing on ways Annex I Parties have striven to implement policies and measures in such a way as to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on developing country Parties taking into account information related to these issues provided by Parties not included in Annex I to the Convention (non-Annex I Parties);

(c) Assist Parties and the Conference of the Parties in identifying further options for cooperation between Annex I Parties and other interested Parties to enhance the individual and combined effectiveness of their policies and measures;

4. *Decides also* that this work should contribute to the elaboration of elements for reporting information on demonstrable progress pursuant to decision -/CP.7;

5. *Requests* the secretariat, under the guidance of the SBSTA in collaboration with relevant international and intergovernmental organizations of Annex I and non-Annex I Parties active in the area of policies and measures to support this work by organizing, *inter alia*, workshops and side events and invites such organizations to provide input as appropriate and to present a status report on their activities related to policies and measures to the SBSTA at its seventeenth session;

6. *Requests* the secretariat to make available the information on policies and measures implemented and planned related to this work as well as to provide information on policies and measures reported in the third national communications by Annex I Parties when available;

7. *Requests* the SBSTA to consider at its seventeenth session the initial results obtained from the actions taken pursuant to this decision and to report them to the Conference of the Parties at its eighth session with a view to considering any further action;

8. *Invites* Annex I Parties and interested international organizations to provide the necessary financial support for the workshops and other activities identified in this decision.

## **O. IMPACT OF SINGLE PROJECTS ON EMISSIONS IN THE COMMITMENT PERIOD**

### **Decision -/CP.7**

#### **Impact of single projects on emissions in the commitment period**

*The Conference of the Parties,*

*Recalling* its decision 1/CP.3, paragraph 5 (d),

*Recalling also,* its decision 5/CP.6, containing the Bonn Agreements on the Implementation of the Buenos Aires Plan of Action,

*Having considered* the conclusions of the Subsidiary Body for Scientific and Technological Advice at its resumed thirteenth session,<sup>1</sup>

*Recognizing* the importance of renewable energy in meeting the objective of the Convention,

1. *Decides* that, for the purpose of this decision, a single project is defined as an industrial process facility at a single site that has come into operation since 1990 or an expansion of an industrial process facility at a single site in operation in 1990;

2. *Decides* that, for the first commitment period, industrial process carbon dioxide emissions from a single project which adds in any one year of that period more than 5 per cent to the total carbon dioxide emissions in 1990 of a Party listed in Annex B to the Protocol shall be reported separately and shall not be included in national totals to the extent that it would cause the Party to exceed its assigned amount, provided that:

(a) The total carbon dioxide emissions of the Party were less than 0.05 per cent of the total carbon dioxide emissions of Annex I Parties in 1990 calculated in accordance with the table contained in the annex to document FCCC/CP/1997/7/Add.1;

(b) Renewable energy is used, resulting in a reduction in greenhouse gas emissions per unit of production;

(c) Best environmental practice is followed and best available technology is used to minimize process emissions;

3. *Decides* that the total industrial process carbon dioxide emissions reported separately by a Party in accordance with paragraph 2 above shall not exceed 1.6 million tonnes carbon dioxide annually on the average during the first commitment period and cannot be transferred by that Party or acquired by another Party under Articles 6 and 17 of the Kyoto Protocol;

4. *Requests* any Party that intends to avail itself of the provisions of this decision to notify the Conference of the Parties, prior to its eighth session, of its intention;

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<sup>1</sup> FCCC/SBSTA/2000/14.

5. *Requests* any Party with projects which meet the requirements specified above, to report emission factors, total process emissions from these projects, and an estimate of the emission savings resulting from the use of renewable energy in these projects in their annual inventory submissions;

6. *Requests* the secretariat to compile the information submitted by Parties in accordance with paragraph 5 above, to provide comparisons with relevant emission factors reported by other Parties, and to report this information to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

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## II. THE MARRAKESH MINISTERIAL DECLARATION

### Decision -/CP.7

#### The Marrakesh Ministerial Declaration

**The Ministers and other heads of delegation present at the seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change,**

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

*Reaffirming* that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,

*Believing* that addressing the many challenges of climate change will make a contribution to achieving sustainable development,

*Recognizing* that the World Summit on Sustainable Development provides an important opportunity for addressing the linkages between climate change and sustainable development,

1. *Note* the decisions adopted by the seventh session of the Conference of the Parties in Marrakesh, constituting the Marrakesh Accords, that pave the way for the timely entry into force of the Kyoto Protocol;

2. *Remain* deeply concerned that all countries, particularly developing countries, including the least developed countries and small island States, face increased risk of negative impacts of climate change;

3. *Recognize* that, in this context, the problems of poverty, land degradation, access to water and food and human health remain at the centre of global attention; therefore, the synergies between the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity, and the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, should continue to be explored through various channels, in order to achieve sustainable development;

4. *Stress* the importance of capacity building, as well as of developing and disseminating innovative technologies in respect of key sectors of development, particularly energy, and of investment in this regard, including through private sector involvement, market-oriented approaches, as well as supportive public policies and international cooperation;

5. *Emphasize* that climate change and its adverse impacts have to be addressed through cooperation at all levels, and welcome the efforts of all Parties to implement the Convention;

6. *Request* the President of the Conference of the Parties at its seventh session and the Executive Secretary of the United Nations Framework Convention on Climate Change to

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continue to participate actively in the preparatory process for the World Summit, and in the Summit itself, and to report thereon to the Conference of the Parties at its eighth session.

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### **III. THIRD ASSESSMENT REPORT OF THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE**

#### **Decision -/CP.7**

##### **Third Assessment Report of the Intergovernmental Panel on Climate Change**

*The Conference of the Parties,*

*Having considered* the recommendations of the Subsidiary Body for Scientific and Technological Advice at its fifteenth session,

1. *Expresses* its appreciation and gratitude to the Intergovernmental Panel on Climate Change, particularly its Chairman and all its authors and scientists, for their excellent work in preparing the Third Assessment Report, and encourages the IPCC to continue its work, including, *inter alia*, preparation of the Fourth Assessment Report;

2. *Encourages* Parties to make full use of the information contained in the Third Assessment Report by the Intergovernmental Panel on Climate Change;

3. *Urges* Parties to nominate and support further scientists to contribute to the work of the IPCC;

4. *Urges* Parties, in particular Parties included in Annex I to the Convention, to continue to provide the financial support necessary to the Intergovernmental Panel on Climate Change for it to carry out its tasks;

5. *Urges* Parties to contribute to the IPCC trust fund so that more experts from developing countries can participate in the activities of the IPCC.

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#### IV. AMENDMENT TO THE LIST IN ANNEX II TO THE CONVENTION

##### Decision -/CP.7

##### Amendment to the list in Annex II to the Convention

*The Conference of the Parties,*

*Welcoming* the intention expressed by Turkey to accede to the Convention,

*Recalling* Article 4, paragraph 2 (f), of the Convention,

*Recalling further* its decision 15/CP.4,

*Recalling* also the conclusions of the Conference of the Parties as agreed at its fifth session and the first part of its sixth session, in the light of the new request by Turkey,<sup>1</sup>

*Recalling* also the amendments proposed by Azerbaijan and Pakistan concerning the deletion of the name of Turkey from the lists in Annexes I and II to the Convention,

*Taking note* of the information contained in documents FCCC/CP/1997/MISC.3 and FCCC/CP/2001/11,

*Underlining* that Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities,

*Having considered* the request put forward by Turkey, in particular the new proposal presented at the first part of the sixth session of the Conference of the Parties, that its name should be deleted from Annex II to the Convention,

1. *Decides* to amend the list in Annex II to the Convention by deleting the name of Turkey;
2. *Notes* that the entry into force of this amendment to the list in Annex II to the Convention shall be subject to the same procedure as that for the entry into force of annexes to the Convention in accordance with Article 16, paragraph 3, of the Convention;
3. *Invites* the Parties to recognize the special circumstances of Turkey, which place Turkey, after becoming a Party, in a situation different from that of other Parties included in Annex I to the Convention.

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<sup>1</sup> See FCCC/CP/2000/5/Add.1, paras. 83 to 85 and FCCC/CP/2001/11.

**V. MATTERS RELATING TO NATIONAL COMMUNICATIONS UNDER THE CONVENTION**

**A. NATIONAL COMMUNICATIONS FROM PARTIES INCLUDED IN ANNEX I TO THE CONVENTION**

**Decision -/CP.7**

**1. National communications from Parties included in Annex I to the Convention**

*The Conference of the Parties,*

*Recalling* the relevant provisions of the United Nations Framework Convention on Climate Change, in particular, Article 4, Article 6, Article 7, paragraph 2, Article 9, paragraph 2 (b), Article 10, paragraph 2 and Article 12 thereof,

*Recalling* its decisions 9/CP.2, 11/CP.4 and 4/CP.5 on national communications from Parties included in Annex I to the Convention (Annex I Parties),

*Having considered* the relevant recommendations of the Subsidiary Body for Implementation,

1. *Requests* the secretariat to apply the procedures for the review of national communications, including in-depth reviews, as defined in decisions 2/CP.1 and 6/CP.3, to the national communications submitted by Annex I Parties in accordance with decision 11/CP.4; the in-depth reviews should be completed before the ninth session of the Conference of the Parties;
2. *Requests* the secretariat to prepare the compilation and synthesis of national communications submitted in accordance with decision 11/CP.4, for consideration by the Conference of the Parties at its eighth session.

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**2. Revision of 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, and the guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention**

**Decision -/CP.7**

*The Conference of the Parties,*

*Having considered* the recommendations of the Subsidiary Body for Scientific and Technological Advice at its fifteenth session,

*Recalling* its decision 3/CP.5 on guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual inventories, and its decision 6/CP.5 on guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention,

1. *Decides* to defer the revision of 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 for consideration by the Subsidiary Body for Scientific and Technological Advice at its sixteenth session with a view to submitting a decision for adoption by the Conference of the Parties at its eighth session, and to extend the trial period for assessing those guidelines and the guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention until the eighth session of the Conference of the Parties;

2. *Requests* the secretariat to continue to organize technical reviews of greenhouse gas inventories submitted by Parties included in Annex I to the Convention in 2002.

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## **B. NATIONAL COMMUNICATIONS FROM PARTIES NOT INCLUDED IN ANNEX I TO THE CONVENTION**

### **1. Third compilation and synthesis of initial national communications from Parties not included in Annex I to the Convention**

#### **Decision -/CP.7**

*The Conference of the Parties,*

*Recalling* the relevant provisions of the United Nations Framework Convention on Climate Change, in particular, its Article 4, paragraph 1, Article 10, paragraph 2 (a), and Article 12, paragraphs 1, 4, 5, 6 and 7,

*Recalling also* its decisions on initial communications from Parties not included in Annex I to the Convention (non-Annex I Parties), in particular, decisions 10/CP.2, 11/CP.2, 12/CP.4, 7/CP.5 and 3/CP.6,

*Noting* that, pursuant to decision 10/CP.2, the national and regional development priorities, objectives and circumstances of non-Annex I Parties should, in accordance with the provisions of Article 3 and Article 4, paragraphs 1, 3, 4, 5, 7, 8, 9 and 10 of the Convention, be taken into account by the Conference of the Parties in considering matters related to their initial communications,

*Noting also* that, from its first session onwards, in accordance with Article 12, paragraph 7, of the Convention, the Conference of the Parties has arranged for the provision of both technical and financial support to developing country Parties, on request, in compiling and communicating information under that Article, as well as in identifying the technical and financial needs associated with proposed projects and response measures under Article 4 of the Convention,

*Having considered* the third compilation and synthesis of initial national communications from non-Annex I Parties,<sup>1</sup> prepared by the secretariat pursuant to decision 3/CP.6, and the relevant recommendations of the Subsidiary Body for Implementation,

1. *Requests*, in accordance with Article 12, paragraph 5, of the Convention, each Party not included in Annex I to the Convention which has not made its initial communication within three years of the entry into force of the Convention for that Party, or of the availability of financial resources in accordance with Article 4, paragraph 3, of the Convention, to do so as soon as possible, it being understood that Parties that are least developed countries may make their initial communications at their discretion;

2. *Requests* the Convention secretariat to prepare the fourth compilation and synthesis of initial national communications from non-Annex I Parties, based on submissions received from such Parties between 1 June 2001 and 1 June 2002, and to make that report

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<sup>1</sup> FCCC/SBI/2001/14 and Add.1.

available to the subsidiary bodies for consideration by the Conference of the Parties at its eighth session. In preparing that compilation and synthesis, the Convention secretariat shall:

(a) Report on issues, constraints and problems encountered in using the UNFCCC guidelines for the preparation of initial national communications by non-Annex I Parties,<sup>2</sup> and on other issues raised by these Parties;

(b) Prepare an executive summary covering the information contained in all the initial national communications from non-Annex I Parties;

3. *Concludes*, with respect to the reporting of information by non-Annex I Parties that have submitted their initial national communications, that:

(a) Non-Annex I Parties are fulfilling their commitments under Article 4, paragraph 1 (a), of the Convention to make available to the Conference of the Parties national inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, and have called for assistance to prepare and update inventories on a systematic basis by national teams;

(b) Non-Annex I Parties are generally following the UNFCCC and other recommended guidelines with varying levels of detail across the different elements of information in the communications;

4. *Concludes also* that, in view of the constraints and problems encountered in the preparation of initial national communications, namely difficulties relating to the quality and availability of data, emission factors and methodologies for the integrated assessment of the effects of climate change and impacts of response measures, there is a need for maintaining and enhancing national capacities in non-Annex I Parties for preparing national communications;

5. *Concludes also* that, although significant limitations have been encountered in the use of the current guidelines, Parties have found ways of overcoming these problems and have provided additional information, particularly in relation to greenhouse gas inventories; and that further analysis of the problems encountered in the use of the guidelines will be required when additional national communications are submitted;

6. *Concludes further*, with respect to the implementation of the Convention by non-Annex I Parties, that, as described in the third compilation and synthesis of initial communications from non-Annex I Parties, the reporting Parties are taking measures to address climate change and its adverse impacts.

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<sup>2</sup> Decision 10/CP.2, annex.

**2. Other matters relating to communications from Parties not included in Annex I to the Convention**

**Decision -/CP.7**

*The Conference of the Parties,*

*Recalling* the relevant provisions of the United Nations Framework Convention on Climate Change, and in particular Article 4, paragraphs 1, 3 and 7, Article 10, paragraph 2 (a) and Article 12, paragraphs 1 and 5,

*Recalling* its decisions on communications from Parties not included in Annex I to the Convention (non-Annex I Parties), and in particular decisions 10/CP.2, 2/CP.4, 12/CP.4 and 8/CP.5,

*Recalling* that, at its fifth session, it had initiated a process of reviewing the guidelines for the preparation of national communications with the aim of improving them by the seventh session of the Conference of the Parties, taking into account information on the use of the guidelines contained in the compilation and synthesis report prepared by the secretariat comprising a representative and meaningful number of national communications from non-Annex I Parties,

*Recalling also* that Parties have submitted to the UNFCCC secretariat their views<sup>1</sup> on the current progress of the process aimed at the improvement of guidelines for subsequent national communications from Parties not included in Annex I to the Convention,

*Recalling further* paragraph 1 (d) of decision 11/CP.2 on guidance to the Global Environment Facility (GEF), which states that the preparation of national communications is a continuing process,

*Reiterating* the importance of providing financial and technical support for the preparation of national communications by an entity operating the financial mechanism of the Convention,

*Having considered* the views of Parties on the report of the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention, and on the current progress of the process aimed at improving guidelines for subsequent national communications of non-Annex I Parties,

1. *Decides:*

(a) To continue the process of reviewing the guidelines for the preparation of national communications from Parties not included in Annex I to the Convention (non-Annex I Parties) in

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<sup>1</sup> FCCC/SBI/2001/INF.11, section IV.

accordance with decision 8/CP.5 with a view to improving these guidelines at the eighth session of the Conference of the Parties;

(b) That the improvement of the guidelines shall take into account, *inter alia*, information on the use of the guidelines contained in the third compilation and synthesis report, as well as information contained in national communications submitted as at 31 December 2001 and the recommendations of the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention;

(c) That the UNFCCC secretariat shall prepare: (i) draft guidelines for the preparation of national communications from non-Annex I Parties in accordance with paragraph 1 (b) above, and (ii) background information on national communications from non-Annex I Parties submitted as at 31 December 2001, which shall be considered at an intersessional workshop with the participation of representatives from Parties to be held prior to the sixteenth session of the subsidiary bodies;

2. *Decides* to invite Parties to submit proposals to the secretariat on the proposed improved guidelines by 5 August 2002;

3. *Decides* to request the secretariat to prepare an information document containing the views of Parties on the proposed improved guidelines for consideration by the subsidiary bodies at their seventeenth session;

4. *Decides also* that non-Annex I Parties wishing to start the preparation of their subsequent national communications may do so using the initial guidelines as set out in decisions 10/CP.2 and 2/CP.4, pending the adoption by the Conference of the Parties of improved guidelines for the preparation of national communications.

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## VI. ADMINISTRATIVE AND FINANCIAL MATTERS

### A. PROGRAMME BUDGET FOR THE BIENNIUM 2002-2003

#### Decision -/CP.7

##### Programme budget for the biennium 2002-2003

*The Conference of the Parties,*

*Recalling* paragraph 4 of the financial procedures for the Conference of the Parties to the United Nations Framework Convention on Climate Change,<sup>1</sup>

*Having considered* the proposed budget for the biennium 2002-2003 submitted by the Executive Secretary,<sup>2</sup>

1. *Approves* the programme budget for the biennium 2002-2003, amounting to US\$ 32,837,100 for the purposes specified in table 1 below;
2. *Notes with appreciation* the annual contribution of the host Government of DM 1.5 million, which offsets planned expenditures;
3. *Approves* a drawing of US\$ 5 million from the unspent balances or contributions (carry-over) from previous financial periods to cover part of the 2002-2003 budget;
4. *Adopts* the indicative scale of contributions for 2002 and 2003 contained in the annex to this decision;
5. *Approves* the staffing table for the programme budget, as contained in table 2 below;
6. *Approves* a contingency budget for conference servicing, amounting to US\$ 5,661,800, to be added to the programme budget for the coming biennium in the event that the General Assembly of the United Nations decides not to provide resources for these activities in the United Nations regular budget for the biennium 2002-2003 (see tables 3 and 4 below);
7. *Invites* the United Nations General Assembly to decide at its fifty-sixth session on the issue of meeting the conference servicing expenses of the Convention from its regular budget;
8. *Requests* the Executive Secretary to report to the Subsidiary Body for Implementation on the implementation of paragraph 6 above, as necessary;
9. *Authorizes* the Executive Secretary to make transfers between each of the main appropriation lines set out in table 1 below, up to an aggregate limit of 15 per cent of the total

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<sup>1</sup> See decision 15/CP.1, annex I (FCCC/CP/1995/7/Add.1).

<sup>2</sup> See FCCC/SBI/2001/17.

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estimated expenditure for those appropriation lines, provided that a further limitation of up to minus 25 per cent of each such appropriation line shall apply;

10. *Decides* to maintain the level of the working capital reserve at 8.3 per cent of the estimated expenditure;

11. *Invites* all Parties to the Convention to note that contributions to the core budget are due on 1 January of each year in accordance with paragraph 8 (b) of the financial procedures and to pay promptly and in full, for each of the years 2002 and 2003, the contributions required to finance expenditures approved under paragraph 1 above, as offset by the contributions noted in paragraph 2 and a drawing approved in paragraph 3 above, and any contributions required to finance the expenditures arising from the decisions referred to in paragraph 6 above;

12. *Takes note* of the funding estimates for the Trust Fund for Participation in the UNFCCC Process specified by the Executive Secretary (US\$ 3,356,200 for the biennium 2002-2003), and invites Parties to make contributions to this fund (see table 5 below);

13. *Invites Parties* to make contributions to the Trust Fund for Supplementary Activities under the United Nations Framework Convention on Climate Change in the order of US\$ 7.3 million for the biennium 2002-2003;

14. *Invites Parties* to make contributions in the order of US\$ 6.5 million to support activities relating to the “prompt start” of the clean development mechanism (CDM) for the biennium 2002-2003;

15. *Requests* the Executive Secretary to report to the Conference of the Parties at its eighth session on income and budget performance and to propose any adjustments that might be needed in the Convention budget for the biennium 2002-2003.

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**Table 1. Programme budget for the biennium 2002-2003<sup>a</sup>**  
(thousands of United States dollars)

	2002	2003	Biennium total
<b>Expenditures</b>			
<b>I. Executive Direction</b>			
Executive Direction and Management	1 665.8	1 683.1	3 349.0
Intergovernmental and Conference Affairs <sup>b</sup>	693.5	693.5	1 386.9
<b>II. Technical Programmes</b>			
Methods, Inventories and Science	2 746.9	2 964.9	5 711.8
Sustainable Development	1 205.4	1 259.3	2 464.7
Cooperative Mechanisms	858.2	1 067.4	1 925.6
Implementation	2 521.3	2 564.7	5 086.0
<b>III. Support Services</b>			
Conference Affairs Services	1 066.4	1 105.2	2 171.6
Information Services	1 744.2	1 954.6	3 698.8
Administrative Services and support costs	1 541.6	1 488.4	3 030.0
<b>Subtotal (I+II+III) programme activities</b>	<b>14 043.3</b>	<b>14 781.1</b>	<b>28 824.4</b>
IV. Programme support charge (overhead) <sup>c</sup>	1 825.6	1 921.6	3 747.2
V. Working capital reserve <sup>d</sup>	196.3	69.2	265.5
<b>TOTAL BUDGET (lines I+II+III+IV+V)</b>	<b>16 065.2</b>	<b>16 771.9</b>	<b>32 837.1</b>
<b>Income</b>			
Contribution from the host Government <sup>e</sup>	657.9	657.9	1 315.8
Unspent balances or contributions from previous financial periods (carry-over)	2 000.0	3 000.0	5 000.0
Indicative contributions	13 407.3	13 114.0	26 521.3
<b>TOTAL INCOME</b>	<b>16 065.2</b>	<b>16 771.9</b>	<b>32 837.1</b>

<sup>a</sup> Incorporating the CDM "prompt start" contingency. See also table 3 below.

<sup>b</sup> This programme was entitled S/COP in the previous presentation.

<sup>c</sup> Standard 13 per cent applied by the United Nations for administrative support.

<sup>d</sup> In accordance with the financial procedures (decision 15/CP.1, annex I, para. 14). This will bring the working capital reserve to US\$ 1,330,400 in 2002 and US\$ 1,372,200 in 2003.

<sup>e</sup> Equivalent to DM 1.5 million, based on the prevailing United Nations rate of exchange in June 2001 (US\$ 1= DM 2.28)

**Table 2. Programme budget staffing table 2002-2003**



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	2002	2003
<b>A. <u>Professional category and above</u></b>		
Executive Secretary	1	1
D-2	3	4
D-1	6	6
P-5	8	8
P-4	17	18
P-3	25	25
P-2	9	9
<b>Subtotal (A)</b>	<b>69</b>	<b>71</b>
<b>B. <u>General Service category</u></b>	<b>38.5</b>	<b>39.5</b>
<b>TOTAL (A+B)</b>	<b>107.5</b>	<b>110.5</b>

**Table 3. Resource requirements for the conference services contingency**  
(thousands of United States dollars)

Item of expenditure	2002	2003	Biennium total
A. Servicing of meetings <sup>a</sup>	987.1	1 015.1	2 002.2
B. Documentation <sup>b</sup>	1 326.8	1 340.1	2 666.9
<b>Subtotal</b>	<b>2 313.9</b>	<b>2 355.2</b>	<b>4 669.1</b>
C. Overhead charge <sup>c</sup>	300.8	306.2	607
D. Contingencies <sup>d</sup>	78.4	79.8	158.2
E. Working capital reserve <sup>e</sup>	223.5	4	227.5
<b>TOTAL</b>	<b>2 916.6</b>	<b>2 745.2</b>	<b>5 661.8</b>

<sup>a</sup> Includes interpretation and conference assistance.

<sup>b</sup> Includes revision, translation, typing, reproduction and distribution of pre-, in- and post-session documentation (regular and temporary staff, travel, and contractual services).

<sup>c</sup> Standard 13 per cent applied by the United Nations for administrative support.

<sup>d</sup> Including exchange rate fluctuations, calculated at 3 per cent.

<sup>e</sup> In accordance with paragraph 14 of the financial procedures. The 2002 amount has been calculated as 8.3 per cent of the subtotal and the overhead charge; the 2003 amount has been calculated as the amount required to bring the carried-over 2002 reserve to 8.3 per cent of the subtotal and overhead charge for 2003.

**Table 4. Staffing requirements for the conference services contingency**

	2002	2003
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<b>A.</b>	<b>Professional category and above</b>		
	P-4	1	1
	<b>Total Professional category and above</b>	<b>1</b>	<b>1</b>
<b>B.</b>	<b>Total General Service category</b>	<b>5</b>	<b>5</b>
<b>TOTAL (A+B)</b>		<b>6</b>	<b>6</b>

**Table 5. Trust Fund for Participation in the UNFCCC Process:  
Estimated resource requirements**  
(thousands of United States dollars)

<b>Item of expenditure</b>	<b>2002</b>	<b>2003</b>	<b>Biennium total</b>
A. Support for eligible Parties to participate in one two-week session of the subsidiary bodies	630.0	630.0	1 260.0
B. Support for eligible Parties to participate in one two-week session of the Conference of the Parties and its subsidiary bodies <sup>a</sup>	855.0	855.0	1 710.0
<b>Subtotal</b>	<b>1 485.0</b>	<b>1 485.0</b>	<b>2 970.0</b>
Overhead charge <sup>b</sup>	193.1	193.1	386.2
<b>TOTAL</b>	<b>1 678.1</b>	<b>1 678.1</b>	<b>3 356.2</b>

<sup>a</sup> Includes funding for a second delegate from least developed countries and small island developing States, in accordance with the practice followed at all meetings of the Conference of the Parties to date.

<sup>b</sup> Standard 13 per cent applied by the United Nations for administrative support.

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Annex

Indicative scales of contribution 2002 - 2003				
Party	2002		2003	
	United Nations Indicative Scale	Revised scale	United Nations Indicative Scale	Revised scale
Albania	0.003	0.003	0.00300	0.003
Algeria	0.071	0.069	0.07000	0.068
Angola	0.002	0.002	0.00200	0.002
Antigua and Barbuda	0.002	0.002	0.00200	0.002
Argentina	1.159	1.122	1.14900	1.113
Armenia	0.002	0.002	0.00200	0.002
Australia	1.640	1.588	1.62700	1.576
Austria	0.954	0.924	0.94700	0.917
Azerbaijan	0.004	0.004	0.00400	0.004
Bahamas	0.012	0.012	0.01200	0.012
Bahrain	0.018	0.017	0.01800	0.017
Bangladesh	0.010	0.010	0.01000	0.010
Barbados	0.009	0.009	0.00900	0.009
Belarus	0.019	0.018	0.01900	0.018
Belgium	1.138	1.102	1.12900	1.094
Belize	0.001	0.001	0.00100	0.001
Benin	0.002	0.002	0.00200	0.002
Bhutan	0.001	0.001	0.00100	0.001
Bolivia	0.008	0.008	0.00800	0.008
Bosnia and Herzegovina	0.004	0.004	0.00400	0.004
Botswana	0.010	0.010	0.01000	0.010
Brazil	2.093	2.027	2.39000	2.315
Brunei Darussalam	0.000	0.000	0.00000	0.000
Bulgaria	0.013	0.013	0.01300	0.013
Burkina Faso	0.002	0.002	0.00200	0.002
Burundi	0.001	0.001	0.00100	0.001
Cambodia	0.002	0.002	0.00200	0.002
Cameroon	0.009	0.009	0.00900	0.009
Canada	2.579	2.497	2.55800	2.478
Cape Verde	0.001	0.001	0.00100	0.001
Central African Republic	0.001	0.001	0.00100	0.001
Chad	0.001	0.001	0.00100	0.001
Chile	0.187	0.181	0.21200	0.205
China	1.545	1.496	1.53200	1.484
Colombia	0.171	0.166	0.20100	0.195
Comoros	0.001	0.001	0.00100	0.001
Congo	0.001	0.001	0.00100	0.001
Cook Islands	0.001	0.001	0.00100	0.001
Costa Rica	0.020	0.019	0.02000	0.019

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Indicative scales of contribution 2002 - 2003				
Party	2002		2003	
	United Nations Indicative Scale	Revised scale	United Nations Indicative Scale	Revised scale
Côte d'Ivoire	0.009	0.009	0.00900	0.009
Croatia	0.039	0.038	0.03900	0.038
Cuba	0.030	0.029	0.03000	0.029
Cyprus	0.038	0.037	0.03800	0.037
Czech Republic	0.172	0.167	0.20300	0.197
Democratic People's Republic of Korea	0.009	0.009	0.00900	0.009
Democratic Republic of the Congo	0.004	0.004	0.00400	0.004
Denmark	0.755	0.731	0.74900	0.726
Djibouti	0.001	0.001	0.00100	0.001
Dominica	0.001	0.001	0.00100	0.001
Dominican Republic	0.023	0.022	0.02300	0.022
Ecuador	0.025	0.024	0.02500	0.024
Egypt	0.081	0.078	0.08100	0.078
El Salvador	0.018	0.017	0.01800	0.017
Equatorial Guinea	0.001	0.001	0.00100	0.001
Eritrea	0.001	0.001	0.00100	0.001
Estonia	0.010	0.010	0.01000	0.010
Ethiopia	0.004	0.004	0.00400	0.004
European Community	2.500	2.500	2.50000	2.500
Fiji	0.004	0.004	0.00400	0.004
Finland	0.526	0.509	0.52200	0.506
France	6.516	6.310	6.46600	6.263
Gabon	0.014	0.014	0.01400	0.014
Gambia	0.001	0.001	0.00100	0.001
Georgia	0.005	0.005	0.00500	0.005
Germany	9.845	9.534	9.76900	9.463
Ghana	0.005	0.005	0.00500	0.005
Greece	0.543	0.526	0.53900	0.522
Grenada	0.001	0.001	0.00100	0.001
Guatemala	0.027	0.026	0.02700	0.026
Guinea	0.003	0.003	0.00300	0.003
Guinea-Bissau	0.001	0.001	0.00100	0.001
Guyana	0.001	0.001	0.00100	0.001
Haiti	0.002	0.002	0.00200	0.002
Honduras	0.004	0.004	0.00500	0.005
Hungary	0.121	0.117	0.12000	0.116
Iceland	0.033	0.032	0.03300	0.032
India	0.344	0.333	0.34100	0.330
Indonesia	0.201	0.195	0.20000	0.194
Iran (Islamic Republic of)	0.236	0.229	0.27200	0.263
Ireland	0.297	0.288	0.29400	0.285
Israel	0.418	0.405	0.41500	0.402
Italy	5.104	4.943	5.06475	4.906

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Indicative scales of contribution 2002 - 2003				
Party	2002		2003	
	United Nations Indicative Scale	Revised scale	United Nations Indicative Scale	Revised scale
Jamaica	0.004	0.004	0.00400	0.004
Japan	19.669	19.047	19.51575	18.904
Jordan	0.008	0.008	0.00800	0.008
Kazakhstan	0.029	0.028	0.02800	0.027
Kenya	0.008	0.008	0.00800	0.008
Kiribati	0.001	0.001	0.00100	0.001
Kuwait	0.148	0.143	0.14700	0.142
Kyrgyzstan	0.001	0.001	0.00100	0.001
Lao People's Democratic Republic	0.001	0.001	0.00100	0.001
Latvia	0.010	0.010	0.01000	0.010
Lebanon	0.012	0.012	0.01200	0.012
Lesotho	0.001	0.001	0.00100	0.001
Libyan Arab Jamahiriya	0.067	0.065	0.06700	0.065
Liechtenstein	0.006	0.006	0.00600	0.006
Lithuania	0.017	0.016	0.01700	0.016
Luxembourg	0.080	0.077	0.08000	0.077
Madagascar	0.003	0.003	0.00300	0.003
Malawi	0.002	0.002	0.00200	0.002
Malaysia	0.237	0.230	0.23500	0.228
Maldives	0.001	0.001	0.00100	0.001
Mali	0.002	0.002	0.00200	0.002
Malta	0.015	0.015	0.01500	0.015
Marshall Islands	0.001	0.001	0.00100	0.001
Mauritania	0.001	0.001	0.00100	0.001
Mauritius	0.011	0.011	0.01100	0.011
Mexico	1.095	1.060	1.08600	1.052
Micronesia (Federated States of)	0.001	0.001	0.00100	0.001
Monaco	0.004	0.004	0.00400	0.004
Mongolia	0.001	0.001	0.00100	0.001
Morocco	0.045	0.044	0.04400	0.043
Mozambique	0.001	0.001	0.00100	0.001
Myanmar	0.010	0.010	0.01000	0.010
Namibia	0.007	0.007	0.00700	0.007
Nauru	0.001	0.001	0.00100	0.001
Nepal	0.004	0.004	0.00400	0.004
Netherlands	1.751	1.696	1.73800	1.684
New Zealand	0.243	0.235	0.24100	0.233
Nicaragua	0.001	0.001	0.00100	0.001
Niger	0.001	0.001	0.00100	0.001
Nigeria	0.056	0.054	0.06800	0.066
Niue	0.001	0.001	0.00100	0.001
Norway	0.652	0.631	0.64600	0.626
Oman	0.062	0.060	0.06100	0.059

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<b>Indicative scales of contribution 2002 - 2003</b>				
<b>Party</b>	<b>2002</b>		<b>2003</b>	
	<b>United Nations Indicative Scale</b>	<b>Revised scale</b>	<b>United Nations Indicative Scale</b>	<b>Revised scale</b>
Pakistan	0.061	0.059	0.06100	0.059
Palau	0.001	0.001	0.00100	0.001
Panama	0.018	0.017	0.01800	0.017
Papua New Guinea	0.006	0.006	0.00600	0.006
Paraguay	0.016	0.015	0.01600	0.015
Peru	0.119	0.115	0.11800	0.114
Philippines	0.101	0.098	0.10000	0.097
Poland	0.319	0.309	0.37800	0.366
Portugal	0.466	0.451	0.46200	0.448
Qatar	0.034	0.033	0.03400	0.033
Republic of Korea	1.866	1.807	1.85100	1.793
Republic of Moldova	0.002	0.002	0.00200	0.002
Romania	0.059	0.057	0.05800	0.056
Russian Federation	1.200	1.162	1.20000	1.162
Rwanda	0.001	0.001	0.00100	0.001
Saint Kitts and Nevis	0.001	0.001	0.00100	0.001
Saint Lucia	0.002	0.002	0.00200	0.002
Saint Vincent and the Grenadines	0.001	0.001	0.00100	0.001
Samoa	0.001	0.001	0.00100	0.001
San Marino	0.002	0.002	0.00200	0.002
Sao Tome & Principe	0.001	0.001	0.00100	0.001
Saudi Arabia	0.559	0.541	0.55400	0.537
Senegal	0.005	0.005	0.00500	0.005
Seychelles	0.002	0.002	0.00200	0.002
Sierra Leone	0.001	0.001	0.00100	0.001
Singapore	0.396	0.383	0.39300	0.381
Slovakia	0.043	0.042	0.04300	0.042
Slovenia	0.081	0.078	0.08100	0.078
Solomon Islands	0.001	0.001	0.00100	0.001
South Africa	0.411	0.398	0.40800	0.395
Spain	2.539	2.459	2.51875	2.440
Sri Lanka	0.016	0.015	0.01600	0.015
Sudan	0.006	0.006	0.00600	0.006
Suriname	0.002	0.002	0.00200	0.002
Swaziland	0.002	0.002	0.00200	0.002
Sweden	1.035	1.002	1.02675	0.995
Switzerland	1.274	1.234	1.27400	1.234
Syrian Arab Republic	0.081	0.078	0.08000	0.077
Tajikistan	0.001	0.001	0.00100	0.001
Thailand	0.254	0.246	0.29400	0.285
The former Yugoslav Republic of Macedonia	0.006	0.006	0.00600	0.006
Togo	0.001	0.001	0.00100	0.001
Tonga	0.001	0.001	0.00100	0.001

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<b>Indicative scales of contribution 2002 - 2003</b>				
<b>Party</b>	<b>2002</b>		<b>2003</b>	
	<b>United Nations Indicative Scale</b>	<b>Revised scale</b>	<b>United Nations Indicative Scale</b>	<b>Revised scale</b>
Trinidad and Tobago	0.016	0.015	0.01600	0.015
Tunisia	0.031	0.030	0.03000	0.029
Turkmenistan	0.003	0.003	0.00300	0.003
Tuvalu	0.001	0.001	0.00100	0.001
Uganda	0.005	0.005	0.00500	0.005
Ukraine	0.053	0.051	0.05300	0.051
United Arab Emirates	0.204	0.198	0.20200	0.196
United Kingdom of Great Britain and Northern Ireland	5.579	5.402	5.53600	5.363
United Republic of Tanzania	0.004	0.004	0.00400	0.004
United States of America	22.000	21.304	22.00000	21.311
Uruguay	0.081	0.078	0.08000	0.077
Uzbekistan	0.011	0.011	0.01100	0.011
Vanuatu	0.001	0.001	0.00100	0.001
Venezuela	0.210	0.203	0.20800	0.201
Viet Nam	0.013	0.013	0.01600	0.015
Yemen	0.007	0.007	0.00600	0.006
Yugoslavia	0.020	0.019	0.02000	0.019
Zambia	0.002	0.002	0.00200	0.002
Zimbabwe	0.008	0.008	0.00800	0.008
<b>TOTAL</b>	<b>103.184</b>	<b>100.000</b>	<b>103.152</b>	<b>100.000</b>

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**B. INCOME AND BUDGET PERFORMANCE IN THE BIENNIUM 2000-2001 AND ARRANGEMENTS FOR ADMINISTRATIVE SUPPORT TO THE CONVENTION**

**Decision -/CP.7**

**Income and budget performance in the biennium 2000-2001 and arrangements for administrative support to the Convention**

*The Conference of the Parties,*

*Having considered* the report of the Subsidiary Body for Implementation on its work on administrative and financial matters at its fourteenth and fifteenth sessions,

*Having taken note* of the reports by the Executive Secretary on related subjects,<sup>1</sup>

1. *Approves* the revised scale of contributions for 2001 based on the United Nations revised scale of assessments adopted at the fifty-fifth session of the General Assembly;
2. *Takes note* of the interim financial statements as at 31 December 2000;
3. *Takes note also* of income and budget performance in the biennium 2000 - 2001, as at 30 June 2001;
4. *Expresses* its appreciation to the Parties that made their indicative contributions to the core budget in a timely manner, as well as to those that made additional voluntary contributions to the Trust Fund for Participation in the UNFCCC Process and the Trust Fund for Supplementary Activities of the UNFCCC;
5. *Expresses also* its appreciation to the Government of Germany for its special contribution to cover costs of events held in Bonn (the Bonn Fund);
6. *Expresses* concern at the continuing trend towards late payment of contributions, some still outstanding from 1996 and 1997, and encourages all Parties that have not yet paid their contributions to do so without further delay;
7. *Takes note* of the action taken by the Executive Secretary to improve the administrative arrangements for the Convention secretariat and requests him to continue with these efforts.

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<sup>1</sup> See FCCC/SBI/2001/16, FCCC/SBI/2001/INF.2, FCCC/SBI/2001/INF.3/Rev.1, FCCC/SBI/2001/INF.5 and FCCC/SBI/2001/INF.10.



## VII. MATTERS RELATING TO THE LEAST DEVELOPED COUNTRIES

### A. Consultative group of experts on national communications from non-Annex I Parties

#### Decision --/CP.7

*The Conference of the Parties,*

*Recalling* the relevant provisions of the United Nations Framework Convention on Climate Change, in particular its Article 4, paragraphs 3 and 7, Article 10, paragraph 2 (a) and Article 12, paragraphs 1 and 5,

*Recalling also* its decisions on communications from Parties not included in Annex I to the Convention (non-Annex I Parties), in particular decisions 10/CP.2, 11/CP.2, 2/CP.4, 12/CP.4, 8/CP.5,

*Recognizing* that the preparation of national communications is a continuing process,

*Acknowledging* that the sharing of national, subregional and regional experiences is important in the process of improving the preparation of national communications by non-Annex I Parties,

*Noting* the importance of providing a forum for non-Annex I Parties, including the least developed countries, to share national, subregional and regional experiences in the preparation of national communications,

1. *Decides* that the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention (non-Annex I Parties) shall have the objective of improving the preparation of national communications by non-Annex I Parties;
2. *Decides also* that, in accordance with paragraph 2 of the annex to decision --/CP.7 on the establishment of a least developed country (LDC) expert group, at least one member of the CGE from least developed countries and at least one member of the CGE from Annex II Parties shall also be members of the LDC expert group, in order to establish a link on issues related to adaptation;
3. *Decides further* that in addition to the mandate contained in the annex to decision 8/CP.5, it shall carry out the following:
  - (a) Identify and assess technical problems and constraints that have affected the preparation of initial national communications by non-Annex I Parties that have yet to complete them, and make recommendations for consideration by the subsidiary bodies;
  - (b) Provide input to the draft improved guidelines for the preparation of national communications of non-Annex I Parties referred to in paragraph 1 (b) of decision --/CP.7;

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4. *Decides* that the Consultative Group of Experts shall conduct two workshops in the year 2002, assuming the availability of funds, with the objective of sharing experiences to ensure adequate coverage of the issues described in paragraph 3 above; experts and/or resource persons for these workshops will be drawn from the roster of experts of the UNFCCC secretariat, taking into account geographical balance and limited to 40 persons from non-Annex I Parties;

5. *Decides also* that in the year 2002, and to the extent possible, the secretariat will organize a meeting of the CGE, back-to-back with a meeting of the LDC expert group, in order to ensure an exchange of views;

6. *Decides also* that the mandate and terms of reference of the Consultative Group of Experts shall be reviewed at the eighth session of the Conference of the Parties.

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**B. Guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the least developed countries fund**

**Decision -/CP.7**

*The Conference of the Parties,*

*Recognizing* the specific needs and special situations of the least developed countries referred to in Article 4, paragraph 9, of the Convention,

1. *Decides* to adopt the following initial guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Least Developed Countries Fund (LDC fund), established under decisions -/CP.7 (*Implementation of Article 4.8 and 4.9 of the Convention*) and - /CP.7 (*Funding under the Convention*), to support the work programme for the least developed countries, including, *inter alia*, the preparation and implementation of national adaptation programmes of action (NAPAs) referred to in paragraph 11 of decision -/CP.7 (*Implementation of Article 4.8 and 4.9 of the Convention*). The operating entity is requested:

(a) As a first step, to provide funding from the LDC fund to meet the agreed full cost of preparing the NAPAs, given that the preparation of NAPAs will help to build capacity for the preparation of national communications under Article 12, paragraph 1, of the Convention;

(b) To ensure complementarity of funding between the LDC fund and other funds with which the operating entity is entrusted;

(c) To ensure separation of the LDC fund from other funds with which the operating entity is entrusted;

(d) To adopt simplified procedures and arrange for expedited access to the fund by the least developed countries, while ensuring sound financial management;

(e) To ensure transparency in all steps relating to the operation of the fund;

(f) To encourage the use of national and, where appropriate, regional experts;

(g) To adopt streamlined procedures for the operation of the fund;

2. *Requests* the entity referred to in paragraph 1 above to include in its report to the Conferences of the Parties the specific steps it has undertaken to implement the provisions of this decision;

3. *Decides* to consider and adopt further guidance to the entity referred to in paragraph 1 above, on the operation of the LDC fund, at its eighth session.

**C. Establishment of a least developed countries expert group**

**Decision -/CP.7**

*The Conference of the Parties,*

*Recalling* its decision -/CP.7,

*Recognizing* the specific needs and special situations of the least developed countries referred to in Article 4, paragraph 9, of the Convention,

*Recalling* the provisions of paragraph 20 of its decision -/CP.7, in which, *inter alia*, it decides that, at its seventh session, consideration should be given to the establishment of a least developed countries expert group, including its terms of reference, taking into account geographical balance,

1. *Decides* to establish a least developed countries expert group, pursuant to the terms of reference included in the annex to this decision;
2. *Decides also* that, taking into account the unique circumstances of the least developed countries, the establishment of the group referred to in paragraph 1 above does not set a precedent for the establishment of similar groups for other categories of countries;
3. *Requests* the secretariat to facilitate the work of the least developed countries expert group in accordance with the terms of reference included in the annex to this decision;
4. *Decides* to review, at its ninth session, the progress, need for continuation and terms of reference of the group, including the duration of the term of office of its members, and to adopt a decision thereon, taking into account the implementation needs identified in completed national adaptation programmes of action, as well as the experience of least developed country Parties which have started implementing their national adaptation programmes of action.

ANNEX

**Terms of reference of the least developed countries expert group**

1. The objective of the least developed countries expert group is to advise on the preparation and implementation strategy for national adaptation programmes of action (NAPAs), which would meet the urgent and immediate adaptation needs of the least developed countries (LDCs). This includes the provision of technical advice relating to the identification of relevant data and information to be synthesized as part of integrated assessment. The expert group will also provide advice on capacity-building needs for LDCs in support of the preparation and implementation of NAPAs. The expert group will coordinate and collaborate with other relevant efforts relating to adaptation activities for LDCs, including within the greater development context. The expert group will not be directly involved in the execution of identified activities and projects.
2. The group shall consist of 12 experts having recognized competence and appropriate expertise to assist in the development of NAPAs. The group shall consist of five experts from African LDC Parties, two experts from Asian LDC Parties, two experts from small island developing States which are LDC Parties, and three experts from Annex II Parties. At least one selected LDC expert and at least one selected expert from Annex II Parties shall also be a member of the Consultative Group of Experts on National Communications from Parties not included in Annex I, in order to establish a link on issues relating to adaptation. The experts will be selected by the Parties from their respective regions or groups, and shall have expertise in vulnerability and adaptation assessment. The group may draw upon additional expertise as deemed necessary.
3. The expert group shall conduct its work until the ninth session of the Conference of the Parties, subject to a decision by the Conference of the Parties pursuant to paragraph 4 of this decision.
4. Members of the group shall serve in their personal capacity and shall have no pecuniary or financial interest in the issues under consideration by the group.
5. The group shall elect annually a chairperson, a vice-chairperson and two rapporteurs from amongst its LDC members.
6. The chairperson, or a representative of the expert group, shall attend meetings of the subsidiary bodies and the Conferences of the Parties.
7. The group shall convene twice each year, as appropriate and, if possible, the secretariat will organize one meeting in 2002 of the expert group back-to-back with the Consultative Group of Experts on National Communications from Parties not included in Annex I, in order to ensure an exchange of views.
8. The group shall report on its work and shall propose a programme of work for the remainder of its term, for consideration at the sixteenth session of the Subsidiary Body for Implementation, and shall report on its work to the Subsidiary Body for Implementation at its eighteenth and nineteenth sessions.

9. The group shall be mandated as follows:

(a) To provide technical guidance and advice on the preparation and on the implementation strategy of NAPAs, including the identification of possible sources of data and its subsequent application and interpretation, upon request by LDC Parties;

(b) To serve in an advisory capacity to the LDCs, for the preparation and strategy for implementation of NAPAs through, *inter alia*, workshops, upon request by LDC Parties;

(c) To advise on capacity-building needs for the preparation and implementation of NAPAs and to provide recommendations, as appropriate, taking into account the Capacity Development Initiative of the Global Environment Facility and other relevant capacity-building initiatives;

(d) To facilitate the exchange of information and to promote regional synergies, and synergies with other multilateral environmental conventions, in the preparation and in the implementation strategy of NAPAs;

(e) To advise on the mainstreaming of NAPAs into regular development planning in the context of national strategies for sustainable development.

10. The group shall also be mandated to provide input into the review, and if necessary revision, of NAPA guidelines at the eighth session of the Conference of the Parties.

11. The secretariat shall support the implementation of the above-mentioned activities and facilitate the preparation of the group's relevant reports, which will be made available to the Parties for consideration at subsequent sessions of the subsidiary bodies.

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**D. Guidelines for the preparation of national adaptation programmes of action**

**Decision -/CP.7**

*The Conference of the Parties,*

*Recognizing* the specific needs and special situations of the least developed countries referred to in Article 4, paragraph 9, of the Convention,

*Recognizing further* that many of the least developed country Parties do not have the capacity to prepare and submit national communications in the foreseeable future, or to convey their urgent and immediate needs in respect of their vulnerability and adaptation to the adverse effects of climate change,

*Recognizing also* that information contained in national adaptation programmes of action may constitute the first step in the preparation of initial national communications, and would help to build capacity for addressing urgent and immediate adaptation needs, as well as for the preparation of national communications;

1. *Decides* to adopt the guidelines for the preparation of national adaptation programmes of action included in the annex to this decision;
2. *Invites* Parties to make submissions with a view to improving the guidelines, by 15 July 2002, for consideration by the Subsidiary Body for Implementation at its seventeenth session;
3. *Decides* to review, and if necessary revise, the guidelines at its eighth session, taking into account the views submitted by Parties and the least developed countries expert group;
4. *Invites* least developed country Parties to use the above-mentioned guidelines, in accordance with their national circumstances, in preparing their national adaptation programmes of action.

## ANNEX

### Guidelines for the preparation of national adaptation programmes of action

#### I. Introduction

1. National adaptation programmes of action (NAPAs) will communicate priority activities<sup>1</sup> addressing the urgent and immediate needs and concerns of the least developed countries (LDCs), relating to adaptation to the adverse effects of climate change.
2. The rationale for developing NAPAs rests on the low adaptive capacity of LDCs, which renders them in need of immediate and urgent support to start adapting to current and projected adverse effects of climate change. Activities proposed through NAPAs would be those whose further delay could increase vulnerability, or lead to increased costs at a later stage.
3. The NAPA will be presented in the form of a document specifying a list of priority activities, with a concise justification based on a tight set of criteria.
4. The NAPA document will not be an end in itself, but rather a means for the dissemination, by an LDC Party, of its proposed programme of action to address its urgent needs for adaptation. The priority activities identified through the NAPA process will be made available to the entity that will operate the LDC fund referred to in decision -/CP.7, paragraph 6, and other sources of funding, for the provision of financial resources to implement these activities.

#### II. Objective of NAPAs

5. NAPAs will serve as simplified and direct channels of communication for information relating to the urgent and immediate adaptation needs of the LDCs.

#### III. Characteristics of NAPAs

6. NAPAs should:
  - (a) Be easy to understand;
  - (b) Be action-oriented and country driven;
  - (c) Set clear priorities for urgent and immediate adaptation activities as identified by the countries.

#### IV. Guiding elements

7. The preparation of NAPAs will be guided by the following:
  - (a) A participatory process involving stakeholders, particularly local communities;

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<sup>1</sup> For the purposes of this document, activities should include, *inter alia*, projects, integration into other activities, capacity building and policy reform.



- (b) A multidisciplinary approach;
- (c) A complementary approach, building upon existing plans and programmes, including national action plans under the Convention to Combat Desertification, national biodiversity strategies and action plans under the Convention on Biodiversity, and national sectoral policies;
- (d) Sustainable development;
- (e) Gender equality;
- (f) A country-driven approach;
- (g) Sound environmental management;
- (h) Cost-effectiveness;
- (i) Simplicity;
- (j) Flexibility of procedures based on individual country circumstances.

#### V. Process

8. The preparation of the NAPA may proceed as follows:
  - (a) The setting up of a national NAPA team: the national climate change focal point will set up a NAPA team composed of a lead agency and representatives of stakeholders including government agencies and civil society. This group would be constituted using an open and flexible process that will be inclusive and transparent. The NAPA team will be responsible for preparing the NAPA and coordinating the implementation of NAPA activities;
  - (b) The NAPA team will assemble a multidisciplinary team:
    - (i) To synthesize available information on adverse effects of climate change and coping strategies, which would be collated and reviewed, including the national strategies for sustainable development, the Programme of Action for the Least Developed Countries, the United Nations development assistance frameworks, and poverty reduction strategy papers, if available in the countries;
    - (ii) To conduct a participatory assessment of vulnerability to current climate variability and extreme weather events, and to assess where climate change is causing increases in associated risks;
    - (iii) To identify key climate-change adaptation measures, based, to the extent possible, on vulnerability and adaptation assessment; such measures would also be responsive to needs identified under other relevant processes, such as the preparation of national action plans under the Convention to Combat Desertification and national biodiversity strategies and action plans under the Convention on Biodiversity;

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- (iv) To identify and prioritize country-driven criteria for selecting priority activities to address needs arising from the adverse effects of climate change, drawing on the criteria referred to in section VI (D) below.

(c) Development of proposals for priority activities to address needs arising from the adverse effects of climate change: the national team will:

- (i) Organize a national and/or subnational consultative process to solicit inputs and proposal ideas in order to help develop a short list of potential NAPA activities. The national team would facilitate this consultative process, and would help in translating ideas into activities. This process will allow adequate dialogue between the national team and the public, with time allowed for public comment and revisions;
- (ii) Identify potential activities, which may include capacity-building and policy reform, and which may be integrated into sectoral and other policies;
- (iii) Select and identify priority activities, based on the agreed criteria;
- (iv) Propose profiles of priority activities using the following format:
- Title
  - Rationale/justification, in relation to climate change, including sectors concerned
  - Description
    - Objectives and activities
    - Inputs
    - Short-term outputs
    - Potential long-term outcomes
  - Implementation
    - Institutional arrangement
    - Risks and barriers
    - Evaluation and monitoring
    - Financial resources

(d) The development of the NAPA document: the document will be prepared following the structure set out in section VI below;

(e) Public review and revision: the NAPA document will undergo public review and be revised accordingly;

(f) The final review process: the NAPA document, including the profiles, will be reviewed by a team of government and civil society representatives, including the private sector, who may take into consideration any advice solicited from the Least Developed Countries Expert Group;

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(g) National government endorsement of the NAPA: after the NAPA has been prepared, it will be submitted to the national government for endorsement.

(h) Public dissemination: the endorsed NAPA document will be made available to the public and to the UNFCCC secretariat.

### VI. Structure of NAPA document

#### A. Introduction and setting

9. This introductory section will include background information about the country, that is relevant to the NAPA process. It will cover current characteristics, key environmental stresses, and how climate change and climate variability adversely affect biophysical processes and key sectors.

#### B. Framework for adaptation programme

10. This section will also provide an overview of climate variability and observed and projected climate change and associated actual and potential adverse effects of climate change. This overview will be based on existing and ongoing studies and research, and/or empirical and historical information as well as traditional knowledge.

11. This section will describe the NAPA framework and its relationship to the country's development goals, as described in paragraph 8 (b) (i), to make the framework consistent with socio-economic and development needs. In addition, it would also describe the goals, objectives and strategies of the NAPA, taking into account other plans and multilateral environmental agreements.

12. Where possible, a description of the potential barriers to implementation should also be included.

#### C. Identification of key adaptation needs

13. Based on this overview and framework, past and current practices for adaptation to climate change and climate variability will be identified as related to existing information regarding the country's vulnerability to the adverse effects of climate change, climate variability and extreme weather events, as well as long-term climate change. This section will explain how and to what extent activities may address specific vulnerabilities.

14. Given the actual and potential adverse effects of climate change described in section VI (B) above, this section will identify relevant adaptation options including capacity-building, policy reform, integration into sectoral policies and project-level activities.

#### D. Criteria for selecting priority activities

15. A set of locally-driven criteria will be used to select priority adaptation activities. These criteria should include, *inter alia*:

(a) Level or degree of adverse effects of climate change;

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- (b) Poverty reduction to enhance adaptive capacity;
  - (c) Synergy with other multilateral environmental agreements;
  - (d) Cost-effectiveness.
16. These criteria for prioritization will be applied to, *inter alia*:
- (a) Loss of life and livelihood;
  - (b) Human health;
  - (c) Food security and agriculture;
  - (d) Water availability, quality and accessibility;
  - (e) Essential infrastructure;
  - (f) Cultural heritage;
  - (g) Biological diversity;
  - (h) Land use management and forestry;
  - (i) Other environmental amenities;
  - (j) Coastal zones, and associated loss of land.

E. List of priority activities

17. This section will list priority climate-change adaptation activities that have been selected based on the criteria listed in section VI (D) above.

18. For each of the selected priority activities a set of profiles will be developed for inclusion in the NAPA document. This could follow the format set out in paragraph 8 (c) (iv) above.

F. NAPA preparation process

19. This section will describe the NAPA development process, including the process of consultation, the methods for evaluation and monitoring, the institutional arrangements, and the mechanism of endorsement by the national government.

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**VIII. OTHER MATTERS**

**A. Letter from the Central Asia, Caucasus, Albania and Moldova countries  
on their status under the Convention**

**Decision -/CP.7**

*The Conference of the Parties,*

*Having considered* the request from the Central Asia, Caucasus, Albania and Moldova countries,<sup>1</sup>

*Noting* the comments expressed by Parties concerning the need to give consideration to the implications of the request, in particular to the legal aspects,

*Invites* the Subsidiary Body for Implementation, at its sixteenth session, to give further consideration to the aforementioned request and make recommendations thereon to the Conference of the Parties.

*2<sup>nd</sup> plenary meeting  
2 November 2001*

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<sup>1</sup> See FCCC/CP/2001/12.

**B Improving the participation of women in the representation of Parties in bodies established under the United Nations Framework Convention on Climate Change and the Kyoto Protocol**

**Decision -/CP.7**

**Improving the participation of women in the representation of Parties in bodies established under the United Nations Framework Convention on Climate Change and the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* the Beijing Declaration of the 1995 Fourth World Conference on Women which recognizes that women's empowerment and their full participation on the basis of equality in all spheres of society, including participation in decision-making processes and access to power, are fundamental for the achievement of equality, development and peace,

*Recalling further* that the Beijing Declaration called on governments, the United Nations system and regional and international institutions to contribute to the implementation of the Beijing Platform of Action,

*Noting* that improvement in the gender balance of officers elected to the bodies established under the United Nations Framework Convention on Climate Change and the Kyoto Protocol would be one such contribution to the implementation of the Beijing Platform of Action,

*Having considered* the need for Parties to take into account the need for more equitable representation of female and male officers elected to the bodies established under the Convention and the Kyoto Protocol,

*Urging* Parties to take the measures necessary to enable women to participate fully in all levels of decision making relevant to climate change,

1. *Invites* Parties to give active consideration to the nomination of women for elective posts in any body established under the Convention and the Kyoto Protocol;
2. *Requests* the secretariat to bring this decision to the attention of Parties whenever a vacancy arises for any elective post in any body established under the Convention and the Kyoto Protocol;
3. *Further requests* the secretariat to maintain information on the gender composition of each body with elective posts established under the Convention and the Kyoto Protocol, and to bring this information to the attention of the Parties whenever such a vacancy occurs.

## IX. RESOLUTIONS

### 1. Expression of gratitude to the Government of the Kingdom of the Morocco and to the City and people of Marrakesh

#### Resolution -/CP.7

*The Conference of the Parties,*

*Having met* in Marrakesh from 29 October to 9 November 2001 at the invitation of the Government of the Kingdom of Morocco,

1. *Expresses its profound gratitude* to Government of the Kingdom of Morocco for having made it possible for the seventh session of the Conference of the Parties to be held in Marrakesh;
2. *Requests* the Government of the Kingdom of Morocco to convey to the City and the people of Marrakesh the gratitude of the Conference of the Parties for the hospitality and warm welcome extended to the participants.

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## 2. EXPRESSION OF GRATITUDE TO THE EXECUTIVE SECRETARY

### Resolution -/CP.7

The Conference of the Parties,

*Mindful* of his untiring efforts at the service of the climate change process since the first meeting of the intergovernmental negotiating Committee in February 1991,

*Noting* his achievement in developing and leading an efficient and respected secretariat team,

*Recognizing* his fairness and objectivity in ensuring that the views and interests of all Parties are respected,

*Acknowledging* his commitment, professionalism and acumen which contributed to the successes of the climate change negotiation process, including the entry into force of the Convention, the adoption of the Kyoto protocol, and the adoption of the Bonn Agreements and the Marrakesh Accords for its implementation,

1. *Express* its great appreciation to Michael Zammit Cutajar for his excellent services as Executive Secretary of the Convention Secretariat;
2. *Wishes* him well in his future pursuits.



**X. OTHER ACTION**

**A. DATE AND VENUE OF THE EIGHTH SESSION OF THE  
CONFERENCE OF THE PARTIES**

**Decision -/CP.7**

**Date and venue of the eighth session of the Conference of the Parties**

*Recalling* Article 7, paragraph 4, of the United Nations Framework Convention on Climate Change,

*Recalling* General Assembly resolution 40/243 of 18 December 1985 on the pattern of conferences,

1. *Decides* that the eighth session of the Conference of the Parties shall be held from 23 October to 1 November 2002;
2. *Notes* with appreciation the expression of interest by the Government of India in hosting the eighth session of the Conference of the Parties and to cover the related costs;
3. *Requests* the Executive Secretary to continue consultations with the Government of India and to report to the President not later than 24 November 2001 on whether the eighth session of the Conference of the Parties could be held in India, in conformity with General Assembly resolution 40/243;
4. *Requests* the Bureau to decide on the venue of the eighth session of the Conference of the Parties at its next meeting.

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**B. CALENDAR OF MEETINGS OF CONVENTION BODIES, 2005-2007**

**Calendar of meetings of Convention bodies, 2005-2007**

The Conference of the Parties, on the recommendation of the Subsidiary Body for Implementation, adopts the following calendar of meetings for the Convention bodies for the years 2005-2007:

- (a) First sessional period in 2005: from 16 May to 27 May;
- (b) Second sessional period in 2005: from 7 to 18 November;
- (c) First sessional period in 2006: from 15 May to 26 May;
- (d) Second sessional period in 2006: from 6 to 17 November;
- (e) First sessional period in 2007: from 7 May to 18 May;
- (f) Second sessional period in 2007: from 5 November to 16 November.

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**C. REPORT OF THE GLOBAL ENVIRONMENT FACILITY TO THE  
CONFERENCE OF THE PARTIES**

**Conclusions**

1. The Subsidiary Body for Implementation (SBI) took note of the report of the Global Environment Facility (GEF) to the Conference of the Parties (FCCC/CP/2001/8). The report includes information on how the GEF has applied the guidance and decisions of the Conference of the Parties in accordance with the memorandum of understanding between the Conference of the Parties and the GEF Council. The SBI welcomed the efforts made by the GEF to support capacity building through its Capacity Development Initiative.
2. The SBI also noted the important role that the GEF, as an operating entity of the financial mechanism of the Convention, plays in supporting efforts made by Parties to address the problems of climate change, and urged the GEF to streamline its procedures in order to reduce the time between project approval and disbursement of funds and, in addition, to encourage its implementing agencies to be more responsive to the requests of developing countries for financial and technical support.
3. The SBI recalled the relevant provisions of decisions 2/CP.4 and 8/CP.5 and urged the GEF to facilitate the provision of financial support to non-Annex I Parties requesting funds for the preparation of their second national communications.
4. The SBI further noted the concerns expressed by some Parties regarding the adequacy of GEF assistance to programmes supporting the preparation of national communications in non-Annex I Parties.
5. The SBI also took note of the conclusions of the Subsidiary Body for Scientific and Technological Advice relating to the Third Assessment Report of the Intergovernmental Panel on Climate Change, urging the GEF to make financial resources available to ensure that the Third Assessment Report is widely disseminated.
6. The SBI also took note of the conclusions of the Subsidiary Body for Scientific and Technological Advice relating to the financial requirements for the implementation of Article 6 of the Convention, urging the GEF to make financial resources available for this purpose.

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**D. AMENDMENT PROPOSED BY KAZAKHSTAN TO ADD ITS NAME TO THE LIST IN ANNEX I**

**Conclusions**

**Amendment proposed by Kazakhstan to add its name to the list in Annex I<sup>1</sup>**

At its 3<sup>rd</sup> meeting, on Tuesday, 6 November, the SBI decided to recommend the following conclusions to the Conference of the Parties:

1. The Conference of the Parties at its seventh session took note that Kazakhstan, in accordance with Article 4, paragraph 2 (g), had notified the Depositary on 23 March 2000 that it intended to be bound by Article 4, paragraph 2 (a) and (b) of the Convention. The Conference further noted that the Depositary had informed the other signatories and Parties of that notification, and that, upon ratification of the Kyoto Protocol by Kazakhstan and its entry into force, Kazakhstan becomes a Party included in Annex I for the purposes of this Protocol in accordance with Article 1, paragraph 7 of the Protocol.

2. The Conference of the Parties noted the interest expressed by Kazakhstan in engaging in negotiations with a view to defining a quantified emission limitation or reduction commitment for Kazakhstan under Annex B of the Protocol.

3. The Conference of the Parties recognized that Kazakhstan will continue to be a Party not included in Annex I for purposes of the Convention.

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<sup>1</sup> The title of this agenda item reflects the original request of Kazakhstan of 24 April 1999. The title has been retained although this conclusion by the Conference of the Parties does not imply any amendment of the lists in the Annexes to the Convention.

**E. Conclusions on assessing the status of implementation of Article 4, paragraph 9, of the Convention**

1. The COP noted that work had advanced significantly in this context, both under the agenda item on matters relating to the least developed countries, particularly regarding the establishment of the LDC fund and development of guidance thereon, the development of guidelines on national adaptation programmes of action (NAPAs), and the establishment of an LDC Expert Group, as well as under other related agenda items.
2. The COP further noted that, in order to operationalize this action in a way that would meet the urgent and immediate needs of LDCs, relating to their vulnerability and adaptation to the adverse effects of climate change, prompt steps needed to be taken to expedite the process of provision of funding in support of NAPA preparation.
3. The COP concluded that there was a need to assess the status of implementation of Article 4.9 of the Convention at its ninth session, with a view to considering further action thereon.

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