

gas emission reductions or sink enhancements achieved through specific investments, may transfer to, or receive from, any Party listed in Annex I to the Convention any of the carbon equivalent emissions reductions or sink enhancements resulting from such investments for the purpose of meeting its obligations under Article \_ (*QELROs for developed country Parties listed in Annex I to the Convention*);

29.1 Any Party not listed in Annex I to the Convention may, on a voluntary basis, carry out projects that are additional to what would otherwise occur that limit greenhouse gas emissions or remove greenhouse gases by sinks and reservoirs, in accordance with their national environment and development priorities and strategies. These Parties may decide to define a monetary value for the climate benefits achieved through such projects, and may further decide to transfer any portion thereof to any Party on mutually beneficial and agreed terms. Provided that such transfers are validated by host country acceptance, approval or endorsement, and reported, measured, and assessed in accordance with provisions established by the Parties to the Convention, to be reviewed at the first Meeting of the Parties, such transfers are eligible for accounting under the commitments defined in Article \_ (*QELROs for developed country Parties listed in Annex I to the Convention*) for such Parties which are in compliance with their obligations.<sup>3</sup>]

**H. Possible impacts [on developing countries] of new commitments in the new instrument/socio-economic injuries sustained [by developing countries]**

[30. [Each Party included in Annex I/All Parties] to the Convention shall take fully into account the provisions contained in Article 4.8 in the implementation of policies and measures to achieve these Parties' QELROs.

30.1 The commitments in Article 4.2(a) and (b) of the Convention for developed country Parties/other Parties included in Annex I should be strengthened by establishment of a [concrete compensation] mechanism for [assessing] damages arising from implementation of response measures [on developing countries] [Parties] referred to in Article [4.8] [4.10], in order to provide them with the necessary safeguards.]

**Alternative A**  
(to paragraph 30.2)

[30.2 An appropriate compensation mechanism will be developed later.]

**Alternative B**  
(to paragraph 30.2)

30.2 [The concrete compensation mechanism referred to in paragraph \_ applies to damages directly or indirectly arising from the performance or attempted performance by Annex I Parties of their commitment in this protocol concerning QELROs or policies and

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<sup>3</sup> The above text is to be included in its present form if COP 3 takes a conclusive decision on the pilot phase of activities implemented jointly and progression beyond that. If no conclusive decision is taken at COP 3, the present text should be amended.