

**I. WORK PROGRAMME ON MECHANISMS  
(DECISIONS 7/CP.4 AND 14/CP.5)  
(Agenda item 7(c))**

**A. ARTICLE 6 OF THE KYOTO PROTOCOL\***

**CONTENTS**

	<u>Paragraphs</u>	<u>Page</u>
Draft decision [A/CP.6]: Guidelines for the implementation of Article 6 of the Kyoto Protocol.....		4
Annex: Guidelines for the implementation of Article 6 of the Kyoto Protocol .....		7
Definitions .....		7
A. Role of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol .....	1	8
B. [Executive board [of the clean development mechanism]]		8
C. [Accreditation body] [[Article 6 supervisory committee] .	2	8
D. Accredited independent entities.....	3	9
E. Requirements for eligibility of Parties included in Annex I	4 - 9	9
F. Scope of projects .....	10 - 12	12
G. Validation .....		13
H. Registration.....		13
I. Monitoring .....		13
J. Verification.....	13 - 32	14
K. Certification .....		17
L. Issuance of emission reduction units .....	33	17
Appendices to the annex.....		18
X. Supplimentarity.....	1 - 4	18
A. Standards and procedures for the accreditation of independent entities .....		19
B. [Project proposal][UNFCCC Article 6 reference manual] .....		19
C. [Determination and allocation of the share of proceeds] .....	1 - 3	20

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\* FCCC/SB/2000/CRP.19

*(Note: The text of this decision is from document FCCC/SB/2000/10/Add.1.)*

**[I. [Draft decision [A/CP.6]: Guidelines for the implementation  
of Article 6 of the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* Article 6 of the Kyoto Protocol,

*Recalling* its decision 1/CP.3, in particular paragraph 5 (c),

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

*Recalling also* its decisions 8/CP.4 and 14/CP.5,

1. *Urges* the Parties included in Annex I to the Convention to facilitate the participation in Article 6 projects of Parties included in Annex I to the Convention that are undergoing the process of transition to a market economy;
2. *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:

**Decision -/[CMP.1]**

**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,*

*Taking into account* [all of the relevant] provisions contained in [Articles 4 and 12 of the Convention] and Articles [3 and 6][2, 3, 4, 5, 6, 7, 11 and 18] of the Kyoto Protocol,

*Bearing in mind* that, in accordance with Article 6, [any Party to the Kyoto Protocol included in Annex I to the Convention may participate in Article 6 projects for the purpose of meeting its commitments under Article 3 and that any] acquisition[s] of emission reduction units shall be supplemental to domestic actions for the purpose of meeting quantified emission limitation and reduction commitments under Article 3 [and reflecting provisions contained in appendix X to the annex to this decision,]

[Also bearing in mind Articles 3 and 6 of the Kyoto Protocol, in accordance with which any emission reduction units which a Party to the Kyoto Protocol included in Annex I to the

Convention transfers to another such Party shall be subtracted from the assigned amount for the transferring Party and any emission reduction units which a Party to the Kyoto Protocol included in Annex I to the Convention acquires from another such Party shall be added to the assigned amount for the acquiring Party, keeping in view that any such transfers and acquisitions are only for the purpose of contributing to the achievement of compliance with the quantified emission limitation and reduction commitments in Article 3 without altering the assigned amount of any Party pursuant to its quantified emission limitation and reduction commitments inscribed in Annex B to the Kyoto Protocol],

[*Affirming* that, in their actions to achieve the purpose of Article 6, Parties shall be guided by Articles 2 and 3 of the Convention, and, *inter alia*,

[Equity relates to equitable per capita emission entitlements for developing country Parties, keeping in view that per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs, taking fully into account that economic and social development and poverty eradication are the first and overriding priorities of such Parties, while affirming that developed country Parties shall continue to limit and reduce their emissions with the aim of attaining lower levels of emissions through domestic policies and measures with a view to reducing per capita inequities in emissions between developed and developing country Parties.]

[*Recognizing* that the Kyoto Protocol has not created or bestowed on Parties included in Annex I to the Convention and in Annex B to the Protocol any right, title or entitlement to emissions of any kind in the pursuance of Articles 6, 12 and 17 of the Kyoto Protocol and further recognizing that emissions trading under Article 17 is only for the accounting of transfers and acquisitions of parts of assigned amounts for the purpose of fulfilling commitments under Article 3.]

[Special situation of developing countries that are particularly vulnerable to the adverse effects of climate change and impacts of mitigation activities: Article 6 projects should be implemented in such a way as to minimize adverse social, environmental, and economic impacts on developing country Parties, in particular those identified in Article 4, paragraphs 8 and 9 of the Convention,]

[Fungibility/non-fungibility: Parties [may][shall][not] exchange emission reduction units[, certified emission reductions] and [assigned amount units][parts of assigned amount] [in accordance with rules and procedures established by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol which are to ensure their effective environmental equivalence,]]

*Having considered* decision [A/CP.6],

1. *Decides* to adopt the guidelines for the implementation of Article 6 contained in the annex to this decision;

2. *[Decides* that the share of proceeds shall be applied to Article 6 projects and shall be collected and allocated in accordance with provisions contained in appendix C [to cover administrative expenses and [no less than 100-z per cent] to the adaptation fund<sup>1</sup>];
3. *Urges* the Parties included in Annex I to the Convention [concerned] to facilitate the participation in Article 6 projects of Parties included in Annex I to the Convention that are undergoing the process of transition to a market economy;
4. *Decides* that the [distribution][sharing][division]of the emission reduction units [resulting from an Article 6 project] will be determined by the participating Parties [and any legal entities involved];
5. *Decides* to review and, where appropriate, revise the guidelines contained in the annex. A review of the annex, based on recommendations by the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation<sup>2</sup>, shall be undertaken no later than one year after the completion of the [first] additional period for fulfilling commitments<sup>3</sup>, taking into account, inter alia, the experience of the Parties. Revisions shall not affect Article 6 projects already registered. [Any revisions to this decision shall be made by consensus of the Parties];
6. *Requests* [the secretariat of the Convention] to perform functions assigned to the secretariat [as contained] in this decision and its annex<sup>4</sup>.]

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<sup>1</sup> [An adaptation fund shall be established to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change, in particular the least developed countries and small island developing States amongst them, and/or to the impact of the implementation of response measures, under Articles 6 and 17, to meet the costs of adaptation.]

<sup>2</sup> In accordance with provisions contained in Article 15 of the Kyoto Protocol.

<sup>3</sup> As defined in the draft decision on the establishment of procedures and mechanisms on compliance.

<sup>4</sup> The resource implications of this operative paragraph will need to be specified.

**Annex**

**[GUIDELINES] FOR THE IMPLEMENTATION OF  
ARTICLE 6 OF THE KYOTO PROTOCOL**

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached.)*

**[Definitions]**

For the purpose of this annex:

- (a) “Protocol” means the Kyoto Protocol to the United Nations Framework Convention on Climate Change as adopted on 11 December 1997.
- (b) “Party” means, unless the context otherwise indicates, a Party to this Protocol.
- (c) “Party included in Annex I” means a Party included in Annex I to the Convention, as may be amended, or a Party which has made a notification under Article 4, paragraph 2(g) of the Convention, and is a Party to the Kyoto Protocol.
- (d) “Party not included in Annex I” means a Party not included in Annex I to the Convention, as may be amended, and which has not made a notification under Article 4, paragraph 2(g) of the Convention, and is a Party to the Kyoto Protocol.
- (e) “Article” means an article of the Protocol, unless otherwise indicated.
- (f) [“Assigned amount units” or “AAUs”] [“Parts of assigned amount” or “PAAs”] are [serialized parts of the assigned amount of a Party included in Annex B] [units calculated pursuant to Article 3, paragraphs [3, 4,] 7 and 8].
- (g) “Emissions reduction units” or “ERUs” are units [issued] [transferred] pursuant to Article 6 and requirements thereunder;
- (h) “Certified emissions reductions” or “CERs” are units issued pursuant to Article 12 and requirements thereunder;
- (i) [AAUs][PAAs], ERUs and CERs are units each equal to one 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;
- (j) [“Assigned amount” includes [AAUs] [PAAs], CERs and ERUs.]
- (k) [“Stakeholders” means the public, including individuals, groups or communities affected by or likely to be affected by, or having an interest in the project.]]

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

Option A:

*(Note: There is no need for this section.)*

Option B:

1. [The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall exercise authority over and provide guidance regarding the implementation of Article 6 [by establishing an Article 6 supervisory committee] [by designating independent entities and for this purpose appointing an accreditation body in accordance with the standards and procedures set out in appendix A].]

Option C:

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached.)*

**B. [Executive board [of the clean development mechanism]]**

Option A:

*(Note: There is no need for this section.)*

Option B:

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached.)*

**C. [Accreditation body] [Article 6 supervisory committee]**

Option A:

*(Note: There is no need for this section.)*

Option B:

2. The Article 6 supervisory committee shall be responsible for:

(a) The accreditation of independent entities in accordance with accreditation requirements and procedures contained in Appendix A;

(b) The review procedure set out in paragraph 28.

Option C:

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached.)*

#### **D. Accredited independent entities**

Option A:

*(Note: There is no need for this section.)*

Option B:

3. Accredited independent entities shall be responsible for carrying out functions referred to in section J of this annex as well as in other relevant decisions of the COP/MOP.

Option C:

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached.)*

#### **E. Requirements for eligibility of Parties included in Annex I**

*(Note: This section may have linkages with decision --/CP.6 establishing procedures and mechanisms on compliance.)*

Option 1: para. 4

4. A Party included in Annex I may [transfer and] acquire emission reduction units under the provisions of Article 6 if the Compliance Committee has decided that the Party has demonstrated that it has met the eligibility requirements in paragraph 7 (g) [(h)] [(i)] [(j)] [(k)] [(l)] below.

Option 2: paras. 5 and 6

5. A Party included in Annex I may:

(a) Acquire emission reduction units under Article 6 after [XX<sup>5</sup>] months have elapsed since the submission of a report to the secretariat documenting that it meets the requirements in subparagraphs (b) through (e) [and (g) through [(i)][ (l)]] of paragraph 7, unless the Compliance Committee has found that it has not met one or more of such requirements;

(b) Acquire emission reduction units under Article 6 at an earlier date if the enforcement branch of the Compliance Committee has notified the secretariat that it is not proceeding with any question of implementation relating to the requirements in subparagraphs (b) through (e) [and (g) through [(i)][ (l)]] of paragraph 7;

(c) A Party may continue to acquire, unless and until the Compliance Committee has found that it has not met one or more of the requirements in subparagraphs (b) through (f) [and (g) through [(i)][ (l)]] of paragraph 7. If the Compliance Committee has found that a Party does not meet one or more of such requirements, the Party may acquire only if and when the Compliance Committee finds that the Party meets such requirements and therefore reinstates its eligibility to acquire.

6. Pursuant to Article 6.4, if a question of implementation identified by an Article 8 expert review team about the implementation by a Party included in Annex I of the requirements in paragraph 7, subparagraphs (b) through (f) [and (h)] [and [(i)]] is pursued by the Compliance Committee, during the time between the Compliance Committee's identification of the compliance question and the resolution of the issue of compliance, the Party may continue to acquire ERUs, provided that any such units may not be used by the Party to meet its commitments under Article 3.1 until the issue of compliance is resolved.

7. In order to meet the eligibility requirements referred to in paragraph [4] [5], a Party shall:

Option 1: *This option relates to sub-para (a)*

(a) Be in compliance with its commitments under Articles [3, ]5 and 7 of the Kyoto Protocol and the requirements set out in the guidelines decided thereunder, including the submission of the last available annual greenhouse gas inventory and greenhouse gas inventory report and the provisions on registries as defined under Article 7.4;

Option 2: *This option relates to sub-paras (b) through (f)*

(b) Have in place, by the time a report is submitted pursuant to paragraph 5(a) and thereafter, a national system for the estimation of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, in accordance with Article 5.1 and the requirements in the guidelines decided thereunder;

(c) Have in place, by the time a report is submitted pursuant to paragraph 5(a) and thereafter, a computerized national registry to account for and track [all changes in its assigned amount] [[ERUs, CERs and [AAUs] [PAAs] transferred or acquired] under the provisions in

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<sup>5</sup> A specified time period sufficient to allow the Article 8 expert review teams and the enforcement branch of the Compliance Committee a reasonable opportunity to identify and rule upon any problems.



Article 3, paragraphs 10, 11 and 12], in accordance with Article 7.4 and the requirements in the guidelines decided thereunder;

(d) Have established, by the time a report is submitted pursuant to paragraph 5(a), its initial assigned amount, in accordance with Article 7.4 and the requirements in the guidelines decided thereunder;

(e) Have submitted, in the report described in paragraph 5(a), one annual inventory for the relevant recent year, [of anthropogenic emissions by sources [and removals by sinks] of greenhouse gases not controlled by the Montreal Protocol] in accordance with the provisions of Articles 5.2 and 7.1 and the requirements in the guidelines decided thereunder [pertaining to Annex A gases and sources], other than those relating to the deadline for the first submission;

(f) Have subsequently submitted for each year following the submission of the report described in paragraph 5(a), annual reports [information on its assigned amount], in accordance with Article 7.1 and the requirements in the guidelines decided thereunder, and annual inventories, in accordance with Articles 5.2 and 7.1 and the requirements in the guidelines decided thereunder [pertaining to Annex A gases and sources];

***Note: The following subparagraphs (g) through (l) could form part of option 1 or option 2.***

(g) [Have ratified the Protocol];

(h) [Be bound by the procedures and mechanisms on compliance adopted by the COP/MOP;]

(i) [Have submitted the last required [all] periodic national communication[s] in accordance with Article 7.2 and in the guidelines decided thereunder.]

(j) [Have not been excluded from participation in the CDM [according to its procedures and mechanisms] [, in particular provisions regarding Article 2, paragraphs 1 and 3, Article 3, paragraphs 2 and 14, and Articles 6, 11, 12 and 17] [and in accordance with relevant provisions under the Protocol];]

(k) [Have submitted the last required information on net changes in greenhouse gas emissions by sources and removals by sinks resulting from direct human induced activities in conformity with the requirements under Article 3.3 and 3.4, in accordance with the relevant decisions by the COP and the COP/MOP; and]

(l) [Have achieved sufficient emission reductions through domestic [action] [policies and measures]][in accordance with appendix X].

8. A Party [included in Annex I] [that authorizes][may authorize] legal entities to participate, [in Article 6 projects] under its responsibility, in actions leading to the generation, transfer or acquisition under Article 6 [paragraph 3] of emission reduction units [shall remain responsible for the fulfilment of its obligations under the Protocol and shall ensure that such participation is consistent with this annex].

9. A Party included in Annex I involved in one or more projects under Article 6 [shall][should] submit to the secretariat a report identifying the Party's focal point of contact for the purpose of project approval pursuant to Article 6, paragraph 1(a).

## **F. Scope of projects**

10. Projects under Article 6 must provide a reduction in anthropogenic emissions of greenhouse gases by sources listed in Annex A to the Protocol, and/or an enhancement of anthropogenic removals by sinks, that is additional to any that would otherwise occur. [Enhancements of anthropogenic removals by sinks cover activities included in Article 3, paragraph 3, and any additional activities under Article 3, paragraph 4.] [Only anthropogenic emissions reductions of greenhouse gases by sources [or anthropogenic enhancement of removals by sinks] during the commitment period can result in generation of ERUs.]

11. Option 1: [A project under the pilot phase of activities implemented jointly [, which commenced after [1 January 2000][11 December 1997]]shall be eligible[, without retroactivity,] to be pursued as a project under Article 6 if it meets the criteria established in these guidelines, and if the Parties involved in the project agree that it should be considered as an Article 6 project.]

Option 2: [A project activity may be eligible for registration as an Article 6 project activity if the resultant reductions in anthropogenic emissions by sources [and/or enhancements of anthropogenic removals by sinks] commenced after [1 January 2000][11 December 1997] [or the date of the host Party's ratification of the Protocol, whichever is later,] or was reported as an activity implemented jointly under the pilot phase if it meets requirements of these modalities and procedures. [ If a project activity was reported as an activity implemented jointly under the pilot phase and is registered as an Article 6 project activity the anthropogenic emission reductions by sources [and/or enhanced anthropogenic removals by sinks] from 1 January 2000 will be eligible for retrospective verification and certification].]

12. [Article 6 project types shall be eligible if they fall in one of the following categories:

(a) Renewable energy: solar energy, wind energy, sustainable biomass, geothermal heat and power, small-scale hydropower, wave and tidal power, ambient heat, ocean thermal energy conversion, activities to promote anaerobic respiration, and energy recovery from biogas, including landfill gas;

(b) Energy efficiency: advanced technologies for combined heat and power installations and gas-fired power plants; [significant] improvements in existing energy production; advanced technologies for, and/or [significant] improvements in, industrial processes, buildings, energy transmission, transportation and distribution; more efficient and less polluting modes of mass and public transport (passenger and goods) and improvement or substitution of existing vehicles, and existing fuel sources;

(c) Demand-side management: improvements in residential, commercial, transport and industrial energy consumption.]

### **G. Validation**

Option A:

*(Note: There is no need for this section.)*

Option B:

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached.)*

### **H. Registration**

Option A:

*(Note: There is no need for this section.)*

Option B:

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached.)*

### **I. Monitoring**

Option A:

*(Note: There is no need for this section.)*

Option B:

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached.)*

## **J. Verification**

Option A:

13. [A Party included in Annex I operating under Article 4 [may] [may not] [acquire] [transfer] [use] ERUs resulting from Article 6 projects [and use them] [to contribute to compliance with its Article 3 commitments] if another Party operating under the same Article 4 agreement, or a regional economic integration organization to which the Party belongs and which is itself a Party to the Protocol, is found not to be in compliance with its obligations under Articles 5 and 7.]

14. [A Party included in Annex I hosting a project under Article 6 [shall][should] submit to the [secretariat] a report containing: any national guidelines and procedures for obtaining such project approval, for monitoring and verifying reductions in anthropogenic emissions by sources [or enhancements of anthropogenic removals by sinks], for comments [by Parties and] stakeholders, and for transferring [or acquiring] ERUs. [Such a Party [shall] [should] also submit periodic information in accordance with appendix B.]]

15. A host Party included in Annex I may transfer ERUs associated with reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks that have been verified as additional to any that would otherwise occur, in accordance with the provisions of Article 6.1(b), through one of the procedures set forth in paragraph 17.

16. Information on the project associated with each ERU transferred shall be made publicly available by the host Party, through the secretariat, on the basis of the uniform reporting format as set forth in appendix B.

17. [Reductions in anthropogenic emissions by sources or enhanced anthropogenic removals by sinks for Article 6 projects shall be verified either:

(a) By the Parties involved, if the host Party included in Annex I [at the time of verification] is [eligible][qualify] under paragraph 18; or

(b) Through the verification procedure as provided for under paragraphs 21 through 32.]

18. [A Party included in Annex I hosting a project under Article 6 [may transfer ERUs, according to paragraph 15][shall be qualified for the purpose of paragraph 17 (a)], if the Party has submitted a report to the secretariat documenting that it meets the [requirements][conditions] in paragraph 7 subparagraphs (b) through (e) [and (g) through [(i)][ (l)] and (h).and if:

*(Note: Clarification is required as to whether the report referred to in this paragraph is additional to the report requested for the establishment of the initial<sup>6</sup> assigned amount as defined in section III (modalities for accounting for assigned amount under Article 7.4) of the draft guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol (Annex II of documents FCCC/SBSTA/2000/10/Add.3 and FCCC/SBSTA/2000/13).)*

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<sup>6</sup> The word "initial" in documents FCCC/SBSTA/2000/10/Add.3 and FCCC/SBSTA/2000/13 is bracketed.

(a) [XX] months<sup>7</sup> have elapsed since the submission of such report, unless the Compliance Committee has found that it has not met one or more of such requirements; or

(b) At an earlier date if the enforcement branch of the Compliance Committee has notified the secretariat that it is not proceeding<sup>8</sup> with any question of implementation relating to the requirements in paragraph 7 subparagraphs (b) through (e) [and (g) through [(i)] [(l)] and (h).]

19. [Such Party [will remain qualified] [may transfer ERUs according to [paragraph 15]] unless and until the Compliance Committee has found that it has not met one or more of the [requirements][conditions in paragraph 7 subparagraphs (b) through (e) [and (g) through [(i)] [(l)] and (h)]. If the Compliance Committee has found that a Party does not meet one or more such [requirements][conditions], the Party shall become qualified again only if and when the Compliance Committee [finds that the Party meets such conditions and therefore reinstates its qualification][has found that it has met those requirements].]

20. [Any provisions relating to liability provisions under Article 17 shall apply *mutatis mutandis* to acquisitions of ERUs if verification was carried out in accordance with provisions contained in paragraph 17, subparagraph (a).<sup>9</sup>]

21. Option 1: Verification under paragraph 17, subparagraph (b) is the process of evaluation of a project by an independent entity accredited pursuant to appendix A against the requirements of Article 6 and these guidelines.

Option 2: For the purposes of verification of a project under paragraph 17, subparagraph (b), the [secretariat] shall constitute one or more verification teams from a roster of experts nominated by Parties. Members of each verification team shall have the necessary expertise to carry out the functions specified in these guidelines. The [secretariat] shall assign a verification team to a project at the request of [the host Party] [the Parties involved].

22. Project participants shall submit to [an accredited independent entity][the verification team] a project design document [as described in appendix B] that contains all information needed for the determination of whether the project has been approved by the Parties involved, and has an appropriate baseline, monitoring plan and crediting lifetime, in accordance with the criteria set forth in appendix B.

23. The [independent entity][verification team] shall make the project design document publicly available through the secretariat, subject to confidentiality provisions set out in paragraph 31.

24. The [independent entity][verification team] shall receive comments from Parties and stakeholders and UNFCCC accredited observers on the project design document and any supporting information for 60 days from the date the project design document is made publicly available.

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<sup>7</sup> A specified time period sufficient to allow the Article 8 expert review teams and the Compliance Committee a reasonable opportunity to identify and rule upon any problems.

<sup>8</sup> This refers to an enforcement proceeding, rather than a facilitative process.

<sup>9</sup> Pending the result on liability options under Article 17.

25. The [independent entity] [verification team] shall determine whether the project has an appropriate baseline, monitoring plan and crediting lifetime in accordance with the criteria set out in appendix B. The [independent entity][verification team] shall make its determination publicly available through the secretariat, together with an explanation of its reasons, [addressing any significant issues raised][including a summary of comments by stakeholders and a report of how due account was taken of these]. A determination of the appropriate baseline under this paragraph shall remain valid for the crediting lifetime of the project.

26. For the purposes of verifying reductions in anthropogenic emissions by sources [or enhancements of anthropogenic removals by sinks] that have been achieved, project participants shall submit information to the [independent entity][verification team], according to the reporting format in appendix B, to demonstrate that such reductions [or removals] were monitored and calculated in accordance with the appropriate baseline, monitoring plan, and crediting lifetime.

27. The [independent entity][verification team] shall determine whether any reported reductions in anthropogenic emissions by sources [or enhancements of anthropogenic removals by sinks] were monitored and calculated in accordance with the appropriate baseline, monitoring plan and crediting lifetime, and if so, the amount of such reductions [or removals] that have been achieved, stated in terms of tonnes of carbon dioxide equivalent. The [independent entity][verification team] shall make its determination publicly available through the [secretariat], together with an explanation of its reasons.

28. [A verification determination regarding a project design document [or any reported reductions in anthropogenic emissions by sources [or enhancements of anthropogenic removals by sinks]] shall be deemed final [30][60] days after the date on which it is made public, unless a Party [hosting] [involved in] the project[, [x] members of the [Article 6 supervisory committee] [Article 6 supervisory committee] [appropriate body]to be defined by the COP/MOP 1]] or [x] other Parties request a review by [Article 6 supervisory committee] [an appropriate body]. If such a review is requested, the [appropriate body] shall review the determination as soon as possible, but no later than [...].[Article 6 supervisory committee][The appropriate body] shall make its decision publicly available. Its decision shall be final.]

29. A Party included in Annex I hosting a project that is subject to the procedure specified in paragraphs 21 through [27][28] may transfer ERUs only when a determination is made in accordance with paragraph [27][28], and may not transfer a number of ERUs exceeding the number of tonnes of carbon dioxide equivalent identified in paragraph [27][28].

30. Information on the project associated with each ERU shall be made public through an electronic link with the project identifier, in accordance with the provisions on registries.

31. Except as required by national law, [Article 6 supervisory committee] [an independent entity][a verification team] [or the appropriate body] shall not disclose information regarding projects that has been marked as proprietary or commercially confidential, where such information is not otherwise publicly available, without the written consent of the provider of the information. Emission data or data relating to whether reductions in anthropogenic emissions by sources [or enhancements of anthropogenic removals by sinks] are additional shall not be considered proprietary or commercially confidential.

32. Parties involved in a project may elect to use the procedure set out in paragraphs 21 through [27][28] at any time. Parties that use the procedure shall bear the costs of such use.

Option B:

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached.)*

#### **K. Certification**

Option A:

*(Note: There is no need for this section.)*

Option B:

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached.)*

#### **L. Issuance of emission reduction units**

*(Note: Some Parties have suggested that issues of fraud, malfeasance or incompetence of independent entities that come to light at this stage may need to be addressed.)*

Option A:

33. Option 1: The [initial] transfer of an ERU between Parties shall be made by adding a project identifier to the serial number of the [unit] [part] of assigned amount] [in the registry of the transferring host Party included in Annex I, then removing the unit from the national registry of the transferring host Party and adding it to the national registry of the acquiring Party included in Annex I.

Option 2: [After the share of proceeds has been transferred,] the [initial] transfer of an ERU shall be made by adding a project identifier to the serial number [of the [unit] [part] of assigned amount] in the registry of the transferring host Party included in Annex I, then removing the unit from the national registry of the transferring host Party and adding it to the national registry of the acquiring Party included in Annex I.

## Option B:

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached.)*

**[Appendix X (to the annex to decision [A/CP.6] on Article 6)**

**Supplementarity**

**[Appendix X (to the annex to decision [C/CP.6] on emissions trading)**

**“Part of”/Supplementarity**

1. Option 1: No elaboration of supplementarity.

Option 2: Parties included in Annex I shall meet their emission limitation and reduction commitments primarily through domestic action. [Use of the mechanisms pursuant to Articles 6, 12 and 17 by a Party included in Annex I shall be limited to a maximum of 30 per cent of the effort required to meet its commitment under Article 3. This ceiling may be reviewed periodically by the COP/MOP.] Compliance with this requirement will be assessed by the compliance committee on the basis of information submitted under Article 7.

Option 3: Net acquisitions by a Party included in Annex I for all three mechanisms pursuant to Articles 6, 12 and 17 together must not exceed the higher of the following alternatives:

- (a) [5][25] per cent of: 
$$\frac{\text{its base year emissions multiplied by 5 plus its assigned amount}}{2}$$

(where ‘base year emissions’ may be replaced by ‘average annual emissions in the base period, as provided for in Article 3, paragraph 5’);

- (b) 50 per cent of the difference between its annual actual emissions in any year of the period from 1994 to 2002, multiplied by 5 and its assigned amount.

However, the ceiling on net acquisitions can be increased to the extent that a Party included in Annex I achieves emission reductions larger than the relevant ceiling in the commitment period through domestic action undertaken after 1993, if demonstrated by the Party in a verifiable manner and subject to the expert review process to be developed under Article 8.

If a Party is a member of an Article 4 agreement to fulfil commitments jointly, the assigned amount is the assigned amount allocated to the Party under that agreement. Otherwise, it is the assigned amount for the Party as calculated in accordance with Article 3, paragraph 7.



[Issues related to Article 4]

2. [Any limitations on the transfer or acquisition of CERs under Article 12 shall apply to the allocation of emission levels under Article 4.]
3. [Any limitations on net transfers or acquisitions of CERs under Article 12 shall apply to each individual Party operating under Article 4.]
4. [Reallocations under Article 4 shall count against the limitations referred to in Options 2-3.]

**[Appendix A (to the annex to decision [A/CP.6] on Article 6)**

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

*Appendix A of decision [B/CP.6] shall be applied mutatis mutandis*

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached. Other Parties have proposed that guidelines for the implementation of Article 6 could be elaborated taking into account certain elements of the modalities and procedures for Article 12 project activities, such as those on accreditation of operational entities.)]*

**[Appendix B (to the annex to decision [A/CP.6] on Article 6)**

**[[Project proposal] [UNFCCC Article 6 reference manual]]  
[Criteria for baselines, monitoring, and crediting lifetime]**

*(Note: Some Parties have proposed that guidelines for the implementation of Article 6 projects match the modalities and procedures for Article 12 project activities as closely as possible. The present text has not been revised to reflect the changes to the modalities and procedures proposed for Article 12 during the first part of the thirteenth sessions of the subsidiary bodies. Changes may be incorporated into the present text as agreement regarding relevant sections and provisions of the modalities and procedures for Article 12 project activities is reached. Other Parties have proposed that guidelines for the implementation of Article 6 could be elaborated taking into account certain elements of the modalities and procedures for Article 12 project activities.)]*

**[Appendix C (to the annex to decision [A/CP.6] on Article 6)**

**Determination and allocation of the share of proceeds**

Option 1: *No share of proceeds*

Option 2:

1. The share of proceeds is defined as [x] [10] per cent of the number of ERUs issued for a Article 6 project.
2. The executive board shall auction and convert any ERUs into currency through an open competitive public process, and deposit the respective funds to the adaptation fund account and administrative expenses account.
3. [The [COP] [COP/MOP] shall adopt the budget to cover the administrative expenses of the executive board on a biennial basis. The equivalent amount shall be derived from the share of proceeds and shall be deposited to an account maintained for this purpose by the secretariat. The [COP] [COP/MOP] shall [ensure that the administrative budget will not be more than 10 per cent of the share of proceeds] [strive to maintain the administrative budget within a maximum of 10 per cent of the amount of the share of proceeds]. The remaining [amount, which shall not be less than 90 per cent of the share of proceeds, ] [[90 per cent] [amount] of the share of proceeds] shall be devoted to assisting Parties not included in Annex I that are particularly vulnerable to the adverse effects of climate change, in particular least developed countries and small island developing States amongst them, [and/or to the impacts of the implementation of response measures] to meet the costs of adaptation and shall be transferred to an account maintained for this purpose by the adaptation fund [established by the COP/MOP] [referred in the relevant provisions].]