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**CONFERENCE OF THE PARTIES SERVING AS THE  
MEETING OF THE PARTIES TO THE KYOTO PROTOCOL**

**Report of the Conference of the Parties serving as the  
meeting of the Parties to the Kyoto Protocol  
on its second session, held at Nairobi  
from 6 to 17 November 2006**

**Addendum**

**Part Two: Action taken by the Conference of the Parties serving as the  
meeting of the Parties to the Kyoto Protocol  
at its second session**

**CONTENTS**

**Decisions adopted by the Conference of the Parties serving as the  
meeting of the Parties to the Kyoto Protocol**

<i>Decision</i>		<i>Page</i>
1/CMP.2	Further guidance relating to the clean development mechanism.	3
2/CMP.2	Implementation of Article 6 of the Kyoto Protocol.....	11
3/CMP.2	Guidance on the implementation of Article 6 of the Kyoto Protocol.....	12
4/CMP.2	Compliance Committee .....	17
5/CMP.2	Adaptation Fund .....	28

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\* Reissued for technical reasons.

<i>Decision</i>		<i>Page</i>
6/CMP.2	Capacity-building under the Kyoto Protocol.....	30
7/CMP.2	Review of the Kyoto Protocol pursuant to its Article 9 .....	32
8/CMP.2	Forest management under Article 3, paragraph 4, of the Kyoto Protocol: Italy .....	33
9/CMP.2	Privileges and immunities for individuals serving on constituted bodies under the Kyoto Protocol .....	34
10/CMP.2	Proposal from Belarus to amend Annex B to the Kyoto Protocol.....	36
11/CMP.2	Administrative, financial and institutional matters .....	38
 <i>Resolution</i>		
1/CMP.2	Expression of gratitude to the Government of Kenya and the people of the city of Nairobi.....	40

## Decision 1/CMP.2

### Further guidance relating to the clean development mechanism

*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,

*Cognizant* of decisions 7/CMP.1 and 6/CMP.2,

*Recognizing* the rapidly expanding portfolio of clean development mechanism project activities and the increasing volume of work for the Executive Board of the clean development mechanism,

*Welcoming* the establishment of 112 designated national authorities, 91 among them in developing country Parties,

*Reminding* Parties wishing to participate in clean development mechanism project activities of the need to identify a designated national authority,

*Reiterating* the importance of ensuring the efficient, cost-effective and transparent functioning of the clean development mechanism and the executive and supervisory role of its Executive Board,

*Expressing* deep appreciation to Parties that have so far contributed to funding the work of the clean development mechanism,

*Recalling* paragraph 2 of Article 12 of the Kyoto Protocol,

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

*Emphasizing* that carbon dioxide capture and storage in geological formations should lead to the transfer of environmentally safe and sound technology and know-how,

*Noting* that the Intergovernmental Panel on Climate Change special report on carbon dioxide capture and storage<sup>1</sup> provides a comprehensive assessment of the scientific, technical, environmental, economic and social aspects of carbon dioxide capture and storage technologies as mitigation options,

*Recognizing* that there remain a number of unresolved technical, methodological, legal and policy issues relating to carbon dioxide capture and storage activities under the clean development mechanism, including those noted in the report of the Executive Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its second session,

*Recognizing* that there is a need for capacity-building on carbon dioxide capture and storage technologies and their applications,

## I. General

1. *Takes note with appreciation* of the annual report for 2005–2006 of the Executive Board of the clean development mechanism, and of the availability of information on 409 registered clean development mechanism project activities; the issuance of the 18.8 million certified emission reductions; the accreditation/designation of 17 operational entities; the approval of 71 baseline and monitoring

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<sup>1</sup> <[http://arch.rivm.nl/env/int/ipcc/pages\\_media/SRCCS-final/IPCCSpecialReportonCarbondioxideCaptureandStorage.htm](http://arch.rivm.nl/env/int/ipcc/pages_media/SRCCS-final/IPCCSpecialReportonCarbondioxideCaptureandStorage.htm)>.

methodologies, including 10 consolidated methodologies; and the adoption of new and revised tools, manuals and clarifications to assist project participants;

2. *Notes* that the information in paragraph 1 above reflects an exponential growth in clean development mechanism activities during the reporting period;

3. *Designates* as operational entities those entities that have been accredited, and provisionally designated, as operational entities by the Executive Board to carry out sector-specific validation functions and/or sector-specific verification functions as listed in the annex to this decision;

4. *Authorizes* the Executive Board to extend the deadline for the submission for registration of the clean development mechanism project activities referred to in paragraph 4 of decision 7/CMP.1 from 31 December 2006 to 31 March 2007;

5. *Confirms* that, in order to facilitate the accreditation process, the Executive Board may suspend/withdraw accreditation and reinstate/reaccredit a designated operational entity between two sessions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

## II. Governance

6. *Commends* the Executive Board for maintaining a management plan for the clean development mechanism, for the version made available to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its second session,<sup>2</sup> pursuant to provisions in paragraph 13 (b) of decision 7/CMP.1, and for implementing measures to further streamline procedures and processes, within the resources available and in the context of an exponentially growing mechanism;

7. *Encourages* the Executive Board:

- (a) To continue to keep the management plan under review and make adjustments as necessary to continue ensuring the efficient, cost-effective, transparent and consistent functioning of the clean development mechanism;
- (b) To continue its work on the catalogue of decisions with a view to making the catalogue publicly available towards the end of the first quarter of 2007 and thereafter updating it after each meeting of the Executive Board;
- (c) To improve public availability of the rationale for its decisions and to integrate such information into the catalogue of decisions;
- (d) To enhance the dialogue with project participants, as proposed in the clean development mechanism management plan, and identify other means to ensure equitable and transparent interaction with project participants;
- (e) To further emphasize its executive and supervisory role by, inter alia, ensuring effective use of its support structure, including its panels, other outside expertise and the secretariat, and by strengthening the role of designated operational entities;
- (f) To make use of and further develop management indicators;

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<sup>2</sup> FCCC/KP/CMP/2006/4/Add.1 (Part II).

8. *Clarifies* that with regard to revisions of the clean development mechanism management plan, the Executive Board shall:

- (a) Adopt revisions of the management plan, as necessary, on the basis of a draft prepared by the secretariat in response to needs identified by the Executive Board;
- (b) Make any revision of the management plan, adopted by the Executive Board, publicly available as an annex to its meeting report;
- (c) Submit the latest version of the management plan to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at each session for its information;

9. *Requests* the secretariat to implement expeditiously a clean development mechanism management plan adopted by the Executive Board;

10. *Requests* the Executive Board to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its third session, on its ability to deal with the exponentially growing workload under the current governance structure;

11. *Requests* the Executive Board to take into account the need to provide its annual report, including any annexes and addenda, prior to a session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol; this report shall cover the period from the previous session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to the Executive Board meeting that takes place just prior to the one held in conjunction with the session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

12. *Requests* the Executive Board to develop guidance for designated operational entities on verification and validation in order to promote quality and consistency in verification and validation reports;

### **III. Methodologies and additionality**

13. *Takes note* of the number of consolidated and approved methodologies covering a wide range of methodological approaches and applicability conditions, as well as the optional “combined tool to identify the baseline scenario and demonstrate additionality”;<sup>3</sup>

14. *Reiterates* its encouragement to:

- (a) Project participants to develop, and the Executive Board to approve, more methodologies with broad applicability conditions to increase the validity and use of approved methodologies;
- (b) Parties, intergovernmental organizations, non-governmental organizations, industry and others to support the development by project participants of broadly applicable methodologies;

15. *Encourages* the Executive Board:

- (a) To provide non-binding best practice examples on the demonstration of additionality to assist the development of project design documents, in particular for small-scale project activities;

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<sup>3</sup> Available at <<http://cdm.unfccc.int/Reference/Guidclarif>>.

- (b) To continue its efforts to broaden the application of methodologies while maintaining their environmental integrity and to ensure that consolidated methodologies cover the full range of methodological approaches and applicability conditions as in the underlying approved methodologies;
  - (c) To further develop generic and user-friendly methodological tools that can assist project participants in designing or applying methodologies and thereby ensuring consistency and simplicity;
16. *Requests* the Executive Board:
- (a) To finalize with utmost priority its guidance relating to the definition of project activities under a programme of activities and procedures for registration as a single clean development mechanism project activity;
  - (b) To finalize with utmost priority its work to improve the “tool for the demonstration and assessment of additionality”, as a follow-up to paragraph 25 (b) of decision 7/CMP.1;
  - (c) To continue to consider new proposals to demonstrate additionality with a view to including approved approaches for the demonstration of additionality in baseline methodologies and to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session;
  - (d) To allow for a minimum time of 30 days, if possible, for submissions in response to a call by the Board for public input;
17. *Encourages* Parties, intergovernmental organizations, non-governmental organizations<sup>4</sup> and others to respond to calls by the Board for public input;
18. *Takes note* of the submissions by Parties on the consideration of carbon capture and storage as clean development mechanism project activities,<sup>5</sup> the report from the in-session workshop organized by the secretariat in conjunction with the twenty-fourth session of the Subsidiary Body for Scientific and Technological Advice,<sup>6</sup> and the recommendation from the Executive Board and the Board’s analyses contained in annex 13 to the report of the twenty-sixth meeting of the Executive Board;
19. *Requests* the Executive Board to continue to consider proposals for new methodologies, including the project design documents for carbon dioxide capture and storage in geological formations as clean development mechanism project activities, with a view to gaining further knowledge and understanding of matters related to the clean development mechanism as described in this decision; the new methodologies should take into account the guidance in this decision; approval of such methodologies for use for clean development mechanism project activities by the Executive Board can occur only after further guidance from the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
20. *Encourages* Parties, intergovernmental organizations, non-governmental organizations and others to organize global and regional workshops to enhance capacity-building on carbon dioxide capture and storage technologies and their applications and to share information on these workshops broadly;

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<sup>4</sup> Including business and industry non-governmental organizations, environmental non-governmental organizations, local government and municipal authorities organizations, indigenous peoples organizations, and research and independent non-governmental organizations.

<sup>5</sup> FCCC/KP/CMP/2006/MISC.2.

<sup>6</sup> FCCC/KP/CMP/2006/3.

21. *Invites* intergovernmental organizations and non-governmental organizations to provide to the secretariat, by 31 May 2007, information addressing the following issues:

- (a) Long-term physical leakage (seepage) levels of risks and uncertainty;
- (b) Project boundary issues (such as reservoirs in international waters, several projects using one reservoir) and projects involving more than one country (projects that cross national boundaries);
- (c) Long-term responsibility for monitoring the reservoir and any remediation measures that may be necessary after the end of the crediting period;
- (d) Long-term liability for storage sites;
- (e) Accounting options for any long-term seepage from reservoirs;
- (f) Criteria and steps for the selection of suitable storage sites with respect to the potential for release of greenhouse gases;
- (g) Potential leakage paths and site characteristics and monitoring methodologies for physical leakage (seepage) from the storage site and related infrastructure for example, transportation;
- (h) Operation of reservoirs (for example, well-sealing and abandonment procedures), dynamics of carbon dioxide distribution within the reservoir and remediation issues;
- (i) Any other relevant matters, including environmental impacts;

22. *Invites* Parties to make submissions to the secretariat, by 21 September 2007, on carbon dioxide capture and storage in geological formations as clean development mechanism project activities, addressing the issues identified in paragraph 21 above taking into consideration the submissions referred to in the same paragraph;

23. *Requests* the secretariat to compile and make available the information referred to in paragraphs 21 and 22 above for consideration by Parties at the twenty-seventh session of the Subsidiary Body for Scientific and Technological Advice;

24. *Requests* the Subsidiary Body for Scientific and Technological Advice, at its twenty-seventh session, to prepare recommendations on carbon dioxide capture and storage in geological formations as clean development mechanism project activities for consideration by Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session, with a view to taking a decision at the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

25. *Decides* to put on hold annex 16 to the report of the twenty-second meeting of the Executive Board and annex 18 to the twenty-sixth meeting of the Executive Board;<sup>7</sup>

26. *Requests* the Executive Board to prepare, after a call for public input, new procedures to demonstrate the eligibility of lands for afforestation and reforestation project activities under the clean development mechanism providing for an additional call for public input on a final draft;

27. *Requests* Parties, intergovernmental organizations and non-governmental organizations to submit to the secretariat, by 23 February 2007, their views on the implications of possibly changing

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<sup>7</sup> Available at <<http://cdm.unfccc.int/EB>>.

the limit established for small-scale afforestation and reforestation clean development mechanism project activities under decision 6/CMP.1, for consideration by Subsidiary Body for Scientific and Technological Advice at its twenty-sixth session;

28. *Decides* to revise the definitions for small-scale clean development mechanism project activities referred to in paragraph 6 (c) of decision 17/CP.7, as follows:

- (a) Type I project activities shall remain the same, such that renewable energy project activities shall have a maximum output capacity of 15 MW (or an appropriate equivalent);
- (b) Type II project activities or those relating to improvements in energy efficiency which reduce energy consumption, on the supply and/or demand side, shall be limited to those with a maximum output of 60 GWh per year (or an appropriate equivalent);
- (c) Type III project activities, otherwise known as other project activities, shall be limited to those that result in emission reductions of less than or equal to 60 kt CO<sub>2</sub> equivalent annually;

29. *Invites* Parties, intergovernmental organizations and non-governmental organizations to submit to the Executive Board proposals for methodologies for small-scale clean development mechanism project activities that propose the switch from non-renewable biomass to renewable biomass, addressing issues related to leakage, differentiation between renewable and non-renewable biomass and consistency with paragraph 7 (a) of decision 17/CP.7;

30. *Requests* the Executive Board to make a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its third session, on a simplified methodology for calculating emission reductions for small-scale project activities that propose the switch from non-renewable to renewable biomass; approval of such methodologies by the Executive Board for use for clean development mechanism project activities can occur only after concurrence of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

#### **IV. Regional distribution and capacity-building**

31. *Welcomes* the establishment of the designated national authority forum, which could also contribute to broader participation, inter alia, through sharing of information and experience;

32. *Further welcomes* the progress made towards implementation of the “CDM Bazaar” and requests that it be launched as soon as possible;

33. *Takes note* of the recommendation of the Executive Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its second session,<sup>8</sup> in response to the request in paragraph 33 of decision 7/CMP.1 relating to information on regional and subregional distribution of clean development mechanism project activities, systematic or systemic barriers to their equitable distribution and options to address these;

34. *Encourages* the Executive Board to continue to facilitate the regional distribution of project activities;

35. *Takes note* of the barriers to the equitable regional distribution identified in the Executive Board report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto

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<sup>8</sup> As contained in FCCC/KP/CMP/2006/4/Add.1 (Part I), annex III.

Protocol, at its second session, and the need to address, in particular, the financial, technical and institutional barriers;

36. *Acknowledges* the efforts made by various Parties to address the above barriers to equitable regional distribution of clean development mechanism project activities;

37. *Welcomes* the “Nairobi Framework”, as announced by the Secretary-General of the United Nations at the opening of the high-level segment of the twelfth session of the Conference of the Parties and the second session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, to catalyze clean development mechanism in Africa;

38. *Emphasizes* that further efforts are necessary to promote equitable regional distribution of clean development mechanism project activities;

39. *Encourages* Parties included in Annex I to the Convention, that are willing to do so, to consider further initiatives, including financial support, either directly or through intergovernmental organizations and non-governmental organizations, as appropriate, for identification, development of clean development mechanism project activities including start-up costs, in Parties not included in Annex I to the Convention, especially least developed countries, African and small island developing States;

40. *Invites* Parties not included in Annex I to the Convention, that are willing to do so, to engage in South–South cooperation, including sharing of experiences in the identification and development of clean development mechanism project activities;

41. *Encourages* financial institutions, and the private and public sectors, to consider further options for investment in clean development mechanism project activities in Parties not included in Annex I to the Convention, in particular least developed countries in Africa and small island developing States;

42. *Invites* Parties included in Annex I to the Convention to contribute to the holding of additional forums of designated national authorities not provided for financially in the clean development mechanism management plan;

## **V. Resources for work on the clean development mechanism**

43. *Takes note* that, if all pledges made by Parties for 2006 were to be paid by early 2007, it is presently expected that resources from the share of proceeds to cover administrative expenses for operational functions will accrue by mid-2007;

44. *Invites* Parties included in Annex I to the Convention to make contributions urgently to the Trust Fund for Supplementary Activities for funding work on the clean development mechanism in the biennium 2006–2007;

45. *Requests* the Executive Board to continue to provide information in its annual report on the status and the expected forecast of the revenue from the share of proceeds to cover administrative expenses.

## ANNEX

**Entities accredited and provisionally designated by the Executive Board of the clean development mechanism and recommended for designation by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for validation (VAL) and verification/certification (VER) for specific sectoral scopes**

Name of entity	Designated and recommended for designation for sectoral scopes	
	VAL	VER
British Standards Institution	1, 2, 3	
Bureau Veritas Quality International Holding SA		1, 2, 3
Det Norske Veritas Certification Ltd.	8, 9	8, 9
Korean Foundation for Quality	1, 2, 3	
KPMG Sustainability B.V.	13	
Lloyd's Register Quality Assurance Ltd.	13	
PricewaterhouseCoopers – South Africa	1, 2, 3	
Spanish Association for Standardisation and Certification		1, 2, 3
Tohatsu evaluation and Certification Organization, Co. Ltd.	1, 2, 3	
TÜV Süd Industrie Service GmbH	8, 9, 14	4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15
TÜV Industrie Service GmbH, TÜV Rheinland Group	13	
TÜV Nord Certification GmbH	4, 5, 6, 7, 10, 11, 12, 13	1, 2, 3

*Note:* The numbers 1 to 15 indicate sectoral scopes as determined by the Executive Board. For details, see <http://cdm.unfccc.int/DOE/scopelst.pdf>.

*10<sup>th</sup> plenary meeting  
17 November 2006*

## Decision 2/CMP.2

### Implementation of Article 6 of the Kyoto Protocol

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

*Mindful* of the objective of the Convention as set out in its Article 2,

*Recalling* the provisions in Articles 3 and 6 of the Kyoto Protocol,

*Cognizant* of decisions 2/CMP.1, 9/CMP.1 and its annex (joint implementation guidelines), and 10/CMP.1,

*Welcoming* the considerable progress of work of the Joint Implementation Supervisory Committee towards the operationalization of the verification procedure under the Committee,

*Recognizing* the need for the Joint Implementation Supervisory Committee to work further on the implementation of the provisions contained in decision 9/CMP.1 on the basis of its own experience and taking into account the experience of the Executive Board of the clean development mechanism, as appropriate,

1. *Adopts* the rules of procedure of the Joint Implementation Supervisory Committee, developed by the Committee in accordance with paragraph 3 (g) of the joint implementation guidelines and paragraph 2 (a) of decision 10/CMP.1, as contained in annex I of document FCCC/KP/CMP/2006/5;

2. *Encourages* the Joint Implementation Supervisory Committee to keep its rules of procedure under review and, if necessary, make recommendations on any amendments or additions aimed at safeguarding its efficient, cost-effective and transparent functioning;

3. *Adopts* the joint implementation project design document forms, elaborated by the Committee in accordance with paragraph 3 (e) of the joint implementation guidelines and paragraph 2 (d) of decision 10/CMP.1, as contained in annex II of document FCCC/KP/CMP/2006/5 and annexes I and II of document FCCC/KP/CMP/2006/5/Add.1;<sup>1</sup>

4. *Authorizes* the Joint Implementation Supervisory Committee, taking into account experience gained, to make any amendments or additions to the project design document forms, as appropriate, and to elaborate in its annual report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, for information, on any such amendments or additions.

*10<sup>th</sup> plenary meeting  
17 November 2006*

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<sup>1</sup> Adopted with the addition of the following footnote on each page of the forms: "This template shall not be altered. It shall be completed without modifying/adding headings or logo, format or font."

## **Decision 3/CMP.2**

### **Guidance on 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,*

*Mindful of the objective of the Convention as set out in its Article 2,*

*Recalling the provisions of Articles 3 and 6 of the Kyoto Protocol,*

*Cognizant of decisions 2/CMP.1, 9/CMP.1 and its annex (joint implementation guidelines), and 10/CMP.1,*

*Recognizing the significant progress in the work towards operationalizing the verification procedure under the Joint Implementation Supervisory Committee,*

*Concerned about the lack of adequate and predictable funding during the initial phase of the process under the Joint Implementation Supervisory Committee and the impact thereof on support services for the work on joint implementation,*

*Recognizing that the work on joint implementation can be accomplished only if sufficient financial and human resources are available to support the work of the Joint Implementation Supervisory Committee,*

*Expressing its deep appreciation to Parties that have generously contributed to funding the work on joint implementation since the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling paragraph 7 of decision 9/CMP.1 which states that any administrative costs arising from procedures contained in the joint implementation guidelines relating to the functions of the Joint Implementation Supervisory Committee shall be borne by both the Parties included in Annex I to the Convention and the project participants, and paragraph 2 (h) of decision 10/CMP.1 which requests the Committee to develop provisions for the charging of fees to cover administrative costs relating to the activities of the Committee,*

*Stressing the importance of consistency and transparency in requests for funding and in the reporting of resources allocated to support the work of the Joint Implementation Supervisory Committee,*

*Noting that 13 Parties have provided to the secretariat information, in accordance with paragraph 20 of the joint implementation guidelines, on their designated focal points and eight Parties have provided information on their national guidelines and procedures for approving joint implementation projects,*

### **I. General**

1. *Invites* Parties wishing to be involved in joint implementation projects to provide to the secretariat information in accordance with paragraph 20 of the joint implementation guidelines if this information has not been previously provided;

2. *Notes with appreciation* the annual report (2005–2006) of the Joint Implementation Supervisory Committee and its addendum (FCCC/KP/CMP/2006/5 and Add.1), including progress made during the first year of operation of the Committee on the development of a work programme and budget, the implementation of the verification procedure under the Committee, the establishment of the

accreditation process under the Committee, the development of project design document forms, and related guidance and clarifications to assist project participants;

## II. Governance

3. *Commends* the Joint Implementation Supervisory Committee for developing its management plan pursuant to paragraph 2 (g) of decision 10/CMP.1 and its efforts in streamlining procedures and processes, in particular with regard to taking into account experience of the Executive Board of the clean development mechanism, and seeking ways to provide information to project participants, stakeholders and the general public;

4. *Requests* the Joint Implementation Supervisory Committee, with a view to it reporting to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session, to keep the joint implementation management plan under review and make adjustments as necessary to continue ensuring the efficient, cost-effective and transparent functioning of the Committee and related activities on joint implementation by, inter alia:

- (a) Identifying and implementing, wherever warranted by and compatible with the principles and the purpose of joint implementation, further measures aimed at strengthening the joint implementation process and its responsiveness to the needs of Parties and stakeholders;
- (b) Adopting appropriate management indicators;

5. *Clarifies* that with regard to revisions of the joint implementation management plan, the Joint Implementation Supervisory Committee shall:

- (a) Adopt revisions of the management plan, as needed, on the basis of a draft prepared by the secretariat in response to the needs identified by the Committee;
- (b) Make any revisions of the management plan, adopted by the Committee, publicly available as an annex to its meeting report;
- (c) Submit the latest version of the management plan to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at each session for information;

6. *Requests* the secretariat to implement expeditiously the management plan adopted by the Joint Implementation Supervisory Committee;

7. *Notes with appreciation* the information on decisions of the Joint Implementation Supervisory Committee, and on the status of work undertaken by the Committee, as reflected on the UNFCCC joint implementation website maintained by the secretariat;

8. *Encourages* the Joint Implementation Supervisory Committee to continue to implement measures to ensure transparency through, inter alia, publishing of regular reports by the Committee and its subcommittees, panels and/or working groups, communication with constituencies and exchange of information with stakeholders;

9. *Requests* the Joint Implementation Supervisory Committee to emphasize its executive and supervisory role, including by establishing or strengthening its support structure as necessary, including relevant subcommittees, panels and/or working groups, accredited independent entities and the secretariat servicing the system;

10. *Decides* that the executive and supervisory role of the Joint Implementation Supervisory Committee includes, inter alia:

- (a) General management and organization of its work, including the establishment of subcommittees, panels and/or working groups;
- (b) Definition of the services and administrative support functions required by the Joint Implementation Supervisory Committee and its subcommittees, panels and/or working groups, and the financial resources to support this work;

11. *Requests* the secretariat to strengthen the services and administrative support provided to the Joint Implementation Supervisory Committee as defined by the Committee in its management plan;

12. *Invites* the Subsidiary Body for Implementation to consider at its twenty-sixth session, in the context of its consideration of the programme budget for 2008–2009, the matter of remunerating members and alternate members of the Joint Implementation Supervisory Committee through an increased daily subsistence allowance that is 40 per cent more than the standard rate, not to exceed USD 5,000 per year, bearing in mind that this is not so much an adequate compensation for their services as an acknowledgement of the substantial sacrifice of time and financial interest on their part, with a view to making a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session to request the secretariat to make appropriate arrangements, effective 1 January 2008;

13. *Invites* the Subsidiary Body for Implementation to consider at its twenty-sixth session, in the context of its consideration of the programme budget for 2008–2009, the matter of covering the costs of travel and the daily subsistence allowance of all members and alternate members of the Joint Implementation Supervisory Committee from the part of the Trust Fund for Supplementary Activities dedicated to funding work on joint implementation, with a view to making a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session to request the secretariat to adjust UNFCCC practices accordingly;

#### **A. Joint implementation small-scale projects**

14. *Amends* the thresholds for joint implementation small-scale projects in accordance with the revised thresholds for small-scale project activities under the clean development mechanism as defined in decision 1/CMP.2;

#### **B. Resources for the work on joint implementation**

15. *Notes* the information provided by the Joint Implementation Supervisory Committee regarding the provisions for the charging of fees to cover administrative costs relating to the activities of the Committee, developed in accordance with paragraph 2 (h) of decision 10/CMP.1;

16. *Endorses* the fee structure developed by the Joint Implementation Supervisory Committee, contained in annex III of document FCCC/KP/CMP/2006/5/Add.1:

- (a) Fees for accreditation:
  - (i) Application fee: USD 15,000 per application (one-off payment, non-reimbursable);
  - (ii) Cost of the work by assessment teams: direct payment from applicant or accredited independent entities;

- (b) Fee for processing of verification reports:<sup>1</sup>
- (i) USD 0.10 per tonne of CO<sub>2</sub> equivalent of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks for the first 15,000 tonnes of CO<sub>2</sub> equivalent generated by the project in question in a given calendar year;
  - (ii) USD 0.20 per tonne of CO<sub>2</sub> equivalent of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks for any amount in excess of 15,000 tonnes of CO<sub>2</sub> equivalent generated by the project in question in a given calendar year;
  - (iii) A fee calculated in accordance with paragraph 16 (b) (i) and 16 (b) (ii) above and equal to the expected average annual generation over the crediting period of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks by the project shall be paid as an advance payment when a determination report regarding a project design document is submitted to the secretariat in accordance with paragraph 34 of the joint implementation guidelines; this advance payment shall be deducted from the first payments due in accordance with paragraph 16 (b) (i) and 16 (b) (ii) above; if no verification report is submitted, any advance payment above USD 30,000 shall be reimbursed;
  - (iv) No advance payment referred to in paragraph 16 (b) (iii) above shall be paid for projects with an expected average annual generation over the crediting period of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks below 15,000 tonnes of CO<sub>2</sub> equivalent; the maximum advance payment due shall be USD 350,000;

17. *Requests* the Joint Implementation Supervisory Committee, with the assistance of the secretariat, to report annually to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the revenue received by the secretariat from the charging of fees to cover administrative costs relating to the activities of the Committee, with a view to reviewing these arrangements as necessary;

18. *Expresses* deep concern about the shortfall in resources for work on joint implementation in the biennium 2006–2007, which is currently estimated to be approximately USD 2 million,<sup>2</sup> vis-à-vis requirements referred to in the joint implementation management plan for 2006–2007;

19. *Urges* Parties to make contributions to the Trust Fund for Supplementary Activities for funding the work on joint implementation in the biennium 2006–2007 as of early 2007, at a level that would allow the full implementation of the joint implementation management plan for 2006–2007, including through a strengthened capacity of the secretariat to support the Joint Implementation Supervisory Committee and its subcommittees, panels and/or working groups in their process implementation and decision-making;

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<sup>1</sup> “Verification report” means a report regarding reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks which has been submitted by an accredited independent entity to the secretariat in accordance with paragraph 38 of the joint implementation guidelines.

<sup>2</sup> This figure is based on the information reported in the joint implementation management plan for 2006–2007 contained in annex IV of document FCCC/KP/CMP/2006/5/Add.1.

20. *Requests* the secretariat to continue to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the level of contributions to the Trust Fund for Supplementary Activities for funding the work on joint implementation.

*10<sup>th</sup> plenary meeting  
17 November 2006*

## **Decision 4/CMP.2**

### **Compliance Committee**

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

*Recalling* Article 18 of the Kyoto Protocol,

*Recalling also* its decision 27/CMP.1,

*Having considered* the annual report of the Compliance Committee to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,<sup>1</sup>

*Noting with appreciation* the work done by the Compliance Committee of the Kyoto Protocol,

1. *Adopts* the rules of procedure of the Compliance Committee as contained in the annex to this decision, in accordance with the provisions of section III, paragraph 2 (d), of the annex to decision 27/CMP.1;

2. *Invites* Parties to make voluntary contributions to the Trust Fund for Supplementary Activities in support of the work of the Compliance Committee in 2007.

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<sup>1</sup> FCCC/KP/CMP/2006/6.

ANNEX

**Rules of procedure of the Compliance Committee  
of the Kyoto Protocol**

*Part 1: Conduct of Business*

**1. SCOPE**

**Rule 1**

These rules of procedure shall apply to the Compliance Committee, including its enforcement branch and facilitative branch, as defined in the “Procedures and mechanisms relating to compliance under the Kyoto Protocol”, contained in the annex to decision 27/CMP.1. They shall be read together with and in furtherance of these procedures and mechanisms.

**2. DEFINITIONS**

**Rule 2**

For the purposes of these rules section numbers refer to the section so numbered in the annex to decision 27/CMP.1, unless otherwise noted, and:

- (a) “Committee” means the Compliance Committee established by section II, paragraph 1;
- (b) “Plenary” means the plenary of the Committee as set out in section III;
- (c) “Branch” means the facilitative branch or the enforcement branch as set out in sections IV and V;
- (d) “Bureau” means the bureau of the Committee constituted in accordance with section II, paragraph 4;
- (e) “Co-chairpersons” means the chairperson of the enforcement branch and the chairperson of the facilitative branch acting together in the plenary of the Committee in accordance with section III, paragraph 1;
- (f) “Member” means a member of the Committee elected under section II, paragraph 3;
- (g) “Alternate member” means an alternate member elected under section II, paragraph 5;
- (h) “Party” means a Party to the Kyoto Protocol to the United Nations Framework Convention on Climate Change;
- (i) “Party concerned” means a Party in respect of which a question of implementation is raised, as set out in section VI, paragraph 2;
- (j) “Diplomatic agent” means the head of the mission or a designated member of the diplomatic staff of the mission of a Party who is accredited to the host country of the secretariat;

- (k) “Agent” means the Head of State or Government, the Minister of Foreign Affairs, the diplomatic agent or another person duly authorized by the Head of State or Government or by the Minister of Foreign Affairs or, in the case of a regional economic integration organization, by the competent authority of that organization;
- (l) “Representative” means a person designated by the Party concerned to represent it during the consideration of a question of implementation, in accordance with section VIII, paragraph 2;
- (m) “Secretariat” means the secretariat referred to in section XVII.

### **3. MEMBERS**

#### **Rule 3**

1. The term of service of each member and alternate member shall start on 1 January of the calendar year immediately following his or her election and shall end on 31 December, two or four years thereafter, as applicable.
2. Subject to these rules, alternate members are entitled to participate in the proceedings of the plenary or the respective branch to which they belong, without the right to vote. An alternate member may cast a vote only if serving as the member.
3. During the absence of a member from all or part of a meeting of the plenary or of the branch to which he or she has been elected, his or her alternate shall serve as the member.
4. When a member resigns or is otherwise unable to complete the assigned term or the functions of a member, his or her alternate shall serve as a member for the same branch, ad interim.
5. When a member or alternate member resigns or is otherwise unable to complete the assigned term or the functions of a member or alternate member, the Committee shall request the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to elect a new member or alternate member for the remainder of the term at its next session.

#### **Rule 4**

1. Each member and alternate member shall serve in his or her individual capacity and, with respect to any matter that is under consideration by the Committee, act in an independent and impartial manner and avoid real or apparent conflicts of interest.
2. Each member and alternate member shall take and agree to respect a written oath of service before assuming his or her service. The oath of service shall read as follows:

“I solemnly declare that I will perform my duties and exercise my authority as member/alternate member of the Compliance Committee of the Kyoto Protocol established in decision 27/CMP.1 honourably, faithfully, impartially and conscientiously.

“I further solemnly declare that, subject to my responsibilities within the Compliance Committee, I shall not disclose, even after the termination of my functions, any confidential information coming to my knowledge by reason of my duties in the Compliance Committee.

“I shall disclose immediately to the Executive Secretary of the United Nations Framework Convention on Climate Change any interest in any matter under discussion before the Compliance Committee which may constitute a conflict of interest or which might be incompatible with the requirements of independence and impartiality expected of a member or alternate member of the Compliance Committee and I shall refrain from participating in the work of the Compliance Committee in relation to such matter.”

3. Where the Executive Secretary of the United Nations Framework Convention on Climate Change receives any disclosure made in accordance with paragraph 2, he or she shall forthwith notify the bureau. The bureau shall inform the plenary that the member or alternate member will refrain from participating in the work of the Committee in relation to the matter that is the subject of the disclosure.

4. Where the Executive Secretary of the United Nations Framework Convention on Climate Change receives evidence from a Party on circumstances which may indicate a conflict of interest or which might be incompatible with the requirements of independence and impartiality expected of a member or alternate member of the Committee, he or she shall forthwith notify the bureau as well as the member or alternate member concerned. The evidence shall be submitted to the plenary for its consideration, unless the member or alternate member informs the bureau that he or she will refrain from participating in the work of the Committee in relation to the matter to which the evidence relates. The bureau shall inform the plenary that the member or alternate member will refrain from participating in the work of the Committee in relation to the matter that is the subject of the disclosure. Otherwise, the plenary may decide to excuse the member or alternate member from consideration of one or more questions of implementation and the elaboration and adoption of a decision of a branch, after having provided a reasonable opportunity for the member or alternate member to be heard.

5. If the plenary considers that a material violation of the requirements of independence and impartiality expected of a member or alternate member of the Committee has occurred, it may decide to suspend, or recommend to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to revoke, the membership of any member or alternate member concerned, after having provided a reasonable opportunity for the member or alternate member to be heard.

6. All decisions of the Committee taken under this rule shall be noted in the annual report of the Committee to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

#### **4. OFFICERS**

##### **Rule 5**

1. In addition to exercising the powers conferred upon him or her elsewhere in these rules, an officer chairing a meeting shall:

- (a) Declare the opening and closure of the meeting;
- (b) Preside over the meeting;
- (c) Ensure the observance of these rules;
- (d) Accord the right to speak;
- (e) Put questions to the vote and announce decisions;
- (f) Rule on any points of order;
- (g) Subject to these rules, have complete control over the proceedings and maintain order.

2. An officer chairing a meeting may also propose:

- (a) The closure of the list of speakers;
- (b) A limitation on the time to be allowed to speakers and on the number of times they may speak on an issue;
- (c) The adjournment or closure of debate on an issue;
- (d) The suspension or adjournment of the meeting.

3. Any officer chairing a meeting, in the exercise of his or her functions, remains under the authority of the plenary or, as the case may be, of the enforcement branch or facilitative branch.

#### **Rule 6**

1. If a chairperson is temporarily unable to fulfil the functions of his or her office, the vice-chairperson of the relevant branch shall act as chairperson of that branch and co-chairperson of the plenary ad interim.

2. If the chairperson and the vice-chairperson of the same branch are temporarily unable to fulfil the functions of their offices at the same time, the branch shall elect a chairperson for that branch ad interim having regard to section II, paragraph 4.

3. If a chairperson or vice-chairperson of a branch resigns or is otherwise unable to complete the assigned term or the functions of his or her office, the branch shall elect, in accordance with section II, paragraph 4, a replacement from among its members for the remainder of the term of that officer.

### **5. AGENDA**

#### **Rule 7**

1. In agreement with the bureau, the secretariat shall draft the provisional agenda for each meeting of the plenary.

2. In agreement with the chairperson and vice-chairperson of the relevant branch, the secretariat shall draft the provisional agenda of each meeting of that branch.

3. The provisional agenda and draft schedule for each meeting as well as the draft report on the previous meeting shall be circulated to members and alternate members at least four weeks before the opening of the meeting, to the extent possible under the applicable time frames.

4. The proposed agenda of each meeting of the plenary and each meeting of a branch shall include any item proposed by a member.

5. The plenary or a branch, when adopting its agenda, may decide to add urgent and important items and to delete, defer or amend items.

## **6. MEETINGS AND DELIBERATIONS**

### **Rule 8**

Notice of meetings shall be sent to the members and alternate members, as well as any representative, as the case may be, at least four weeks before the opening of the meeting, to the extent possible under the applicable time frames.

### **Rule 9**

1. Subject to paragraph 2, meetings of the plenary and the branches shall be held in public, unless the plenary or branch of its own accord or at the request of the Party concerned decides, for overriding reasons, that part or all of the meeting shall be held in private.

2. Only members and alternate members of the Committee and secretariat officials may be present during the elaboration and adoption of a decision of a branch.

### **Rule 10**

1. With respect to a notification or document sent by the secretariat to a Party, the date of receipt shall be deemed to be the date indicated in a written confirmation from the Party or the date indicated in a written confirmation of receipt by the expedited delivery courier, whichever comes first.

2. With respect to a submission, request, or other document intended for the Committee, the date of receipt by the Committee shall be deemed to be the first business day after receipt by the secretariat.

## **7. USE OF ELECTRONIC MEANS**

### **Rule 11**

1. The Committee may use electronic means for transmission, distribution and storage of documentation, without prejudice to normal means of circulation of the documentation, as the case may be.

2. The Committee may elaborate and take decisions in a written procedure using electronic means, where possible.

3. Any decision in accordance with paragraph 2 of this rule shall be deemed to be taken at the headquarters of the secretariat.

## **8. SECRETARIAT**

### **Rule 12**

1. The secretariat shall make arrangements for meetings of the Committee and provide it with services as required.

2. The secretariat shall make all documents of the plenary and the branches available to the public, subject to section VIII, paragraph 6, as well as any guidance provided by the Committee.

3. In addition, the secretariat shall perform any other functions assigned that the Committee may require or that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol may direct with respect to the work of the Committee.

## **9. LANGUAGES**

### **Rule 13**

1. Without prejudice to section VIII, paragraph 9, the working language of the Committee shall be English.

2. A representative taking part in the proceedings of a branch may speak in a language other than the working language of the Committee if the Party provides for interpretation.

3. Decisions of the branches that are final shall be made available in all official languages of the United Nations, taking into account the provisions of rule 22, paragraph 1.

### *Part 2: Procedures for the Branches*

## **10. GENERAL PROCEDURES FOR THE BRANCHES**

### **Rule 14**

1. A submission by any Party raising a question of implementation with respect to itself shall set out:

- (a) The name of the Party making the submission;
- (b) A statement identifying the question of implementation;
- (c) A reference to the provisions of the Kyoto Protocol and decision 27/CMP.1 that form the basis for raising the question of implementation.

2. The submission should also set out:

- (a) Any provisions of the decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the reports of the subsidiary bodies that are applicable to the question of implementation;
- (b) The information that is material to the question of implementation;
- (c) The branch from which action is sought;
- (d) The action requested from the branch;
- (e) A list of all documents annexed to the submission.

### **Rule 15**

1. A submission by any Party raising a question of implementation with respect to another Party shall set out:

- (a) The name of the Party making the submission;
- (b) A statement identifying the question of implementation;
- (c) The name of the Party concerned;

- (d) A reference to the provisions of the Kyoto Protocol and decision 27/CMP.1 that form the basis for raising the question of implementation;
  - (e) Corroborating information supporting the question of implementation.
2. The submission should also set out:
- (a) Any provisions of the decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the reports of the subsidiary bodies that are applicable to the question of implementation;
  - (b) The branch from which action is sought;
  - (c) A list of all documents annexed to the submission.

#### **Rule 16**

The secretariat shall make the submission and any supporting information submitted under rule 15 available to the agent of that Party.

#### **Rule 17**

Comments and written submissions by the Party concerned in accordance with the provisions of sections VII to X should include:

- (a) A statement of the position of the Party concerned on the information, decision or question of implementation under consideration, including the grounds therefor;
- (b) An identification of any information provided by the Party that it requests not to be made available to the public in accordance with section VIII, paragraph 6;
- (c) A list of all documents annexed to the submission or comment.

#### **Rule 18**

1. Any submission or comment under rules 14, 15 and 17 shall be signed by the agent of the Party and be delivered to the secretariat in hard copy and by electronic means.
2. Any relevant documents in support of the submission or comment shall be annexed to it.

#### **Rule 19**

1. The bureau shall, within seven days from receipt of a question of implementation, decide on its allocation to the appropriate branch. The bureau may allocate questions of implementation by employing electronic means in accordance with rule 11.
2. The secretariat shall forthwith notify members and alternate members of the branch of the question of implementation and send them all available materials.
3. The secretariat shall also notify members and alternate members of the other branch of the question of implementation.

### **Rule 20**

1. Following the preliminary examination, subject to section VIII, paragraph 4, competent intergovernmental organizations and nongovernmental organizations that wish to submit relevant factual and technical information to the relevant branch shall do so in writing.
2. The secretariat shall forthwith notify members and alternate members of the branch of the submission of such information and send it to them.
3. The secretariat shall also notify members and alternate members of the other branch of the submission of such information.

### **Rule 21**

If a branch decides to seek expert advice, it shall:

- (a) Define the question on which expert opinion is sought;
- (b) Identify the experts to be consulted;
- (c) Lay down the procedures to be followed.

### **Rule 22**

1. A preliminary finding or a final decision shall contain, *mutatis mutandis*:
  - (a) The name of the Party concerned;
  - (b) A statement identifying the question of implementation addressed;
  - (c) The provisions of the Kyoto Protocol and decision 27/CMP.1 and other relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol that form the basis of the preliminary finding or final decision;
  - (d) A description of the information considered in the deliberations, including in the case of a final decision, a confirmation that the Party concerned was given an opportunity to comment in writing on all information considered;
  - (e) A summary of the proceedings, including an indication, in the case of a final decision of the enforcement branch, of whether its preliminary finding or any part of it as specified is confirmed;
  - (f) The substantive decision of the question of implementation, including the consequences applied, if any;
  - (g) Conclusions and reasons for the decision;
  - (h) The place and date of the decision;
  - (i) The names of the members who participated in the consideration of the question of implementation, as well as the elaboration and adoption of the decision.
2. Comments in writing on a final decision submitted within 45 days from the receipt of that decision by the Party concerned shall be circulated by the secretariat to the members and alternate members of the relevant branch and shall be included in the Committee's annual report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

### **Rule 23**

1. Any referral of a question of implementation to the facilitative branch in accordance with section IX, paragraph 12, shall be made through a decision by the enforcement branch with a statement identifying the question of implementation and the information on which the question is based.
2. The secretariat shall forthwith notify the Party concerned of the decision.
3. A question of implementation referred by the enforcement branch to the facilitative branch shall not require a preliminary examination.

## **11. PROCEDURES FOR THE FACILITATIVE BRANCH**

### **Rule 24**

1. Subject to section VI and without prejudice to section XVI, the facilitative branch may have a dialogue with the representative of the Party concerned.
2. Subject to sections VI and VII, the representative of the Party concerned may enter into a dialogue with the facilitative branch in order to seek advice and facilitation.
3. The facilitative branch shall receive, through the secretariat, information as required under relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

## **12. PROCEDURES FOR THE ENFORCEMENT BRANCH**

### **Rule 25**

1. In its request for a hearing, the Party concerned may identify:
  - (a) The issues that the Party proposes to raise and any documents that it intends to discuss during the hearing;
  - (b) Any individuals whose expert testimony or opinion it will present at the hearing.
2. The Party concerned, when choosing individuals to represent it during the hearing, should refrain from nominating individuals who were members or alternate members of the Committee in the two years preceding the date of the submission.

### *Part 3: General Provisions*

## **13. AMENDMENTS**

### **Rule 26**

1. These rules of procedure may be amended by a decision of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol in terms of section III, paragraph 2 (d) after the plenary has approved the proposed amendment and reported on the matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

2. Any amendment of these rules approved by the plenary shall be provisionally applied pending their adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

#### **14. OVERRIDING AUTHORITY**

##### **Rule 27**

In the event of a conflict between any provision in these rules and any provision in the Kyoto Protocol or decision 27/CMP.1, the provision of the Protocol or the decision, as the case may be, shall prevail.

*10<sup>th</sup> plenary meeting  
17 November 2006*

## **Decision 5/CMP.2**

### **Adaptation Fund**

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

*Recognizing 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,*

*Recalling Article 12, paragraph 8, of the Kyoto Protocol,*

*Recalling its decisions 3/CMP.1 and 28/CMP.1,*

*Recalling also decisions 5/CP.7, 10/CP.7, 17/CP.7,*

1. *Decides that the Adaptation Fund shall be guided by the following principles:*
  - (a) A share of the proceeds from certified project activities is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation;
  - (b) Access to the fund in a balanced and equitable manner for eligible countries;
  - (c) Transparency and openness in the governance of the fund;
  - (d) Funding on full adaptation cost basis of projects and programmes to address the adverse effects of climate change;
  - (e) The Adaptation Fund should operate under the authority and guidance of and be accountable to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol which shall decide on its overall policies;
  - (f) Accountability in management, operation and use of the funds;
  - (g) No duplication with other sources of funding for adaptation in the use of the Adaptation Fund;
  - (h) Efficiency and effectiveness in the management, operation and governance of the fund;
2. *Decides that the Adaptation Fund shall operate with the following modalities:*
  - (a) Funding for eligible Parties will be available for national, regional and community level activities;
  - (b) Facilitative procedures for accessing funds, including short and efficient project development and approval cycles and expedited processing of eligible activities;
  - (c) Projects should be country driven and should clearly be based on needs, views and priorities of eligible Parties, taking into account, inter alia, national sustainable development strategies, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist;

- (d) Funding shall be available for concrete adaptation projects and programmes in eligible countries;
- (e) Ability to receive contributions from other sources of funding;
- (f) Competency in adaptation and financial management;
- (g) Sound financial management, including the use of international fiduciary standards;
- (h) Clearly defined responsibilities for quality assurance, management and implementation;
- (i) Independent monitoring, evaluation and financial audits;
- (j) Learning by doing;

3. *Decides* that membership of the governing body of the Adaptation Fund shall be from Parties to the Kyoto Protocol, follow a one-country-one-vote rule and have a majority of Parties not included in Annex I to the Convention;

4. *Requests* the Subsidiary Body for Implementation to develop recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session with the aim of adopting a decision on the following issues:

- (a) Eligibility criteria;
- (b) Priority areas;
- (c) Monetizing the share of proceeds;
- (d) Institutional arrangements;

5. *Invites* interested institutions to submit to the secretariat, by 23 February 2007, their views on how they would operationalize this decision;

6. *Requests* the secretariat to compile the submissions mentioned in paragraph 5 above into a miscellaneous document for consideration by the Subsidiary Body for Implementation at its twenty-sixth session;

7. *Requests* the Chair of the Subsidiary Body for Implementation to organize, with the assistance of the secretariat and subject to the availability of resources, consultations among Parties before the twenty-seventh session of the Subsidiary Body for Implementation with the aim of exchanging views on issues defined in paragraph 4 above and recommending possible ways forward.

*10<sup>th</sup> plenary meeting  
17 November 2006*

## Decision 6/CMP.2

### Capacity-building under the Kyoto Protocol

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

*Recalling* the provisions relating to the capacity-building framework for developing countries contained in decisions 2/CP.7 and 29/CMP.1, and related decisions 4/CP.9, 9/CP.9, 2/CP.10, 7/CMP.1,

*Recalling* decisions 2/CP.7 and 2/CP.10 calling on the Conference of Parties through the Subsidiary Body for Implementation, to regularly monitor the progress of the implementation of the framework and report to the Conference of the Parties at each of its sessions,

*Recalling* its decision 29/CMP.1 that required the secretariat to provide reports to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the efforts made to implement the framework for capacity-building,

*Noting* the efforts in capacity-building under the Kyoto Protocol by various Parties and organizations, and the value of sharing best practices and lessons learned at the first informal designated national authorities forum of the clean development mechanism that was convened in Bonn, Germany, in October 2006,

*Recognizing* that the purpose of regular monitoring should be to facilitate assessment of progress made, identification of gaps and effectiveness of the implementation of the capacity-building framework and to support the comprehensive review,

*Taking note* of the relevant sections of the annual report of the Executive Board of the clean development mechanism to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol contained in document FCCC/KP/CMP/2006/4 and Add.1,

*Reaffirming* that the first step of the monitoring process was the establishment of the capacity-building framework, reaffirmed in decision 29/CMP.1,

*Acknowledging* that the implementation of the capacity-building framework is ongoing,

1. *Decides* that the following additional steps will be taken annually to regularly monitor the implementation of activities pursuant to decision 29/CMP.1:

- (a) Parties to be invited to submit information on the activities that they have undertaken pursuant to decision 29/CMP.1;
- (b) Relevant multilateral and bilateral agencies and the private sector to be invited to provide reports on their support of the implementation of the framework undertaken pursuant to decision 29/CMP.1, in accordance with national priorities and with the knowledge of relevant national authorities;
- (c) The secretariat is to produce a synthesis report on progress made in the implementation of activities pursuant to decision 29/CMP.1, drawing upon information contained in subparagraph (a) and (b) above, as well as information on activities of the Executive Board to the clean development mechanism relating to regional distribution of clean development mechanism project activities and related capacity-building;

- (d) Parties to consider the synthesis report as described in subparagraph (c) above as a basis for regular monitoring and as a contribution to the comprehensive review of the capacity-building framework;

2. *Encourages* Parties and relevant United Nations agencies and other organizations to focus on institutional and technical capacity-building activities that are specific to the clean development mechanism consistent with decision 29/CMP.1, with a view to enhancing the capacities of developing countries, in particular those regions and countries with few or no project activities;

3. *Reiterates* the request to Parties to continue with measures to assist Parties not included in Annex I to the Convention, in particular least developed countries and small island developing States, and bearing in mind the difficulties of Africa to attract clean development mechanism projects, to carry out capacity-building activities as defined in decision 29/CMP.1, in order to facilitate their participation in the clean development mechanism;

4. *Encourages* Parties and, as appropriate, relevant international governmental organizations, non-governmental organizations, private sector organizations and others, to facilitate learning by doing and to further strengthen their efforts to support the identification, development and implementation of project activities in Parties not included in Annex I to the Convention wishing to participate in the clean development mechanism.

*10<sup>th</sup> plenary meeting  
17 November 2006*

## **Decision 7/CMP.2**

### **Review of the Kyoto Protocol pursuant to its Article 9**

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

*Being guided by Articles 2, 3 and 4 of the Convention,*

*Pursuant to Article 9 of the Kyoto Protocol,*

*Having completed the first review of the Kyoto Protocol at its second session,*

1. *Concludes* that the Kyoto Protocol has initiated important action and has the potential to make a decisive contribution to addressing climate change;
2. *Further concludes* that the Kyoto Protocol has provided developed country Parties with an opportunity to take the lead in combating climate change and its adverse effects, and that it has fostered cooperative action between developed and developing countries, including through its clean development mechanism, among other positive outcomes;
3. *Acknowledges* that a number of elements of the Kyoto Protocol, in particular adaptation, could be further elaborated upon, and that the implementation of the Protocol could be further enhanced;
4. *Decides* that the second review of the Kyoto Protocol pursuant to Article 9 shall take place at its fourth session in 2008;
5. *Agrees* that the review shall be based on the best scientific information and assessments, including the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, as well as relevant technical, social and economic information;
6. *Further agrees* that the second review shall not pre-judge action that may be decided upon by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and that it shall not lead to new commitments for any Party;
7. *Recalls* that, in accordance with Article 9, paragraph 1, of the Kyoto Protocol, based on the reviews therein, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall take appropriate action;
8. *Decides* to consider the scope and content of the second review at its third session;
9. *Invites* Parties to submit to the secretariat, by 17 August 2007, their views including regarding the scope and content of the second review under Article 9 of the Kyoto Protocol and the preparations required for conducting the review, and requests the secretariat to compile these submissions and to prepare a synthesis thereon for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session.

*10<sup>th</sup> plenary meeting  
17 November 2006*

## **Decision 8/CMP.2**

### **Forest management under Article 3, paragraph 4, of the Kyoto Protocol: Italy**

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

*Recalling* the relevant provisions of decision 16/CMP.1, in particular paragraphs 10, 11 and 12 of the annex to that decision,

*Having considered* submissions by Italy<sup>1</sup> with regard to the reconsideration of the numerical value for forest management inscribed for this Party in the appendix to the annex to decision 16/CMP.1, in accordance with the provisions of paragraph 12 of that annex,

*Decides* that, for the first commitment period, additions to and subtractions from the assigned amount of Italy, resulting from forest management under Article 3, paragraph 4, of the Kyoto Protocol, after the application of paragraph 10 of the annex to decision 16/CMP.1, and resulting from forest management project activities undertaken under Article 6 of the Kyoto Protocol, shall not exceed 2.78 Mt C/year, times five.

*10<sup>th</sup> plenary meeting  
17 November 2006*

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<sup>1</sup> FCCC/KP/CMP/2005/MISC.2 and FCCC/SBSTA/2006/MISC.1.

## Decision 9/CMP.2

### **Privileges and immunities for individuals serving on constituted bodies under the Kyoto Protocol**

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

*Recalling* Articles 6, 8, 12, 13, 17 and 18 of the Kyoto Protocol,

*Recalling* also decisions 3/CMP.1, 9/CMP.1, 11/CMP.1, 22/CMP.1, 27/CMP.1 and 33/CMP.1,

*Recognizing* that Parties have the sovereign authority to establish arrangements relating to privileges and immunities according to their respective national legislation,

*Taking note of* the Agreement, as amended,<sup>1</sup> among the United Nations, the Government of the Federal Republic of Germany and the Secretariat of the United Nations Framework Convention on Climate Change concerning the Headquarters of the Convention Secretariat,<sup>2</sup>

*Recalling* further the Convention on the Privileges and Immunities of the United Nations,<sup>3</sup>

1. *Recognizes* the need for individuals serving on constituted bodies<sup>4</sup> established under the Kyoto Protocol to be able to perform their official functions independently and effectively;

2. *Requests* the Executive Secretary to take action, including through his good offices, where practicable, especially in response to concerns or issues raised by private or public legal entities involved in the mechanisms established pursuant to Articles 6, 12 and 17 of the Kyoto Protocol, to minimize the risks of disputes, complaints and claims against individuals serving on constituted bodies established under the Kyoto Protocol;

3. *Requests* the Executive Secretary to provide advice and assistance to any individual serving on a constituted body established under the Kyoto Protocol with regard to any concerns or issues raised in connection with the exercise of his or her official functions;

4. *Requests* the Executive Secretary to consult, as appropriate, the chair of the relevant constituted body on any concerns or issues referred to in paragraph 3 above;

5. *Requests* the Executive Secretary to contact, as appropriate, the national focal point and the competent authorities of the Party or Parties concerned to discuss the concerns or issues referred to in paragraph 3 above;

6. *Authorizes* the Executive Secretary to incur necessary expenses, subject to the availability of resources, and within his overall budgetary authority, to cover the activities outlined in this decision;

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<sup>1</sup> Signed on 5 December 2005 at Montreal, Canada.

<sup>2</sup> See decision 15/CP.2 and document FCCC/CP/1996/MISC.1.

<sup>3</sup> United Nations Treaty Series, volume 1, page 15, 13 February 1946.

<sup>4</sup> Constituted bodies in this context includes members, alternates and experts of the Executive Board of the clean development mechanism, the Joint Implementation Supervisory Committee and the Compliance Committee, and members and experts of the Article 8 expert review teams.

7. *Requests* the Executive Secretary to include the resource requirements for the activities outlined in this decision in the proposed programme budget for the biennium 2008–2009;
8. *Requests* the Executive Secretary to provide reports to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, as deemed necessary, in particular in the light of any concerns or issues that may arise in relation to constituted bodies established under the Kyoto Protocol;
9. *Invites* Parties to submit to the secretariat, by 23 February 2007, their views on this item for compilation;
10. *Requests* the Subsidiary Body for Implementation to continue consideration of this matter, including the options outlined in document FCCC/SBI/2006/21 and the views of Parties to be submitted in accordance with paragraph 9 above, at its twenty-sixth session, with a view to forwarding a draft decision for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at a future session.

*10<sup>th</sup> plenary meeting  
17 November 2006*

## **Decision 10/CMP.2**

### **Proposal from Belarus to amend Annex B to the Kyoto Protocol**

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

*Acknowledging* the proposal of the Republic of Belarus to amend Annex B to the Kyoto Protocol and to assume a quantified emission reduction commitment,

*Recalling* Articles 3, 20 and 21 of the Kyoto Protocol,

*Recalling also* its decision 32/CMP.1,

*Taking into account* the submission from the Republic of Belarus contained in document FCCC/KP/CMP/2006/2,

*Welcoming* the efforts undertaken and progress achieved by the Republic of Belarus to reduce its greenhouse gas emissions and to comply with the provisions of the Kyoto Protocol,

*Noting* that the Republic of Belarus has provided its written consent for the adoption of an amendment to Annex B to the Kyoto Protocol in accordance with Article 21, paragraph 7, of the Kyoto Protocol, as contained in document FCCC/KP/CMP/2006/9,

1. *Adopts* the amendment to Annex B to the Kyoto Protocol as contained in the annex to this decision;
2. *Welcomes* the decision of the Republic of Belarus not to account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3, paragraph 4, of the Kyoto Protocol and in accordance with decision 16/CMP.1 in the first commitment period;
3. *Also welcomes* that the Republic of Belarus will use any revenues generated from transfers under Article 17 of the Kyoto Protocol for further greenhouse gas emission abatement measures, subject to approval by the relevant authorities of the Republic of Belarus;
4. *Decides* that the Republic of Belarus shall, in the first commitment period, maintain, in its national registry, a reserve of seven per cent of its assigned amount calculated pursuant to Article 3, paragraphs 7 and 8, of the Kyoto Protocol, in addition to the commitment period reserve as calculated in accordance with paragraph 6 of the annex to decision 11/CMP.1;
5. *Invites* Parties to the Kyoto Protocol to ratify, accept or approve the amendment contained in the annex to this decision.

ANNEX

**Amendment to Annex B to the Kyoto Protocol**

The following text<sup>1</sup> shall be inserted between the entries for Austria and Belgium:

Belarus\*

92

*10<sup>th</sup> plenary meeting  
17 November 2006*

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<sup>1</sup> The asterisk below signifies that Belarus is one of the countries undergoing the process of transition to a market economy.

## Decision 11/CMP.2

### Administrative, financial and institutional matters

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

*Having considered* the information in documents prepared by the secretariat on administrative, financial and institutional matters,<sup>1</sup>

*Recalling* the financial procedures for the Conference of the Parties adopted in decision 15/CP.1, which also apply to the Kyoto Protocol,<sup>2</sup>

#### I. Audited financial statements for the biennium 2004–2005

1. *Notes* the audited financial statements for the biennium 2004–2005, the audit report by the United Nations Board of Auditors with recommendations and the comments of the secretariat thereon;
2. *Expresses appreciation* to the United Nations for arranging the audits of the accounts of the Convention and for the valuable audit observations and recommendations;
3. *Urges* the Executive Secretary to implement the recommendations of the auditors, as appropriate;

#### II. Budget performance in the biennium 2006–2007

4. *Notes* the report on financial performance for the period 1 January to 30 June 2006, including the status of contributions to the trust funds of the Convention;
5. *Expresses appreciation* to Parties that have paid their contributions to the core budget in a timely manner;
6. *Also expresses appreciation* for the contributions received from Parties to facilitate the participation of developing country Parties in the Convention process, particularly the least developed countries and small island developing States among them, and for contributions to the Trust Fund for Supplementary Activities;
7. *Encourages* Parties to increase their efforts to contribute to the Trust Fund for Participation in the UNFCCC Process and to the Trust Fund for Supplementary Activities to meet the requirements for 2006–2007;
8. *Requests* the Executive Secretary to provide, in future reports, a more detailed overview of the status of income received and expenditures incurred for each activity covered by supplementary funds;
9. *Reiterates its appreciation* to the Government of Germany for its annual voluntary contribution to the core budget of EUR 766,938 and its special contribution of EUR 1,789,522 as host Government to the secretariat in Bonn;

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<sup>1</sup> FCCC/SBI/2006/14 and Add. 1–2, FCCC/SBI/2006/15 and FCCC/SBI/2006/INF.6.

<sup>2</sup> In accordance with Article 13, paragraph 5, of the Kyoto Protocol.

10. *Notes with concern* the large number of Parties that have not made their contributions to the core budget;

11. *Urges* Parties that have not paid their contributions to the core budget to do so without further delay, bearing in mind that contributions are due on 1 January of each year in accordance with the financial procedures;

### **III. Programme budget for the biennium 2008–2009**

12. *Requests* the Executive Secretary to submit, for consideration by the Subsidiary Body for Implementation at its twenty-sixth session, a proposed programme budget for the biennium 2008–2009, including a contingency for funding conference services, should this prove necessary in the light of decisions taken by the General Assembly at its fifty-ninth session;

13. *Requests* the Subsidiary Body for Implementation to recommend at its twenty-sixth session a programme budget for adoption by the Conference of the Parties at its thirteenth session, and by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session;

14. *Also requests* the Subsidiary Body for Implementation to authorize the Executive Secretary to notify Parties of their contributions for 2008 on the basis of the recommended budget;

### **IV. Implementation of the Headquarters Agreement**

15. *Endorses* the decision of the Conference of the Parties (8/CP.12) to approve the Protocol<sup>3</sup> amending the Agreement among the United Nations, the Government of the Federal Republic of Germany and the secretariat of the United Nations Framework Convention on Climate Change concerning the Headquarters of the Convention secretariat<sup>4</sup> to reflect the entry into force of the Kyoto Protocol.

*10<sup>th</sup> plenary meeting  
17 November 2006*

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<sup>3</sup> The Protocol amending the Agreement among the United Nations, the Government of the Federal Republic of Germany and the secretariat of the United Nations Framework Convention on Climate Change concerning the Headquarters of the Convention secretariat, signed on 7 December 2005.

<sup>4</sup> The Agreement among the United Nations, the Government of the Federal Republic of Germany and the secretariat of the United Nations Framework Convention on Climate Change concerning the Headquarters of the Convention secretariat, signed on 20 June 1996.

## **Resolution 1/CMP.2**

### **Expression of gratitude to the Government of Kenya and the people of the city of Nairobi**

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

*Having met* in Nairobi from 6 to 17 November 2006 at the invitation of the Government of Kenya,

1. *Express their profound gratitude* to the Government of Kenya for having made it possible for the twelfth session of the Conference of the Parties and the second session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to be held in Nairobi;
2. *Request* the Government of Kenya to convey to the city and the people of Nairobi the gratitude of the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for the hospitality and warmth extended to the participants.

*10<sup>th</sup> plenary meeting  
17 November 2006*

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