

37.2 In addition to any criteria adopted by the Parties to this Protocol, the following criteria shall apply to projects:

(a) Projects must be compatible with and supportive of national environment and development priorities and strategies, as well as contribute to cost effectiveness in achieving global benefits;

(b) Projects must provide a reduction in emissions that is additional to any that would otherwise occur.

37.3 *[Additional provisions to be added on calculation, measurement, monitoring, verification, review and reporting.]*

37.4 Any Party that generates tonnes of carbon equivalent emissions allowed consistent with this Article may:

(a) Hold such tonnes of carbon equivalent emissions allowed; or

(b) Transfer any portion thereof to any Party.

37.5 An Annex A or Annex B Party may acquire tonnes of carbon equivalent emissions allowed under this Article for the purpose of meeting its obligations under Article 2, provided it is in compliance with its obligations under Article 3 (measurement and reporting).

37.6 A Party may authorize any domestic entity (for example government agencies, private firms, non-governmental organizations, individuals) to participate in actions leading to generation, transfer and receipt under this Article of tonnes of carbon equivalent emissions.

37.7 Any Party that is neither in Annex A nor Annex B that generates or acquires tonnes of carbon equivalent emissions allowed under this Article shall notify the secretariat annually of the quantity, origin and destination of such tonnes.⁴²

Additional comments

38. *Emission reduction should basically be carried out within each Party's own territory. With regard to CO₂ emission reduction commitments in the period after 2000, a certain portion yet to be determined may be met through joint implementation, whereby a significant part of the commitments must be met through measures within each Party's own territory.^{43 44}*

⁴² Proposal from the USA

⁴³ This in principle also applies to commitments regarding other greenhouse gases.

⁴⁴ Proposal from Germany

Each party's own territory