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

Fifth session

Bangkok, 31 March to 4 April 2008, and Bonn, 2–12 June 2008

Agenda item 3 (a–d)

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

Emissions trading and the project-based mechanisms

Land use, land-use change and forestry

Greenhouse gases, sectors and source categories

Possible approaches targeting sectoral emissions

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

Draft conclusions proposed by the Chair

1. The Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG) took note of the information and views submitted by Parties on the means to achieve mitigation objectives of Annex I Parties.¹ It also took note of the information provided by the secretariat on the provisions of the Kyoto Protocol and decisions by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol relating to the means to reach emission reduction targets of Annex I Parties.²
2. The AWG initiated work on the analysis of means that may be available to Annex I Parties to reach their emission reduction targets and identification of ways to enhance their effectiveness and their contribution to sustainable development and to the ultimate objective of the Convention as set out in its Article 2.
3. The AWG held an in-session thematic workshop on 1–3 April 2008 on the means that may be available to Annex I Parties to reach their emission reduction targets. The Chair and Vice-Chair of the AWG co-chaired the workshop and provided a summary of discussions at its closing. The AWG took note of the views and information presented at the workshop, the summary report by the co-chairs (see annex to this report) and the possible ways to enhance the effectiveness of the means and their contribution to sustainable development that were discussed at the workshop.

¹ FCCC/KP/AWG/2008/MISC.1 and Add.1–3.

² FCCC/KP/AWG/2008/INF.1.

4. The AWG agreed that emissions trading and the project-based mechanisms under the Kyoto Protocol should continue to be available to Annex I Parties as means to meet their emission reduction targets and could be appropriately improved. In considering possible improvements to the mechanisms, due attention should be paid to promoting, inter alia, the environmental integrity of the Kyoto Protocol and the contribution of the mechanisms to sustainable development. It further noted that the use of such mechanisms should be supplemental to the implementation of domestic actions at the disposal of Annex I Parties.

5. The AWG also agreed that measures to limit or reduce greenhouse gas (GHG) emissions and to enhance removals resulting from anthropogenic land use, land-use change and forestry (LULUCF) activities should continue to be available to Annex I Parties as means to reach their emission reduction targets. The AWG noted that some of the definitions, modalities, rules and guidelines relating to LULUCF activities under Articles 3, 6 and 12 of the Kyoto Protocol, as contained in the annex to decision 16/CMP.1, apply only to the first commitment period of the Kyoto Protocol. It acknowledged that further discussions on this issue should take into account the principles that govern the treatment of LULUCF, as set out in decision 16/CMP.1.

6. The AWG acknowledged that the choice and effective use, in accordance with agreed rules and relevant decisions under the Kyoto Protocol where they apply, of means that may be available to Annex I Parties to reach their emission reduction targets depend on national circumstances and the international context.

7. The AWG will continue, at its resumed fifth session and at the first part of its sixth session, its work on the analysis of means that may be available to Annex I Parties to reach their emission reduction targets and on ways to enhance their effectiveness and their contribution to sustainable development. Work undertaken on these issues by the AWG will require the participation of experts and should take into account relevant results achieved and work under way in other bodies and processes under the Convention, especially its Kyoto Protocol. The AWG agreed to consider, with due attention to improving the environmental integrity of the Kyoto Protocol, in particular:

(a) Possible improvements to emissions trading and the project-based mechanisms under the Kyoto Protocol on their scope, effectiveness, efficiency, accessibility, contribution to sustainable development, capacity to generate co-benefits and the transfer of technology;

(b) How to address, where applicable, the definitions, modalities, rules and guidelines for the treatment of LULUCF in the second commitment period;

(c) How approaches targeting sectoral emissions could be used by Annex I Parties as a means to reach their emission reduction targets;

(d) Possible broadening of the coverage of GHGs, sectors and source categories and its implications, based on sound science;

(e) How approaches to limit or reduce emissions of GHGs not controlled by the Montreal Protocol from aviation and marine bunker fuels could be used by Annex I Parties as a means to reach their emission reduction targets, taking into account Article 2, paragraph 2, of the Kyoto Protocol.

8. In the context of its ongoing work, the AWG will also consider the implications for the carbon market, in particular the supply and demand for tradable units under the Kyoto Protocol, resulting from changes to the means that may be available to Annex I Parties to reach their emission reduction targets.
