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Item 3 (b) of the provisional agenda

**NATIONAL COMMUNICATIONS FROM PARTIES INCLUDED
IN ANNEX I TO THE CONVENTION**

Clarifications, additions and/or amendments to the revised guidelines for the preparation of national communications from Parties included in Annex I to the Convention, the scope of the third national communications, and the scope and modalities of the review process for the third national communications including in-depth reviews, in the context of the Kyoto Protocol

Submissions from Parties

Note by the secretariat

1. At its eighth session, the Subsidiary Body for Scientific and Technological Advice (SBSTA) considered the issue of clarifications, additions and/or amendments to the revised guidelines for the preparation of national communications from Parties included in Annex I to the Convention. The SBSTA requested the secretariat to send a questionnaire to Parties on clarifications, additions and/or amendments to the revised guidelines for the preparation of national communications from Parties included in Annex I to the Convention. In addition, the SBSTA requested Parties to provide submissions to the secretariat answering the questionnaire by 1 February 1999 for compilation into a miscellaneous document (FCCC/SBSTA/1998/6, para. 30 (a) and (b)).

FCCC/SB/1999/MISC.2

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2. At its ninth session, the Subsidiary Body for Implementation (SBI) considered the issue of the scope of the third national communications. It invited Parties to submit, by 1 February 1999, their views on the scope of the third national communications, including their views in their answers to the questionnaire, requested by the SBSTA at its eighth session (FCCC/SBI/1998/7, para. 21 (c)).

3. Also at its ninth session, the Subsidiary Body for Implementation (SBI) considered the issue of the scope and modalities of the review process for third national communications from Annex I Parties. It invited Parties to submit, by 1 March 1999, their views on the scope and modalities of the review process for third national communications from Annex I Parties, including in-depth reviews, in the context of the Kyoto Protocol (FCCC/SBI/1998/7, para. 21 (d)).

4. Submissions* have been received from eight Parties. In accordance with the procedure for miscellaneous documents, these submissions are attached and are reproduced in the language in which they were received and without formal editing.

* In order to make these submissions available on electronic systems, including the World Wide Web, these contributions have been electronically scanned and/or retyped. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

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PAPER NO. 1: AUSTRALIA

Australian submission on clarifications, additions and/or amendments to the revised guidelines for the preparation of national communications by Parties included in Annex I to the Convention and on the scope of third national communications

Introduction

Australia considers that the guidelines for national communications should:

- Require that national communications be comprehensive in scope, covering the full range of a Party's actions to implement its Convention commitments;
- Facilitate national communications that are consistent, transparent and comparable between countries;
- Be easy for countries to follow;
- Provide that where summary information only is provided, that more detailed background information be referenced and, upon request, made available to review teams and other Parties (eg background information on inventories, projections, etc).

Australia is concerned by the shortcomings in national communications identified in the second compilation and synthesis of second national communications, particularly in the light of future requirements needed to operationalise the Kyoto Protocol. In particular Australia is concerned by the information in the second compilation and synthesis of second national communications that there are ongoing problems with:

- consistency between Annex I Party communications;
- transparency in some areas of communications;
- complete adherence to the guidelines.

Australia considers that these shortcomings must be addressed.

The development of tables as well as changes to existing tables used in the present guidelines could contribute towards improving national communications. This applies to all sections of the national communication, with particular emphasis upon the inventory section. Where possible, tables should indicate which units of measurement are required, to facilitate standardised responses from countries.

Scope

At Buenos Aires the COP decided that third national communications from Annex I Parties should be submitted by 30 November 2001, and subsequent communications at 3-5 year intervals.

Given the time which will elapse between national communications (4 1/2 years between second and third national communications), Australia believes that national communications should continue to be comprehensive in their coverage, and include at least the range of information currently required under the Annex I Party national communication guidelines. A comprehensive national communication ensures that other Parties can be confident that they have up to date information on all relevant topics. The interval between submission of national communications should ensure that both repetition from former communications, and the reporting burden, are minimised.

Australia considers that national communications should remain the primary overview of a country's greenhouse activities.

Inventory

Inventories need to achieve highest levels of consistency, transparency and accountability of data. In the future, a high quality of data will be necessary for Parties to ensure that they meet their legally binding targets agreed under the Kyoto Protocol. Parties will require certainty in the rules to be applied in the calculation of their assigned amounts and confidence that other Parties are abiding by these same rules. In addition, sound data is an underlying element of international emissions trading.

The current guidelines for national communications ("UNFCCC guidelines") include requirements for the reporting of the inventory, detailed requirements for which are included in the revised 1996 IPCC guidelines.

Australia considers that the evolving guidelines for the development and reporting of the inventory (under both the Convention and, following entry into force, under the Kyoto Protocol) might usefully be separated from the guidelines for national communications.

Separate rules for the inventory would enable revisions to these rules to be fed at the earliest opportunity into the process of annual submission of inventories due 15 April each year, enabling a more flexible and up to date reporting of inventory information. This streamlining should:

- avoid reopening the contents of the whole national communication each time the inventory guidelines are updated;
- overcome problems of inconsistency between the UNFCCC guidelines and the IPCC 1996 revised guidelines (such as the former not having fixed values for GWPs, and the UNFCCC guidelines requiring submission of standard IPCC tables which are not included in the IPCC 1996 revised guidelines but in the previous version of the IPCC guidelines, etc).

In addition,

- Third national communications are due at the end of 2001. Para 3 of decision 11/CP.4 requires that revised guidelines for national communications be adopted at COP-6, and Australia considers that COP-6 is the latest by which revised guidelines for national communications can be adopted if national communications are to be submitted by the due date. However, there is considerable ongoing methodological and technical work being undertaken to improve inventory calculation and reporting. It would be premature to fix the requirements for inventories before this ongoing work was concluded;
- The status of the rules for the development and reporting of the inventory need to be considered in the light of the Protocol's compliance regime, and work on this is unlikely to be concluded before guidelines for third national communications need to be determined.

However Australia notes that the Convention (Article 12.1(a)) requires that national communications include inventory data (and Article 7 of the Protocol will, after entry into force, also require that they do so). Accordingly, the guidelines for national communications should include a requirement that national communications include an inventory, as developed under the relevant separate rules for reporting national inventories.

The rules for the compilation of the inventory should request information about data collection methods. This is a key requirement to ensure transparency of the inventory. The level of detail of this data collection information, together with supplementary information on methods, emission factors and activities, should be sufficient to create an 'audit trail', which review teams, other Parties and observers may readily follow. Currently countries' inventories employ a range of methods for data collection, which vary across and within sectors, and it is not clear that these are readily reducible to a common reporting format. This is an area in which further work is required to improve reporting methods.

Reporting on financial resources

Australia welcomes the secretariat's initiative to cooperate with OECD Development Assistance Committee in identifying overseas aid projects relevant to the objectives of the Convention. Australia suggests that these consultations might cover bilateral financial assistance as well as financial contributions to multilateral institutions, and attempt to establish a comprehensive overview of funding related to the implementation of the Convention.

Australia suggests that the secretariat inform the SBI about the outcomes of these consultations as, in accordance with decision 11/CP.4, the SBI will provide guidance to the SBSTA in its consideration of reporting requirements for Annex I Parties in relation to the transfer of technology and the provision of financial resources.

Without prejudice to the outcomes of the secretariat's consultations with OECD Development

Assistance Committee, Australia considers that it may be useful to review tables 9 a and b as well as 10 a and b of the revised UNFCCC guidelines for the preparation of national communications by Parties included in Annex I in the light of these consultations. Such a review may be necessary in order to avoid duplications in reporting requirements to international organisations.

In its second national communication, Australia provided information on bilateral financial contributions related to the implementation of the Convention in two consecutive years. This form of reporting provides clear information on developments in funding and may be considered as an alternative to the present tables 9 b and 10 b of the UNFCCC guidelines.

Projections

Australia considers projections to be an integral part of national communications. They should cover as many greenhouse gases and as many sectors as possible, with particular focus upon those sectors that do or will contribute most to a country's greenhouse gas emissions.

When developing projections, Parties should take into consideration the assumptions suggested in table 8 of the 1996 revised IPCC inventory guidelines. Changes to reflect the country's circumstances and data availability may be useful and necessary, but should be explained. Again, the level of detail of data should be sufficient to create an 'audit trail', which others may readily follow. Detailed referencing should also be provided on the models used for projections. It is also important to know in which other areas a model had been applied and with what results. In this context, Australia supports national peer reviews of emissions projections by experienced modellers.

Confidence in projections decreases as the time horizon extends. Australia's second national communication provides emissions projections for all sectors and for all gases until 2020, but in recognition of the uncertain nature of projections clearly points out that projections focus on the year 2010 and should be regarded as illustrative only for later years. Drawing from our own experience, we recommend that projections should not be required to reach more than 15 or 20 years into the future.

Australian views on the scope and the modalities of the review process for third national communications from Annex I Parties, including in-depth reviews, in the context of the Kyoto Protocol.

Review of national communications under the Convention

The first and second national communications from Annex I countries were reviewed in a two step process. First, in-depth reviews (IDRs) were undertaken with teams of experts visiting the reporting countries, and second, desk reviews were carried out through the secretariat, which resulted in the first and second compilation and synthesis reports on national communications.

In-depth reviews as well as desk reviews have proven to be valuable instruments for reviewing national communications under the UNFCCC. Australia considers the in-depth review process important for the following reasons:

- it ensures that inventories and national communications meet the adopted reporting guidelines
- it allows Convention implementation to be confidently assessed
- it provides direct and detailed feedback to Parties preparing communications
- it will become increasingly important in demonstrating progress towards Protocol commitments, and in its current form provides a basis for evaluation of information provided by Parties on their compliance under the Protocol.

Australia has found in-depth reviews of its own national communications to be very helpful, offering external experts' perspectives on national processes and domestic progress and useful guidance to the preparation of further national communications.

Desk reviews provide a useful supplement to in-depth reviews as they allow comparing and aggregating information from different countries. In the past, synthesis and compilation reports have helped to detect shortcomings of national communications, such as inconsistencies between and lack of transparency of communications, and incomplete adherence to the guidelines. Desk reviews make a valuable contribution to the development of guidelines for national communications.

For the review of third national communications Australia supports maintaining both review processes, in-depth reviews, which include country visits through expert teams, as well as desk reviews. However, the review process of third national communications could also provide an opportunity to gain experience with the review of future reporting requirements under the Kyoto Protocol.

Transition to review processes under the Protocol

Requirements under the Protocol are likely to result in some changes in reporting and reviews compared to the Convention.

Article 7.1 of the Kyoto Protocol requests Parties to submit supplementary information with the annual inventory to ensure compliance with Article 3. Article 7.2 requests Parties to incorporate supplementary information in national communications to demonstrate compliance with all commitments under the Protocol. At its first session, the Conference of the Parties serving as a meeting of the Parties to the Kyoto Protocol will establish guidelines for reporting, detailing what information exactly needs to be submitted through both processes. Australia considers this process as a milestone also for the design of a compliance regime, and both strands of reporting as important parts of it.

Article 8 of the Kyoto Protocol requests the establishment of two separate review processes.

Article 8.1 states that information submitted under Article 7.1 “*shall be reviewed as part of the annual compilation and accounting of emissions inventories and assigned amounts*”. Information submitted under Article 7.2 “*shall be reviewed as part of the review of communications*”. Article 8 also states that information submitted under Article 7 shall be reviewed by expert review teams.

While under the Convention inventories are reviewed as part of the national communication in-depth review process, inventory reviews under the Protocol are likely to be more prominent. They will take place separately from the review of national communications and are required annually. Article 8 provides for setting up expert review teams for the review of GHG inventories. It should be noted that an in-depth review of emission inventories is different to a review of national communications as a whole. It is, for example, a more technical process. Australia’s “submission on elements of a review process related to Annex I Parties’ greenhouse gas inventories” provides for more details on these matters.

While it may be premature to address details of reporting and review processes required under the Kyoto Protocol, the review of inventories will become more important than under the Convention. Similarly, emissions projections may require more detailed consideration under the regime of the Kyoto Protocol than under the Convention. The review of third national communications should take this into account.

Considerations for the review of third national communications

Australia considers that the review process for third national communications, while still reviewing the entire scope of national communications, could also provide an opportunity to gain valuable experience for a future review process adjusted to the requirements of the Kyoto Protocol. The in-depth review of third national communications could for example focus on emissions inventories. IDR teams could be asked to reflect on their observations and report their experience with inventory focussed reviews to the SBI.

To this effect, changes may be necessary in planning and staffing of in-depth reviews. IDR teams may need more time to prepare for their mission and a greater emphasis on preparation may be needed. Host countries may need to provide supplementary documentation prior to the IDR team’s visit, in order to enable a more thorough preparation. The secretariat may be asked to ensure that IDR teams include the special expertise needed for reviewing inventories.

PAPER NO. 2: CANADA

Views on the scope and the modalities of the review process for third national communications from Annex I Parties, including in-depth reviews, in the context of the Kyoto Protocol

Context

At its ninth session in Buenos Aires in November 1998, the Subsidiary Body for Implementation (SBI) discussed how the future in-depth review process could be conducted, reported and considered. The SBI invited Parties to submit, by 1 March 1999, their views on the scope and the modalities of the review process for the third national communications, including in-depth reviews, in the context of the Kyoto Protocol. Following submissions from Parties, the SBI requested the secretariat to prepare, for consideration at its tenth session, a document containing suggestions for the future review process, taking into account the views of Parties and the relevant requirements of the Kyoto Protocol. (Reference documents:; FCCC/CP/1998/4; FCCC/SBI/1998/7)

Background

Canada's Second National Report on Climate Change was released in June 1997 and was subject to an in-depth review (IDR) by an international team of experts in May 1998. The review was carried out in an open and transparent manner to ensure that the Conference of Parties had accurate, consistent and relevant information from all Parties at its disposal.

The In-depth Review report presents an accurate perspective of Canada's actions on climate change in early 1997. It presents a balanced view of Canada's ability to meet its commitments under the FCCC.

The review provided Canada with an opportunity to demonstrate its continued work addressing all aspects of the climate change challenge, including: understanding the science of climate change and adaptation; implementing and assessing mitigative policies and measures in all sectors of the Canadian economy; developing comprehensive greenhouse gas inventories and forecasts; international aid; and, facilitating the development and deployment, in Canada and abroad, of climate-friendly technologies and processes.

Issues related to the review process

National communication review process

Canada feels that the existing review process was effective in reviewing and assessing its first and second national communications.

The review process consists of a number of stages, including preparation of the schedule of

visits; selecting team members; assigning tasks to team members before, during and after the country visit and ensuring that proper pre-visit preparations take place; drafting of parts of the report by individual team members during the visit; compiling these parts into a final; sending the final draft for comment to the team members; incorporating their suggestions into the draft; sending it to the host country for comment; incorporating factual corrections made by the host country; and, final editing, translation into official United Nations languages and publication.

Canada's experience with its first two reviews was positive and constructive. Observations and suggestions made by the first in-depth review team, as well as the report itself, helped in improving the quality of information included in Canada's second national communication and our overall reporting capability. The in-depth review of our second national communication has highlighted other opportunities for improvement, which Canada has noted.

In our opinion, this process serves several vital functions. First, it has provided a learning function for Parties, leading to a higher quality of information being included in Parties' second national communications. The process has also contributed to the appraisal of Canada's national climate change activities. Further, the in-depth review of inventories and national communications will provide an important basis for compliance assessment under the Protocol (Article 8.3). Therefore, it would be important and appropriate that the guidelines for reporting and national communications evolve with a view to ensuring the data comparability and precision required to facilitate compliance assessment.

Canada also views the review process as providing a capacity building function. The participation of experts from non-Annex I Parties in the review of national communications from Annex I Parties adds a valuable component to the process of capacity building. Many such experts are or may be involved in the preparation of national communications from their own countries, and experience gained during the in-depth review process will certainly be invaluable.

National Inventories

At COP 4 in Buenos Aires, both the SBSTA and the Subsidiary Body for Implementation (SBI) noted the importance of greenhouse gas emission and removal inventories in tracking progress and in ensuring compliance with the Kyoto Protocol commitments. Of particular importance is the acknowledgment that GHG inventories play a critical role in measuring progress and verifying compliance, reflected in the decision to report them annually, and agreement that a specific set of guidelines are needed on reporting of greenhouse gas inventories separate from those for reporting national communications, which occur much less frequently. (The next national communication is due in November 2001, while annual inventories and supporting information are due each year on April 15th).

Currently, reviews of individual country inventories occur only as part of the in-depth review

of national communications. Canada, along with a number of Parties recognizes the limitations of this existing process. In particular, the in-depth reviews of national communications generally only involve one inventory expert, inventory discussions last at most one day and preparatory work may not be sufficient. In addition to more detailed synthesis and assessment, the review of individual inventories needs to be enhanced. At this stage, individual reviews could serve to improve reliability, accuracy, the quality of inventories for individual countries and identify good practice.

As such, Canada believes that discussions on a review process specific to the national inventory should continue.

National communications

National communications are an important and essential part of our obligation to the Framework Convention on Climate Change (FCCC). Since Kyoto, it would be important and appropriate that the reporting guidelines and the national communications of Annex I Parties evolve toward reflecting the Kyoto Protocol commitments in all areas.

Given the intertwined natures of the in-depth review process and guidelines for national communications, Canada's comments in this submission should be considered in concert with our February 1999 submission to the UNFCCC Secretariat concerning the *Questionnaire on clarifications, additions and/or amendments to the revised guidelines for the preparation of Annex I Party national communications*, (see Annex I).

ANNEX I

Canadian submission to the questionnaire on clarifications, additions and/or amendments to the revised guidelines for the preparation of Annex I Party national communications; and

Views on the scope of third national communications from Annex I Parties.

This submission is in response to the request from the Subsidiary Body for Scientific and Technological Advice (SBSTA), at its eighth session, to the UNFCCC secretariat to send a questionnaire to Parties on any clarifications, additions and/or amendments to the guidelines for the preparation of national communications from Parties included in Annex I to the Convention (FCCC/SBSTA/1998/6).

General comments

As a general response to the UNFCCC questionnaire, it would seem important and appropriate that the National Communications of Annex I countries evolve toward reflecting the Kyoto Protocol commitments in all areas. With regard to timing, it could be done to reflect when the Kyoto Protocol comes into force.

We suggest that a sample national communication using the revised guidelines be prepared and be provided to the Parties. This sample national communication could outline the step-by-step process of collection, analysis and presentation of data/facts. This 'pilot' would likely enhance consistency and ease in preparation, presentation and format of National Communications for Parties.

The addition of a lexicon (i.e. a section devoted to the definition of terms) in the Guidelines which would serve to clarify the terms used in Guidelines and would help in consistent use of terms by the Parties.

Generic questions and issues

- 1. Do the original purposes of the guidelines as identified in part two of this note need reconsideration?*

Comment:

Yes.

The intent of the current UNFCCC Guidelines for Annex-1 National Communications (decision 9/CP.2) is to enable Parties to produce clear and concise reports of their historical and projected emission levels, measures to mitigate emissions, measures to adapt to climate change and activities to promote the participation of non-Annex 1 Parties in the Convention

process. The purpose of this reporting is to allow the UNFCCC secretariat to assess and monitor the progress that Parties are making towards the goals of the Convention. Within the guidelines there are recommendations as to the level of detail expected for this reporting. It appears that Parties are not currently able to meet all of these requirements because of various reasons, one of which is response burden.

In addition, because of the legally binding nature of the Kyoto Protocol obligations, Parties will likely need to develop more detailed national monitoring and reporting systems to track their progress in achieving emission reductions and their ability to participate in the flexibility mechanisms. This will probably require more detailed accounting and greater transparency in reporting along with auditing of the emission calculations. All of these requirements will increase the reporting burden. Therefore, flexibility in how information should be reported in national communications could help ease the burden. For example, it may be more efficient to incorporate summaries of activities under international emissions trading, joint implementation and the Clean Development Mechanism into Parties' National Communications, and append the full reports for activities under these mechanisms, since it is assumed that each mechanism will have its own detailed reporting requirements and means to collect this information. Timing the potential reporting requirements of the Kyoto mechanisms with the timing of national communications will need to be synchronised.

Given all of the above, if Parties are to meet the new obligations of the Kyoto Protocol once it is ratified and enters into force, then they will need to have more detailed accounting of their emissions, as well as of the policies and measures put in place to reduce them. The purpose of the new UNFCCC reporting guidelines should reflect this by providing more precise language and guidance on the implementation of future requirements. However, it should also be recognized in any new reporting guidelines that national circumstances vary. For example, there are instances when detailed, disaggregated information at a measure-by-measure level is not available. In these instances, the estimated *aggregated* effects of a series of measures, based on assumptions provided through analysis and modelling, should be acceptable (see discussion under generic question #2 for further elaboration of this point).

2. Do different sections of the guidelines need different approaches? Are the required formats/tables appropriate? Should new/supplementary formats or tables be elaborated for sections where they are not presently required? Could formats and tables facilitate the presentation of information, provide clarity, transparency and consistency and facilitate consideration of national communications?

Comment:

As a general principle, information provided in tabular format gives greater clarity and comparability to the data. However, this may limit transparency. Tables can often also be provided electronically and easily imported into data handling systems. However, at a national level it is sometimes difficult to fit the available information into the tabular format which is requested. While this is a concern for Parties, it is important to recognise that the

demand on the resources of the secretariat in assessing and monitoring the data will be dramatically reduced if the data are presented in tabular format.

It is also important to understand that national circumstances will dictate the amount of disaggregation which can be provided. In the 1996 version of the Guidelines, Table 1, Appendix III, *Summary of policies and measures: CO₂* (FCCC/CP/1996/15/Add. 1) requires estimates of the mitigation impacts for each policy or measure by each greenhouse gas for each of the years 2000, 2005, 2010, 2020. This information request is not available to all Parties for every measure. For example, in Canada's case there are mitigative measures that have been implemented by the federal government, twelve provincial and territorial governments and dozens of municipal governments, as well as hundreds of individual private sector companies. Detailed data on impacts from thousands of measures and hundreds of programs are not available, nor can the federal government compel that this data be gathered from hundreds of entities for each measure and for each gas.

Moreover, many of the individual measures are inter-related or complementary and data cannot be disaggregated without causing double counting of the mitigative effects. For example, there are regulations for natural gas furnaces for residential dwellings to promote energy efficiency which reduce GHG emissions, but there are also information/suasion programs to influence homeowners to reduce energy consumption, as well as other related programs - all of which together affect the overall energy consumption of the house. The individual effects cannot be disaggregated with accuracy and double counting becomes a problem.

Canada intends to continue following the Secretariat's guidelines by completing these tables to the extent possible. When measure-by-measure disaggregation is not possible, Canada will estimate emission reductions in aggregate based on transparent assumptions about the take up rate of the measures, energy efficiency estimates, measures' interaction and complementary pricing, fuel type use and displacement, etc. Given that this approach is acceptable under the current guidelines, Table 1, Appendix III, *Summary of policies and measures: CO₂* (document FCCC/CP/1996/15/Add.1) should be amended to allow for the presentation of aggregated results where necessary.

On a more general note, it does not seem possible at the outset for countries to provide details on everything requested in the tables. A notation key should be provided to account for these eventualities which could indicate when data were Not Available (NA), Not Occurring (NO) or Included Elsewhere (IE). However, efforts should still be made by countries to build their capacity in this area. This will ensure that eventually all countries will be able to report to a minimum level of detail.

It should also be noted that dates for projecting the effects of the policies and measures should be laid out long in advance of reporting. Many projections are done for ten year intervals, rather than five years, as was requested for the first and second national communications. Also see answer to # 5 regarding reporting on historic emissions.

3. *Should the guidelines request information about data collection methods? What degree of detail should be required and how should such information be presented?*

Comment:

Some general information about data sources and collection would be useful. However, detailed information on such would be an information burden that most jurisdictions would find too onerous and not useful for reviewers. More emphasis should be placed on the quality of the data collected and used. The detail required should be that which provides the Secretariat with some degree of comfort that the estimates are reasonable. If there are specific questions on collection they could be raised during the in-depth review.

4. *Should the current approach employing mandatory and optional reporting of information be continued? Should the present use of terms such as "should", "encouraged", "to the extent possible" continue to be used in the guidelines? If so, what revisions should be made to this means of classification?*

Comment:

If the aim is to obtain useful and honest information, then the original approach should be maintained (i.e. both mandatory and optional). This allows for flexibility to meet individual jurisdictions' circumstances.

5. *How should the current guidelines be modified in view of the Kyoto Protocol? Could modified guidelines be viewed as a transitory step toward requirements under the Kyoto Protocol? If so, what aspects of the guidelines should be adjusted?*

Comment:

The timing of national communications should ideally coincide with Kyoto key dates and be consistent with COP 4 decisions on national communications (Decision 11/CP.4 2(a) – "third communication in 2001 and on a regular basis, at intervals of 3 to 5 years...")

This would mean producing a national communication about 2006 in order to provide a progress report as implied by the Kyoto Protocol (Article 3.2 – "by 2005 have made demonstrable progress in achieving commitments") and annually only inventories of emissions and removal by sinks for the period 2008-2012 if the Protocol enters into force (Article 7.3). If the Protocol has or has not entered into force a communication in 2011 to provide a mid-point review (for 2010) in the Kyoto commitment period 2008-2012, and 2013 to provide an end-point review (2012) of the Kyoto commitment period, may be desirable. In any event, it should be noted that inventories of emissions are often ready only two years after the fact. Such inventory reports may have to be delayed to cover data for the years required or provide data only for earlier years (this is implied in the COP 4 Decision 11/CP.4 Article 2 (b) which requires inventory data on emissions one year prior to the year of

submission).

Reports on the Kyoto Mechanisms could be made, as suggested in response # 1 above.

6. *What schedule should be adopted for revising the guidelines?*

Comment:

This should be done on more of an ad hoc basis, as experience is gained and the Kyoto Protocol evolves. As much advance notice as possible should be given regarding revisions and when they come into effect. If a country has started its national communication under the old guidelines, it should be allowed to continue with them rather than changing in mid-course.

7. *When reporting, should Parties document omitted or partial information required by the guidelines? If so, how?*

Comment:

They should note what information is partial and not available and explain why in the relevant sections of their national communications.

8. *What is the appropriate balance between the transparent provision of information and continuity in the approach adopted, and extensive reporting?*

Comment:

If the aim of national communications is to provide useful information, then this aim may be defeated by demands for extensive reporting and conforming to rigorous rules and formats. Each country faces different circumstances (e.g. federal vs. unitary state, unique data collection capabilities and responsibilities, different forecasting models, different economic assumptions used in analysis, etc.) so that one set of reporting rules and requirements does not fit all. Flexibility in reporting is essential if countries are to report *their* national circumstances according to their capabilities. The essential safeguard in this reporting process is transparency – to be able to understand how conclusions were arrived at and where information is lacking and why.

Supplementary issues raised by the Secretariat:

A unique issue which Parties may wish to consider is that Parties with economies in transition continue to face problems in preparing and reporting GHG inventories and other information required under Articles 4 and 12 of the Convention. Parties may need to consider how the problems faced by these countries should be reflected in any revisions to the guidelines.

Comment:

In the absence of data, countries in transition may have to make qualitative assessments based on clearly articulated assumptions. Again, transparency is essential in order to assess whether the assumptions are realistic.

Another issue which needs consideration is how to enhance completeness, comparability and transparency of reporting through the provision of data in specific formats (eg. inventories, projections, effects of measures, provision of financial resources and transfer of technology), in particular, how the submission of the data in electronic form will facilitate the processing and comparison of the data.

Comment:

Comparability between countries may be a problem at the individual data level or on specific reporting issues in the national communications for reasons cited above. Perhaps for comparison purposes, summary tables on an aggregate level would be useful for comparisons (e.g. historic and forecasted emissions on a CO2 equivalent basis, summary effect of all mitigative measures to date and projected effects, total investments in foreign aid to support the Convention, etc.)

Inventories

Canada feels that since October 1998, many relevant events have taken place which reduce the importance of a response on Inventories. At COP 4 in Buenos Aires, both the SBSTA and the Subsidiary Body for Implementation (SBI) noted the importance of greenhouse gas emission and removal inventories in tracking progress and in ensuring compliance with the Kyoto Protocol commitments. Of particular importance is the acknowledgement that GHG inventories play a critical role in measuring progress and verifying compliance, reflected in the decision to report them annually, and agreement that a specific set of guidelines are needed on reporting of greenhouse gas inventories separate from those for reporting national communications, which occur much less frequently. (The next national communication is due in November 2001, while annual inventories and supporting information are due each year on April 15th).

At COP 4 (Buenos Aires) a decision was made to hold formal discussions on requirements, reporting issues and methodologies related to Inventories separately from those on National Communications. This places more emphasis on Inventories themselves since, as was reinforced in the workshop meetings in Bonn, Inventories are the backbone of all National Communications.

At the Bonn workshop, Parties discussed and agreed on responses to some of the same issues regarding the Inventories which appear in this questionnaire. The group agreed that because

of the importance of emission inventories, particularly in light of the Kyoto Protocol commitments, SBSTA needs to adopt specific guidelines on reporting of annual GHG inventories that are separate from those for reporting of national communications. Given that the reporting by Parties under the current guidelines has not resulted in the Secretariat receiving transparent and comparable data, the group set out a proposal designed to be both cost effective and provide guidance on annual reporting of national inventories and supporting material which meet the principles of transparency, comparability, and completeness and which provide a basis for effective review and verification.

Canada still support the views it expressed at the Bonn workshop.

Projections

1. What is the appropriate level of detail for information provided on projections?

Comment:

The level of detail should include energy related greenhouse gas (GHG) emissions by sector and fuel. On a sector basis, one could track and explain the sources of the changes in GHG emissions. On a fuel basis, one could observe trends in fuel switching (Table 2 of Appendix III of Guidelines for the Preparation of National Communications by Annex I Parties). For non-energy projections, although a finer sectoral/activity breakdown would be desirable, the level of information as currently required in tables 3,4,5 and 6 is adequate.

2. What should the time-frame be (intervals, years) for projections?

Comment:

For reporting purposes, projections should be provided for 2000, 2005, and annually from 2008 to 2012. This would cover the compliance period specified in the Kyoto Protocol. If not possible, then the projections should include 2000, 2005 and 2010 (the mid-way point in the 2008-2012 compliance period) or an average of the 2008-2010 period.

3. How could the transparency of projections be improved? What degree of documentation on models should be provided? Would a uniform reporting format for projections improve transparency?

Comment:

The transparency of projections could be improved if all the key assumptions underpinning the projections are well specified as outlined in Table 8, *Summary of key variables and assumptions in the projection analysis* in Appendix III of the Guidelines (document FCCCC/CP/1996/15/Add. 1). Canada has this information except for new vehicle efficiency

(by vehicle type e.g., compacts sub-compacts, etc.). However, Canada has the average efficiency separately for new cars, light trucks and heavy trucks.

A general description of the modelling framework used to develop the projections would be sufficient (possibly with backup information on price and income elasticities).

If the data are available for all countries, a uniform reporting format for projections for Tables 2 and 8 of Appendix III of the Guidelines (document FCCCC/CP/1996/15/Add. 1) would improve transparency because it would minimize discrepancies due to data inconsistencies and omissions. However, all Parties would have to agree on the uniform reporting format. This uniform format is for reporting purposes only and does not suggest that countries be required to use a common set of assumptions (e.g., one assumption of world oil prices to be used by each country).

4. What improvements could be made with regard to reporting on assumptions? Should Parties use a standard set of assumptions in addition to their preferred assumptions? Should Parties be required to perform sensitivity of major assumptions?

Comment:

Canada's approach has been to be completely transparent about the assumptions (i.e. base case assumptions of energy end-use and expected changes over time in response to collective program efforts) used to develop forecast scenarios. As for monitoring historical performance, our approach has been to develop indicators which allow us to track program activities and outputs that are consistent with the observed market outcomes. Canada is also in the process of developing a more rigorous monitoring and assessment framework that will assess national performance with respect to Canadian GHG emissions in an accurate and transparent way.

Parties should use a standard set of assumptions such as those in Table 8 (once again countries should not be required to use a common set of assumptions) in addition to their preferred assumptions for comparative purposes. Parties should be encouraged to perform sensitivity of major key drivers (e.g., higher/lower GDP growth, world oil prices etc.) but not required.

5. Would the identification of "good practices" help to improve the quality of reporting? If so, what should be the steps toward their development?

Comment:

The identification of "good practices" could help to improve the quality of reporting, but it could be very time-consuming. On the other hand, it could serve as an example to other Parties. How it might be incorporated into the UNFCCC process is an interesting question.

Before the UNFCCC considers further progress in this regard, other international organizations should be consulted to see if such work has already been completed elsewhere.

6. Should Parties be encouraged to perform a peer review of their projections? If so, should the results be included in national communication?

Comment:

In developing its energy and GHG emission projections, Canada goes through an extensive consultative process with stakeholders. While there might not be a consensus on all issues, these are discussed with and understood by stakeholders. Canada does not see the need for peer review of its projections with other Parties beyond the in-depth review process.

Policies and measures

1. Could the reporting on policies and measures be improved? What kind of information should be required? Should reporting be limited in any manner? If so, how?

Comment:

Reporting on policies and measures by Parties has been spotty. This doesn't appear to be a function of the guidance provided in the UNFCCC Guidelines but rather it is related to the lack of data at the national level.

Canada normally has not forecasted nor reported historically on a program by program basis. This is because:

- a) it has been difficult to separate out the influence of a specific program from other factors (ie: income and commodity prices) on the targeted behavioural change;
- b) there has often been more than one program (e.g.: energy efficiency regulations and the EnerGuide labelling program) aimed at influencing the same outcome (e.g. average refrigerator efficiency) and it is difficult to separate out the influence of each program on the change in market outcomes;
- c) similarly, it has been difficult to separate out the influence of programs delivered by other jurisdictions (e.g.: electric and gas utilities and municipal and provincial governments); and
- d) data at the end-use level has been costly to develop.

Therefore Canada has only calculated estimates (past or future) on a measure by measure basis to the extent possible, as required by the current guidelines. Canada's approach has

been to be completely transparent about the assumptions (i.e. base case assumptions of energy end-use and expected changes over time in response to collective program efforts) used to develop forecast scenarios.

The Guidelines could encourage the building of capacity in the area of assessing the effectiveness of policies and measures while recognising that this is a national responsibility. See response to question #2 below for further detail.

2. Should a common, comparable reporting framework, agreed definitions and/or methodologies be developed for evaluating the effectiveness of policies and measures and/or cost of measures? If so, in what framework should information on the effects of measures be reported and compiled to ensure adequate transparency? Could certain indicators be used to estimate the effectiveness of policies and measures and/or cost of measures? Should Parties be further encouraged to report on monitoring systems and status of implementation? Since the collection of data and analysis to determine the effectiveness of measures is done ex post, should reporting be linked to implemented measures on which the Party previously reported?

Comment:

Since policies and measures for reducing emissions are part of the national responsibility, it is unlikely that additional reporting, beyond what is already requested in the current UNFCCC Guidelines, will add value to national communications. As mentioned in the generic comments, Parties are still having difficulties meeting the reporting requirements of the current Guidelines. From the analysis and recommendations below, it would seem that encouragement and guidance on how to implement the current reporting requirements would be the most useful.

Under article 4.2(b) of the Convention, Parties are asked to provide 'detailed' information on the policies and measures taken to reduce greenhouse gases and to report on this in their national communications. The term 'detailed' is not defined specifically, however the UNFCCC Guidelines for national communications (document FCCCC/CP/1996/15/Add. 1) request, in paragraph 23, that reporting of policies and measures be organised by gas and sector and be consistent with the categories set out in the IPCC Guidelines. Paragraph 24 provides guidance on the type of information to be included when reporting on policies and measures. Among this information is a request to give a "quantitative estimate of the mitigation impact of the policy or measure or, if unavailable, a ranking of individual policies and measures according to their relative importance...to the extent possible".

The UNFCCC Guidelines also request that "where possible, the description and evaluation of each policy and measure should examine reductions in all of the relevant gases...". This text provides flexibility for Parties to report policies and measures at an aggregated level and also allows for qualitative information to be provided in place of quantitative. The current UNFCCC Guidelines provide adequate guidance and flexibility for Parties to report on

national efforts to reduce emissions.

As with all reporting guidance, a glossary of terms (definitions) for key technical 'jargon' is useful for ensuring accurate communication. This is especially useful in an international context where the majority of participants may not be native English speakers. Such a glossary should be developed with guidance from the Parties.

Financial resources and transfer of technology

1. With respect to financial resources and transfer of technology and know-how, are the present requirements of the guidelines appropriate/feasible, including the required standard tables?

Comment:

The present guidelines are appropriate with the provision that some information may not be forthcoming due to private companies' limits with respect to confidentiality of information.

2. What specific difficulties were encountered by Parties in providing the information required?

Comment:

There is difficulty documenting private sector activities with respect to technology transfer where there is no government partner or program involved. There is no central registry dedicated to private sector technology transfer to developing countries. To require such reporting by the private sector would impose an information burden and costs which would be deemed unacceptable.

Technology transfer is a difficult area. In Canada's view, technology transfer is primarily a private sector initiative, with some government assistance. Therefore, it is often difficult for governments to quantify exact levels of activity.

It is also important to note that contributions to multilateral organizations are easy to count, but it is much more difficult to determine what effect these had, especially if the results themselves are not well documented, and of course, it is difficult to attribute any results back to a specific donor.

3. Is further clarity necessary with respect to the information required by the guidelines, for example regarding "new and additional" or "hard and soft technologies"? If so, what clarifications are required?

Comment:

Some difficulties are encountered with "hard and soft technologies" in determining how much of technology transfer is climate change related. Articles 42 (d) and 43 of the Guidelines (document FCCCC/CP/1996/15/Add. 1) refer only to "environmentally sound technologies" which are broader than climate change related technologies, although footnote 4 refers to greenhouse gas mitigation and adaptation as examples. Often technologies (hard or soft) are multi-faceted and multi-purposed. Further guidance on what qualifies would be useful.

For example, is there a minimum threshold for greenhouse gas abatement for a technology to qualify or should any technology, whether directly or indirectly affecting emissions reduction no matter what the amount be acceptable? Is an irrigation technology considered an adaptation measure to combat potential future climate change or merely a foreign aid project to meet present water shortages in a particular country? Is capacity building assistance for collecting energy data considered a soft technology which could potentially aid in developing plans for greenhouse gas emissions reductions? Does any such general data gathering training qualify? Where does one draw the line as to what is climate change related?

Further clarification might be given on "new and additional". New and additional with respect to what? What baseline? Does the line move? Is a second donation following a new and additional donation not count as new and additional as the line moved? Perhaps the Secretariat should move towards results measurement rather than measuring inputs and activity. One can invest significant sums of money to no effect, or have an enormous effect with minimum investment.

4. The secretariat, in cooperation with the Development Assistance Committee of the Organisation for Economic Co-operation and Development, is exploring the possibility of introducing a climate change "marker" system to indicate the relevance of official development assistance projects to the objectives of the UNFCCC. Should other indicators or systems be developed to facilitate the reporting of such information?

Comment:

It would be better for the Secretariat to consider what data is already being gathered and reflect on how this already existing data might serve their purposes. In the case of aid agencies, the basic information collected is reflected by the DAC (Development Assistance Committee of the OECD). Additional work in this area could have merit presuming that it builds on already existing knowledge.

5. How could information required about private sector activities be improved? Which indicators could provide useful information on private sector flows?

Comment:

Information about private sector activities could be improved through the reporting requirements associated with Joint Implementation and the Clean Development Mechanism under their rules and modalities. Otherwise it is unlikely governments will impose such reporting requirements, nor will the private sector accept the extra costs that these information requirements would engender.

Supplementary comment:

In general, the requirements for information and data start from an assumption that organizations have the issue of climate change as a top priority when they are creating their data, coding and counting systems. This assumption is not always the case, especially for historical data. The guidelines also assume that countries are, directly or indirectly, involved in activities related to climate change because of their obligations under the FCCC. That assumption is also not necessarily true. Many of Canada's considerable activities, that can be described as supportive of Canada's obligations under the Convention, were undertaken for purposes other than climate change and were therefore recorded and coded according to their primary objectives (e.g. energy conservation).

Organizations that wish to fully respond to the FCCC needs will have to fully re-organize their systems (at great cost and difficulty). Then, when one considers the needs of the other Conventions, Protocols, agreements and their demands and requests, the need for restructuring becomes overwhelming if it was not already so.

Other commitments

- 1. Are the present requirements of the guidelines adequate with respect to reporting on vulnerability assessment, climate change impacts and adaptation measures, research and systematic observation, international cooperation and education, training and public awareness? Should reporting on these elements of the guidelines be mandatory or optional?*

Comment:

Vulnerability assessment and adaptation measures: Parties should be asked to identify regions/sectors considered within their nation as most vulnerable. Reports should also include reference to the state of national research efforts on identifying vulnerabilities and adaptation measures. It would also be helpful to have some level of reporting on the state of implementation of adaptation measures.

PAPER NO. 3: GERMANY

(on behalf of the European Community and its member States)

**SCOPE OF THIRD NATIONAL COMMUNICATIONS AND ON THE
QUESTIONNAIRE BY THE SECRETARIAT ON
CLARIFICATIONS, ADDITIONS AND/or amendments to the revised guidelines for
the preparation of national communications by Parties included in Annex I of the
Convention¹**

Germany on behalf of the European Community and its Member States submits views on the scope of third national communications and responses on the questionnaire by the secretariat sent out on 8 October 1998. This submission is intended to facilitate the discussion at the UNFCCC Workshop on Guidelines for the Preparation of National Communications by Annex I Parties (Bonn, 17-19 March 1999). The EU notes that the outcome of the UNFCCC Workshop on Methodological Issues Related to Greenhouse Gas Inventories (Bonn, 9-11 December 1998) provides useful guidance on the revision of the 1996 FCCC Guidelines, particularly on requirements related to emission inventories.

I. Scope of third national communications

The third national communications should be prepared following guidelines which take into account the needs of the Convention and, to the extent appropriate, the needs of the Kyoto Protocol. The scope of the third national communications should be the same as for the second national communications with extensions where appropriate as indicated in the responses to the questionnaire below. The EU believes that in the third national communications emphasis should be given on the question how an Annex I Party has met its commitments under the Convention, in particular its commitments under Article 4.2 (see also paragraph 1(c) of the 1996 FCCC Guidelines).

II. Responses to the questionnaire (questions are given in bold below)

Generic questions and issues

1. Do the original purposes of the guidelines as identified in part two of this note need reconsideration?

In the view of the EU the original purposes of the 1996 FCCC Guidelines should be extended.

In general the FCCC Guidelines should meet the needs of the Kyoto Protocol as well as those

¹ Abbreviated as 1996 FCCC Guidelines

of the Convention. As a first step, the FCCC Guidelines to be adopted at COP5¹ should take into account information requirements for the third national communications and, to the extent appropriate, information requirements for subsequent national communications and requirements of the Kyoto Protocol.

The extension of the purposes should include the following issues:

- In the list of criteria in the 3rd line of paragraph 1(b) of the 1996 FCCC Guidelines, accuracy and completeness should be added as important criteria for the presentation of information. Definitions or clearer explanations regarding all these criteria should be provided.
- To the extent possible, reporting requirements with respect to Article 3.2 of the Kyoto Protocol, according to which Parties shall, by 2005, have made demonstrable progress in achieving their commitments under the Protocol, should be included in the 1999 FCCC Guidelines.

In the view of the EU all Annex I Parties should provide their information in the same format even if they are not (yet) Parties to the Kyoto Protocol to facilitate a comparison of information provided by different Parties.

2a. Do different sections of the guidelines need different approaches?

Yes. The drafting of each section of the 1999 FCCC Guidelines should take into account the requirements of the 1996 FCCC Guidelines, the experience of Parties in using the 1996 FCCC guidelines and the requirements of the Kyoto Protocol and should take into consideration requirements for providing information annually, in particular inventory data. In this context, it is suggested to divide the FCCC Guidelines into parts dealing with separate documents, at least one part dealing with annual inventory data and one part dealing with national communications (while the inventory data in the third national communications should not update the inventory data that Parties had provided by 15 April 2001). As a consequence several paragraphs in the section cross-cutting issues of the 1996 FCCC Guidelines need to be restructured in order to separate paragraphs dealing with annual inventories from other issues like projections.

2b. Are the required formats/tables appropriate?

The EU believes that the existing requirements are broadly suitable for reporting under the Convention, as long as Parties comply with the formats/tables according to the 1996 FCCC Guidelines. Future formats/tables should take into account requirements under the Kyoto Protocol which will inter alia depend on the modalities, rules and guidelines to be agreed under relevant Articles of the Kyoto Protocol.

¹ Abbreviated as 1999 FCCC Guidelines

2c. Should new/supplementary formats or tables be elaborated for sections where they are not present required?

New/supplementary formats or tables should be elaborated for example in correspondence to the modalities, rules and guidelines to be agreed under the relevant Articles of the Kyoto Protocol and the requirements under Article 3.2 of the Kyoto Protocol. See also responses to questions which follow.

2d. Could formats and tables facilitate the presentation of information, provide clarity, transparency and consistency and facilitate consideration of national communications?

Yes. Tables are standard formats provided for precisely these purposes. At the UNFCCC Workshop on Methodological Issues Related to Greenhouse Gas Inventories (Bonn, 9-11 December 1998) the need for improving formats for the communication of inventory data taking into account the work of the IPCC on good practices was discussed. Electronic reporting formats should also be considered. See also responses to questions above.

3. Should the guidelines request information about data collection methods? What degree of detail should be required and how should such information be presented?

In the view of the EU such information should be provided. Information on data collection methods might be of interest in particular with respect to inventory data. An answer to that question should take into account the results of the ongoing IPCC work programme on managing uncertainty in national greenhouse gas inventories. This information would be also part of the supplementary information under Article 7 of the Kyoto Protocol and might be relevant for the guidelines for national systems for the estimation of inventory data under Article 5 of the Kyoto Protocol.

4a. Should the current approach employing mandatory and optional reporting of information be continued?

The approach should be continued in principle. However, the work should focus on the mandatory reporting requirements.

4b. Should the present use of terms such as „should“, „encouraged“, „to the extent possible“ continue to be used in the guidelines? If so, what revisions should be made to this means of classification?

It would be helpful to revise the language of the 1996 FCCC Guidelines to make it more clear and precise, e.g. by definitions to give a clear understanding which requirements are mandatory and which are optional ones.

5a. How should the current guidelines be modified in view of the Kyoto Protocol?

Reporting requirements under the Kyoto Protocol will inter alia depend on the modalities,

rules and guidelines to be agreed under the relevant Articles of the Kyoto Protocol. See also response to answer 1 above.

5b. Could modified guidelines be viewed as a transitory step toward requirements under the Kyoto Protocol? If so, what aspects of the guidelines should be adjusted?

The 1999 FCCC Guidelines are seen as a very useful step toward requirements under the Kyoto Protocol, as indicated in the response to question 1. This step is dependent on the progress of the ongoing IPCC work programme on national greenhouse gas inventories and the progress made within the work programme of SBSTA and other relevant parts of the work programme agreed at COP4.

6. What schedule should be adopted for revising the guidelines?

The EU recalls the conclusions of SBSTA 8 (see para. 30(c) of FCCC/SBSTA/1998/6) and is of the view that a revision of the guidelines for the third national communications should be adopted at COP5. Pursuant to decision 8/CP.4 the guidelines under Article 7 of the Kyoto Protocol should be completed by COP6.

7. When reporting, should Parties document omitted or partial information required by the guidelines? If so, how?

It would be very helpful if Parties would identify and document omitted or partial information, at least for essential parts of reporting.

8. What is the appropriate balance between the transparent provision of information and continuity in the approach adopted, and extensive reporting?

At this stage it might be too early to answer that question. It is one of the merits of the stepwise approach that Parties get more and more experience in implementing the Convention and the Kyoto Protocol and that further revisions of the FCCC Guidelines will be based on experience. In the EU's view it is possible that documentary references could replace detailed information in some areas, provided adequate quality assurance/quality control (QA/QC) procedures were in place to ensure access to the detailed information itself, if required. However, Parties would have to agree to areas where this would be acceptable.

Inventories

1. The guidelines presently allow flexibility in the estimating of GHG inventories, including the recalculation of base year inventories. Should changes to the base year inventory be allowed? If so, under what circumstances?

The EU provided its preliminary view on this issue in the submission on options and related questions included in FCCC/SBSTA/1998/8 (see para. 19 of that submission). The EU plans

to update this view in the light of the outcome of the UNFCCC Workshop on Methodological Issues Related to Greenhouse Gas Inventories (Bonn, 9-11 December 1998) by 1 March 1999.

EU views relevant to this issue are also contained in documents FCCC/SBSTA/1998/MISC.6 and FCCC/SBSTA/1998/MISC.2.

2a. What should be the purposes of supplementary information on methods, emission factors and activities?

The EU provided its preliminary view on this issue in the submission on options and related questions included in FCCC/SBSTA/1998/8 (see paras 20 and 24 of that submission). The EU plans to update this view in the light of the outcome of the UNFCCC Workshop on Methodological Issues Related to Greenhouse Gas Inventories (Bonn, 9-11 December 1998) by 1 March 1999.

2b. Should this supplementary information be the same for all years and source categories? If not, for which years and source categories should more detailed information be provided?

The EU provided its preliminary view on this issue in the submission on options and related questions included in FCCC/SBSTA/1998/8 (see para. 21 of that submission). The EU plans to update this view in the light of the outcome of the UNFCCC Workshop on Methodological Issues Related to Greenhouse Gas Inventories (Bonn, 9-11 December 1998) by 1 March 1999.

Projections

1. What is the appropriate level of detail for information provided on projections?

The EU believes that the current level of detail on projections is broadly satisfactory although it could be reconsidered for some sectors, provided any necessary changes are made so that the emissions and removals covered are those corresponding to commitments under Article 3 of the Kyoto Protocol.

2. What should the time-frame be (intervals, years) for projections?

The EU believes that projections should be made for

- 2005 (for the commitment under Article 3.2 of the Kyoto Protocol),
- 2010, 2015 and 2020 (to cover future commitment periods) and
- the first commitment period on the basis of the above mentioned projections.

3. How could the transparency of projections be improved? What degree of documentation on models should be provided? Would a uniform reporting format for

projections improve transparency?

The existing reporting format is a good basis. The requirements of paragraphs 37 and 38, of Appendix I and of Appendix III, Table 8 of the 1996 FCCC Guidelines should be reassessed with a view to improved transparency in reporting projections. The Secretariat is probably well placed to bring forward proposals for revising these requirements, because of its experience with in-depth reviews of national communications.

Possible improvement include:

- a) In addition to the emission and removal figures also the corresponding figures for activities (e. g. energy consumption split into fuels) and emission factors should be provided as well. Emission factor and activity data should be consistent with the inventory calculations.
- b) The information required by Appendix I of the 1996 FCCC Guidelines should be given in tables which could be merged with Table 8 of Appendix III. These tables should have a clear structure (for example the fourth but last row of Table 8 includes primary energy demand which is an output and not an assumption).
- c) Key data of the type in Table 8 of Appendix III should be provided for gases other than CO₂.

A uniform reporting format should be developed for this extended information and a short description of the model used should be provided, together with documentary references to where a full model description can be found. In addition a sensitivity analysis should be reported to show how projections vary with a range of input assumptions including data from international sources.

4. What improvements could be made with regard to reporting on assumptions? Should Parties use a standard set of assumptions in addition to their preferred assumptions?

See answer to question above.

5. Would the identification of „good practices“ help to improve the quality of reporting? If so, what should be steps toward their development?

The 1999 FCCC Guidelines should themselves define good practice in the context of reporting projections. The work programme following COP4 should seek to achieve this. Key points include:

- a) Projections should aim to be consistent with the inventory calculation.
- b) Although the disaggregation used for projections will probably be less detailed than the disaggregation used in the inventory, the projections total should cover the same categories as the inventory, and the disaggregated projections should be understandable in terms sub-aggregations of the inventory source categories.

c) See answer to question 3.

6. Should Parties be encouraged to perform a peer review of their projections? If so, should the results be included in national communications?

Peer review performed nationally would be a useful element in helping to ensure transparency and reliability of national projections and Parties should be encouraged to include the results of such reviews in their national communications.

7a. Do definitions of „with measures" and „without measures" need to be clarified? If so, what should the definitions be? If „with measures" projections include only implemented measures, should separate projections be provided to consider measures whose implementation is anticipated?

The with measures projection should be defined clearly to include only the effect of measures that have been implemented or committed to. The EU believes that an additional projection, including the effect of measures that are planned but not yet implemented or committed to, should be submitted.

With respect to without measures projections, the EU notes that the 1996 FCCC Guidelines (paragraph 28) require a baseline projection, indicating, using table 1 of Appendix III, which measures are included and which measures are additional to these baseline projections. Therefore it might be more appropriate to use the term baseline projection instead of without measures projection.

7b. Should indicators or milestones be identified?

The EU welcomes the identification of indicators or milestones to monitor the implementation of measures and notes that paragraph 24 (f) and Table 1 of Appendix III of the 1996 FCCC Guidelines already require information on monitoring through intermediate indicators of progress for policies and measures.

8. What kind of information, if any, should be provided by Parties which use adjusted inventory data as the basis for their projections?

The 1999 FCCC Guidelines should maintain the fundamental relationship between actual historical emissions (including base year emissions) and projected actual emissions. Adjusted inventory data may be useful for the purposes of interpretation. Parties which use adjusted inventory data as the basis for their projections should report these data in a transparent manner, with clear indication of the method followed (see para. 12 of the 1996 FCCC Guidelines).

Policies and measures

1. Could the reporting on policies and measures be improved? What kind of information should be required? Should reporting be limited in any manner? If so, how?

The EU believes that reporting on policies and measures should be improved. Improvements should include:

- a) The reporting requirements with respect to Article 4.2 (e)(ii) of the Convention should be improved.
- b) Reporting requirements with respect to Article 4.2 (e)(i) of the Convention should be included in the 1999 FCCC Guidelines.
- c) Paragraph 23 of the 1996 FCCC Guidelines should be reviewed in the light of Annex A of the Kyoto Protocol that outlines sectors/source categories for greenhouse gases covered by the Protocol.
- d) Table 1 in Appendix III of the 1996 FCCC Guidelines could be extended to include information on costs of measures (see paragraph 24(h) of 1996 FCCC Guidelines).
- e) Information on methodologies used to evaluate the effectiveness of policies and measures should be required by the 1999 FCCC Guidelines.

The additional reporting requirements in the 1999 FCCC Guidelines should also allow to assess the fulfilment of the commitments according to Article 2 of the Kyoto Protocol, to the extent appropriate. The EU plans to make further proposals in its submission requested by Parties by 15 August 1999 on "best practices" in policies and measures.

In the view of the EU the purpose of the workshop on "best practices" in policies and measures (which is to be held between COP5 and COP6) should also be to consider the information available on indicators/methods to assess the implementation of policies and measures and to develop reporting guidelines on this issue as well as to identify areas of future enhanced co-operation to facilitate the implementation of policies and measures. This work should feed into work on the guidelines for the preparation of information under Article 7.2 of the Kyoto Protocol which should be completed by COP6.

2. Should a common, comparable reporting framework, agreed definitions and/or methodologies be developed for evaluating the effectiveness of policies and measures and/or cost of measures? If so, in what framework should information on the effects of measures be reported and compiled to ensure adequate transparency? Could certain indicators be used to estimate the effectiveness of policies and measures and/or cost of measures? Should Parties be further encouraged to report on monitoring systems and status of implementation? Since the collection of data and analysis to determine the effectiveness of measures is done ex post, should reporting be linked to implemented measures on which the Party previously reported?

In general, the EU supports the items addressed in the questions. These questions should be

addressed in detail after the workshop on "best practices" in policies and measures and thereafter. See answer to question 1 above.

Financial resources and transfer of technology

1. With respect to financial resources and transfer of technology and know-how, are the present requirements of the guidelines appropriate/feasible, including the required standard tables?

The EU recalls decision 11/CP.4 (National communications of Annex I Parties, para. 12), in which SBSTA is invited to consider the means by which the reporting requirements might better identify and reflect the range of actions being taken by Annex II Parties. However, the EU feels that the present requirements are appropriate, in general. With respect to transfer of technologies, further steps will be taken: Decision 4/CP.4 (Development and transfer of technologies, para. 8 (b)) urges Annex II Parties to provide a list of environmentally sound technologies and know-how related to adaptation to and mitigation of climate change that are publicly owned, as appropriate. In addition to national reporting, there are new reports under preparation (Secretariat Technical Papers on terms of transfer and adaptation technologies and the IPCC Special Report on Technology Transfer). They will contribute substantially to the understanding of technology transfer issues

2. What specific difficulties were encountered by Parties in providing the information required?

In the view of the EU one main difficulty is that transfer of technology as well as of financial resources takes place between private companies and not between governments.

3. Is further clarity necessary with respect to the information required by the guidelines, for example regarding „new and additional" or „hard and soft technologies"? If so, what clarifications are required?

In the view of the EU, the current requirements seem to be sufficient.

4. The secretariat in co-operation with the Development Assistance Committee of the Organisation for Economic Co-operation and Development, is exploring the possibility of introducing a climate change „marker" system to indicate the relevance of official development assistance projects to the objectives of the UNFCCC. Should other indicators or systems be developed to facilitate the reporting of such information?

For the time being, priority should be given to the definition of the climate change marker system. No additional indicator should be developed. Nevertheless, we would suggest to develop a common view on a number of markers related to other Conventions (Biodiversity, Desertification etc.), as discussed in the DAC, in order to create a practicable and easy-to-use marker system for all ODA projects.

5. How could information required about private sector activities be improved? Which indicators could provide useful information on private sector flows?

This issue could be addressed in the consultative process agreed in decision 4/CP.4 (Development and transfer of technologies). In addition, the EU is of the view that, given the great number of ongoing technology transfer in the private sector, national reporting necessarily has to concentrate on case studies and best practice examples. In this context, Table 11 of Appendix III of the 1996 FCCC Guidelines is relevant.

Other commitments

1. Are the present requirements of the guidelines adequate with respect to reporting on vulnerability assessment, climate change impacts and adaptation measures, research and systematic observation, international co-operation and education, training and public awareness? Should reporting on these elements of the guidelines be mandatory or optional?

The present requirements should be amended to a certain extent.

In this regard, the EU recalls the conclusions of SBSTA 8 (FCCC/SBSTA/1998/6, para. 37 (g)), in which the SBSTA requested the secretariat to explore more rigorous reporting guidelines on Art. 6 for national communications. The EU believes that e. g. the comparability of the information could be increased.

In addition, the EU recalls decision 14/CP.4 and believes that reporting on the funding of activities on global observing systems should be required.

2. Should information of a basic nature, including national circumstances, be required on a mandatory basis? Are the basic data elements suggested in the guidelines sufficient?

In the view of the EU, the current requirements seem to be sufficient.

SCOPE AND MODALITIES OF THE REVIEW PROCESS FOR THE THIRD NATIONAL COMMUNICATIONS, Including in-depth reviews, in the context of the Kyoto Protocol

Germany on behalf of the European Community and its Member States submits views on the scope and modalities of the review process for the third national communications, including in-depth reviews, in the context of the Kyoto Protocol (cf. FCCC/SBI/1998/7, para. 21 (d)) and on elements of a review process related to greenhouse gas inventories, including in-depth reviews (cf. FCCC/SBSTA/1998/9, para. 51 (f)). The EU intends to submit further views at a later stage. The EU suggests holding a FCCC workshop on the review process similar to the FCCC workshop to be held in Bonn (17-19 March 1999) on the guidelines for the preparation of national communications by Parties included in Annex I of the Convention to be adopted

at COP5¹.

The EU recalls that pursuant to decision 11/CP.4 revised guidelines for the review process should be adopted at COP6² and that the third national communications should be subject to an in-depth review in accordance with the revised guidelines. The EU also recalls that pursuant to decision 8/CP.4 guidelines for the review of implementation by expert teams under Art. 8 of the Kyoto Protocol should be completed by COP6, i.e. a recommendation by COP6 of a draft decision for adoption by COP/MOP1.

In general, the FCCC Review Guidelines should meet the needs of the Convention as well as those of the Kyoto Protocol. In the view of the EU the 2000 FCCC Review Guidelines should consist of two parts, one part dealing with the review of annual inventory data and the other part dealing with the review of national communications. This is in line with the EU suggestion to divide the FCCC Reporting Guidelines into separate documents This also reflects the following provisions in Art. 8.1 of the Protocol:

- the review of the information submitted under Art. 7.1 as part of the annual compilation and accounting of emissions inventories and assigned amounts, and
- the review of information submitted under Art. 7.2 as part of the review of communications.

In the view of the EU the two parts of the review process would need different approaches.

1. General remarks

The review process for the third national communications should be based on the provisions according to decision 2/CP.1 and take into account the additional needs of the Protocol. The 2000 FCCC Review Guidelines should reflect the 1999 FCCC Reporting Guidelines. As with the 1996 FCCC Reporting Guidelines, the 2000 FCCC Review Guidelines could be annexed to the relevant COP6 decision.

¹ Abbreviated as 1999 FCCC Reporting Guidelines

² Abbreviated as 2000 FCCC Review Guidelines

2. Scope of the review process

The EU believes that in the review process emphasis should be given on the question how an Annex I Party has met its commitments under the Convention, in particular its commitments under Art. 4.2. The review process could also provide an assessment of the steps taken and planned to implement the Protocol commitments. It would be inappropriate at this stage to try to foresee in detail the reporting requirements that will emerge from the work programme agreed in Buenos Aires. Nevertheless the EU believes that aspects of the scope of the review process of third national communications under the Convention that are likely to be of increased significance in the context of the Protocol include:

1. the extent to which Parties have conformed to the Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories³ in preparing national inventories, and to any good practice guidelines that have been agreed in the context of the 1996 IPCC Guidelines, and
2. the way in which Parties are reporting information that will be needed to demonstrate progress in accordance with Art. 3.2 of the Protocol in implementing policies and measures in accordance with Art. 2 of the Protocol including by the use of intermediate indicators of progress for policies and measures and the quantification called for under para. 24 (f) and (g) of the 1996 FCCC Reporting Guidelines.

In addition, the future review process should address the extent to which Parties have conformed to the principles, modalities, rules and guidelines for the Kyoto mechanisms.

3. Modalities of the review process

The modalities of the review process should continue to include visits by in-depth review teams. In addition the EU would be in favour of a status report to be produced by the FCCC Secretariat covering date of submission, completeness and other aspects which could be reviewed routinely or automatically.

The Protocol adds additional tasks for the review process and the expert review teams. In the EU's view there is a need to assess how additional tasks and existing ones can be integrated and how the review process can be improved in order to limit the work load for the expert review team. In addition, the secretariat could consider ways and means to enhance the knowledge of these experts, e. g. through further guidance to the experts before the visit. Furthermore, the EU believes that a good preparation of the expert review before country visit is important. Before the visits, the expert review teams could identify questions and potential problems with respect to the implementation of the commitments with the assistance of the secretariat. The identified questions should be communicated in advance to the Parties to give them time to prepare lacking information or other possible responses. In accordance with Art. 8.3 of the Protocol the country visit could focus on key aspects of assessing the

³ Abbreviated as 1996 IPCC Guidelines

assessing the implementation of the commitments and identify potential problems in, and factors influencing, the fulfilment of the commitments.

PAPER NO. 4: NEW ZEALAND

**Clarifications, additions and/or amendments to the revised guidelines
for the preparation of national communications by Parties included in
Annex I to the Convention**

New Zealand response to questionnaire by the secretariat

Generic questions and issues

1. The original *purposes* of the guidelines as identified in part two of the questionnaire document with respect to reporting under the FCCC do not need reconsideration i.e. they assist Annex I Parties to meet commitments under Articles 4 and 12, they facilitate the consideration and synthesis of the information so provided, and assist the COP carry out its responsibilities to review the implementation of the Convention and the adequacy of Articles 4.2 (a) and (b). The extent to which they actually meet these purposes is one of the reasons for considering revisions.

Also to be examined is the extent to which the guidelines will serve the purposes of requirements for reporting under the Kyoto Protocol. This point is recognised in the secretariat questionnaire.

2. Different sections of the guidelines will need different approaches. This has already been recognised for the part of the guidelines covering the submission of greenhouse gas inventory data (with an expert workshop having been held in December 1998). The existing formats/tables are useful, and the summary of important information into standard format tables does assist the process of compilation and synthesis.

3. Information about data collection methods could be a useful addition where appropriate, and would increase the transparency of information presented. This need not be very lengthy, but should say where the data is from, how it was collected, and how often it is updated. It could be as simply put as noting, for example, that the data is from national statistics compiled from a survey of (x) conducted every two years.

4. There does need to be a change with regard to mandatory and optional reporting of information. The fact that some Parties (for what ever reason) choose not to provide some information (e.g. carbon removals by forest sinks), or choose not to provide information in tabular format makes the comparison of information difficult, and the compilation and synthesis task harder than it should be.

The terms "should", "encouraged" and "to the extent possible" are all somewhat ambiguous - even "should" can be defined as "a tentative suggestion". It would perhaps be useful to include definitions of terms as part of the guidelines, or the information to be reported could be classified as mandatory or optional to eliminate any ambiguity. Recognising the individual circumstances of Parties, where Parties are unable to comply with a mandatory

requirement, the guidelines should clearly request Parties to provide an explanation as to the reason for this. Such an explanation could also include information as to when in the future the Party expects it might have the data.

5. It is likely that some modification of the guidelines will be needed in light of the Kyoto Protocol. It seems sensible that the current review of the guidelines take into account the reporting requirements of the Protocol to the extent possible at this stage, given that the issue of compliance is yet to be negotiated. As inventory reporting will be at the heart of reporting/compliance under the Protocol, the current review of the guidelines with respect to clarifying the requirements for the provision of inventory information could be viewed as a transitory step towards requirements under the Protocol.

The Protocol makes mention of the term "necessary supplementary information" in Article 7.1 "for the purposes of ensuring compliance with Article 3", which covers not only matters relating to the commitment period, but also demonstrable progress by 2005 (Article 3.2). It is a reasonable expectation that the guidelines will evolve to cover reporting on Article 3. However, until issues relating to compliance are worked through it is difficult to know where the adjustments to the guidelines will be needed, but the likelihood is that these will be in the areas of the effects of policies and measures, and in inventory reporting as already noted. In addition, reporting formats and guidelines will need to be developed for the Kyoto (flexible) mechanisms.

6. In our view, revision (or evolution) of the guidelines has two parts: revisions needed for third national communications and revisions needed in light of the new obligations contained in the Kyoto Protocol, including the requirement to have made demonstrable progress by 2005. Any revisions need to be completed far enough in advance of reporting dates to enable Parties to have sufficient lead time to implement them.

7. As noted under 4 above (in the discussion of mandatory reporting) if Parties omit information, or only provide partial information, an explanation is useful for transparency purposes. The approach taken with inventory notation (i.e. "not estimated", "not occurring", "partial estimate" etc) could have some relevance when reporting other information. Clarification on the appropriate use of inventory notation could also assist Parties.

8. Sufficient information needs to be provided to gain a good sense of what a Party has done towards meeting its commitments. To a large degree the amount of information provided will be at the discretion of Parties, understanding that problems arising because of insufficient information or documentation will be identified in the in-depth review process. The current guidelines allow for additional or supporting information to be supplied in the main document or through other documents such as a technical annex. It is desirable from a user's point of view for all the information to be concisely presented in a single document.

How to obtain the balance between transparent provision of information and extensive reporting is a difficult question. Perhaps this "balance" is something that is learnt with

experience. After submission of New Zealand's first national communication the secretariat requested that we supply them with copies of a significant number of separate papers and reports which supplemented and explained matters within the communication. Preparation of our second national communication took this experience into account, resulting in a much more comprehensive document that attempted to provide all the background information necessary, avoiding requests from the secretariat for further information.

Questions relating to specific aspects of the guidelines

Inventories

1. There needs to be consistency between methods and approaches used to estimate base year emissions and the methods and approaches used in other years because the data is compared one year with another, particularly with the base year. Changes to the base year should be allowed in the following circumstances:

- where there has been a change or revision to the methodologies used (as occurred, for example, with the IPCC 1996 Revised Guidelines);

where there have been changes (improvements) made to models used in the estimation of inventory data (such changes should be properly documented and supported with relevant information);

where there have been changes to emission factors (such changes should be properly documented and supported with relevant information);

where there have been changes to activity data (data originally used may have been wrong or incomplete; such changes should be properly documented and supported with relevant information);

where there have been changes made to conversion factors which may be involved in the calculation of some emissions or removals;

where new gases or sources are added to an inventory. For many Parties greenhouse gas inventories are incomplete, but they are becoming more complete with each inventory submission. Where possible Parties should include these gases and/or sources in the base year otherwise different inventories are being compared.

- other circumstances as long as sufficient documentation is provided.

There may, however, also need to be a process for enhanced review of inventory information where the base year has been recalculated because of the effect this would have on a Party's assigned amount under the Protocol.

2. Supplementary information on methods, emission factors and activities increases transparency, in particular when non-standard (i.e. non-IPCC) methods have been applied. Where Parties have used their own emission factors, it would be desirable for these to be fully documented. If supplementary information on a particular method has been supplied once, it should not be necessary to repeat this. However, any changes need to be fully documented (see above). If a choice needs to be made about where more detailed information should be

provided, it seems sensible to concentrate on the source categories which represent the majority of emissions/removals for that Party.

Projections

1. At a minimum, projections should be provided on a gas-by gas basis for the six main gases (i.e. those included under the Protocol), as well as on an aggregate CO₂ equivalent basis. Where possible, Parties should also be encouraged to provide projections for each greenhouse gas by sector.

2. In the next national communication projections should be provided for 2005, 2010 (midpoint of commitment period), 2015 and 2020 (i.e. projections for approximately 5, 10, 15 and 20 years into the future). In addition it may be useful to provide projections for each year covering the period from the present to 20 years hence.

3. Table 8 in the guidelines provides a uniform format for reporting key variables and assumptions used in the projections analysis. We would note that not all of the items listed are used as inputs to modelling; some (e.g. average vehicle km travelled) could be better classified as "indicators". However, that aside, the use of such tables can help to improve transparency.

We would also note that Table 8 has been designed for summarising input into the projections analysis for emissions from *Energy*. Many Parties use existing energy sector models for deriving greenhouse gas emissions projections from that sector. Projections for emissions from other sectors have different drivers, and projections made for these other sectors are less likely to be the result of economic modelling. If economic models are used, they are not the same as the models used for the energy sector.

Some level of documentation on the models used for projections would increase transparency, otherwise the models become something of a "black box". This documentation should include information on:

- the type of model (top-down, bottom-up, hybrid...);
- the purpose for which the model was designed;
- major input variables and assumptions;
- how greenhouse gas data is derived from the model;
- further references to detail on the model (for example in the peer reviewed literature).

4. The biggest improvement with regard to reporting on assumptions would be for Parties to in fact do just this (see above). It may not be practicable for Parties to use a standard set of assumptions considering that most models used for producing projections are not purpose built for greenhouse gas data (and in any case differ between Parties). However, it might be useful to agree on a "reference" set of assumptions against which Parties can compare their assumptions, and which would guide Parties towards other matters which they could consider

in producing their projections (i.e. would help improve the "expert judgement" part of developing projections).

The use of sensitivity analyses or scenario analyses to reflect uncertainties in key assumptions would be one way of improving the development of projections. Reporting on the sensitivity of projections to changes in key assumptions may provide more useful insights than focusing on a standard set of input assumptions, given differences in the types of models Parties actually use.

5. Identification of "good practices" should help improve the quality of reporting for both inventories and projections. We would note the paper *Greenhouse Gas Emission Projections and Estimates of the Effects of Measures: Moving Towards Good Practice* (OECD Information Paper ENV/EPOC(98)10, prepared by the OECD Secretariat for the Annex I Expert Group) provides a good starting point for development of this issue.

6. Peer review of projections could be a useful addition. It would fit within "good practice" to then report the results of that peer review in the national communication (or in associated technical annexes).

7. A number of issues need to be clarified with respect to "with measures" and "without measures" for the purposes of constructing projections. For example, "already implemented" could mean that a decision has been taken regarding implementation of a measure, or it could mean that a decision regarding a measure has been put into effect.

It may be timely to reconsider the "with measures" and "without measures" terminology. Projections from now on would most usefully be focused on "with measures" and "without any new or additional measures" i.e. business-as-usual from now on. Given that Annex I Parties have all implemented some measures, "without measures" is an increasingly irrelevant concept by which to assess emission limitation and reduction efforts.

8. Parties should be encouraged to use unadjusted data as the basis for their projections. Parties are requested to provide unadjusted data in reporting inventory information. Transparency and comparability would be increased if projections were also constructed with unadjusted data. However, if this is not possible, then all adjustments should be fully documented.

Policies and measures

1. This is again one of those matters where it is difficult to judge how much information should be provided. As all Annex I Parties will be introducing those policies and measures that are best suited to their circumstances, it may not be possible to try to limit or constrain the information which is provided. One useful approach might be to separate policies and measures which were previously described, from those which are new initiatives. Previously described policies and measures would require a progress report rather than descriptive detail.

New initiatives would require a full description. It might also be useful for Parties to note any initiatives were previously described, but are no longer part of their climate change response.

The summary table (Table 1, Appendix III of the guidelines) provides a useful guide for summarising information on policies and measures.

2. The prime indicator of the effectiveness of policies and measures is the annual greenhouse gas inventory over time. Where possible, Parties could provide additional information on the ex-ante versus ex-post assessment of the effectiveness of the policy or measure, to facilitate the sharing of information and national experience. Such assessments, however, are very much secondary compared with the trend in greenhouse gas emissions reported in the national inventory and projected emissions.

Financial resources and transfer of technology

1. Tables 9a and 9b, and 10a and 10b are somewhat duplicative. One table could be used for *financial contributions to the operating entity or entities of the financial mechanism, regional and other multilateral institutions and programmes* (i.e. Table 9) and one table for *bilateral financial contributions related to the implementation of the Convention* (i.e. Table 10). An extra column could be added to indicate if the resources are "new and additional" (if indeed this can be identified - see below).

2. In its second national communication New Zealand encountered difficulties in separating out "new and additional" resources, except for contributions to the Global Environment Facility (GEF) which are clearly "new and additional", and some ODA funding which was also identified as being new.

We also encountered difficulties in reporting private sector technology transfer. Although private sector technology transfer relevant to climate change is likely to be occurring, the Government does not have a system for tracking this, nor is the private sector required to report on their international activities in the normal course of business.

3. Trying to define "new and additional" is a like trying to define "business-as-usual". In many circumstances it is very difficult to distinguish between what happens because of a change in policy, and what would have happened in the absence of the change. A change in the guidelines is suggested for this aspect (see 1 above) to use single tables.

4. A "marker" system could be useful as a way of ensuring that all relevant ODA projects are identified. However, it is not clear as to exactly what such a system would be doing, and would seek further information on such a system before endorsing it. Will it "indicate the relevance" on a scale of 1 to 5 for example, or will it simply indicate that some aspect of the project has relevance to the objectives of the UNFCCC? Such a system could end up being quite duplicative if Parties are already providing reasonable detail on this.

5. Some guidance/suggestions as to how to improve reporting on private sector activities would be welcome (see 2 above). If the CDM becomes operational from 2000, then it is likely that this would provide incentives for private sector reporting of technology transfer activities (to the extent that they are part of a certified project).

Other commitments

1. The present requirements of the guidelines with respect to other commitments are adequate (i.e. reporting on vulnerability assessment, climate change impacts and adaptation measures, research and systematic observation, international co-operation, and education, training and public awareness). It is just as important to report on these commitments as it is to report on commitments regarding policies and measures, or financial resources.
2. Reporting on national circumstances, particularly as they relate to greenhouse gas emissions/removals or the policies and measures adopted, provides the context for each Party's approach to addressing climate change. This information can be very important in illustrating why different policies and measures are appropriate for different Parties. The basic elements suggested in the guidelines provides a good indicative list of the types of information that is useful to include.

New Zealand submission:

Scope and modalities of the review process for third national communications from Annex I Parties, including in-depth reviews, in the context of the Kyoto Protocol (FCCC/SBI/1998/7 refers)

The review process for national greenhouse gas inventories is covered in a separate submission which emphasises the increasing importance of inventory review in the overall context of the review of information submitted under the FCCC and the Kyoto Protocol.

In its interventions at previous SBSTA and SBI meetings New Zealand has advocated a strengthening of the review process in light of legally binding commitments. New Zealand's view with respect to national communications and in-depth reviews under the FCCC is that we are getting better at providing the data and information required as we gain experience with the process, and that the secretariat is getting better at co-ordinating in-depth reviews as it also gains in experience. For this reason we would support a gradual strengthening of the in-depth review process as we move towards needing to assess compliance under the Kyoto Protocol i.e. we would continue to "learn by doing". The in-depth review of third national communications provides a first opportunity to apply a strengthened process, and it would be appropriate to begin this with focusing on the greenhouse gas inventories.

We are seeking to progressively enhance the review process, creating a smooth transition through to reporting and review under the Kyoto Protocol. Recognising that decisions are yet to be taken on information and data requirements under Articles 5 and 7, never-the-less, it

could be useful for the in-depth review of third national communications to be somewhat forward looking, and possibly informally assess the preparedness of Parties to respond to the increased reporting requirements as outlined in these two Articles.

PAPER NO. 5: NORWAY

Guidelines for National Communications from Parties included in Annex I to the Convention.

Submission by Norway, 1 February 1999.

We refer to the invitation by the SBI to provide comments on the scope of the third national communications (NCs) from Annex I Parties under the UNFCCC (see FCCC/SBI/1998/7 para 21.c.). At this stage we will provide general comments and focus on some issues. We note the invitation by the SBSTA to provide more detailed comments on the present guidelines in answering the secretariat's questionnaire (FCCC/SBSTA/1998/6). We hope to be able give our further comments before or at the scheduled SBSTA-workshop in March. Regarding inventories, we would also like to refer to our submission in October, as contained in FCCC/SBSTA/1998/MISC.6/Add.1.

The third NCs are a response to Article 12 in the UNFCCC itself, and do not at present have a formal link to the Kyoto Protocol. They are due 30 November 2001. At that time, however, it is our hope that the Protocol has entered into force. Thus the scope of the third communication should also take into account what information will be needed in relation to the Kyoto Protocol. In this respect, we note the COP's view to taking decisions on all of the Kyoto mechanisms under Articles 6, 12 and 17 at COP 6. These decisions are likely to have implications for the desired contents of the NCs.

In general, Norway feels that no issues have become less important in the NCs, but that the Kyoto Protocol will make inventories even more important. Thus, Norway sees the need for a continued coverage of the fulfilment of the broad range of commitments under the Convention. For most countries there will be four and a half years' lag between the second and the third NCs, as the second were due 15 April 1997 (and 15 April 1998 for countries with economies in transition; EITs). In our view, this lag is a further argument to ask for a comprehensive inclusion of relevant information in the NCs. The structure and guidelines for the third NCs should be developed based on the guidelines used for the second NCs, with amendments as appropriate. Further use of electronic formats will also be of help.

There will be a need to update the information given under the chapter on «national circumstances» that has changed since the previous NCs. There should be no need to ask for a full reporting of the national circumstances that Parties have reported before. Individual Parties may still choose to include this in the report for completeness, as the NCs also serve general information purposes.

We also need to take into consideration that inventories are reported annually. Norway believes that the guidelines for the third NC should ask for a comprehensive documentation of inventories methodologies, while the annual submissions of inventories need only contain documentation of changes in methodology since the previous year.

The third NCs should document the policies and measures implemented to fulfill Article 4. Particular emphasis should be given to policies and measures implemented in relation to Article 4.2 a and b of the Convention. The third NCs would be the basis for assessing the implementation of the UNFCCC up to the end of the present decade. Although there is a reference to the end of the present decade in Article 4.2.a, Article 4 is in general not limited in time and Parties are thus committed to «adopt national policies and take corresponding measures» also after 2000. This information, as well as other elements of the NCs, would also be relevant input when the Parties review the Protocol, in accordance with Article 9.1 of the Protocol.

Norway would further like to note that Article 2 of the Kyoto Protocol also contains provisions regarding policies and measures. A thorough reporting of policies and measures under the Kyoto Protocol appears to be a necessary basis for the assessment of to what extent the uses of the Kyoto mechanisms are «supplemental to domestic actions» (Articles 6.1.d and 17 in the KP) or «contribute to compliance with part of their quantified emissions limitation and reduction commitments» (Article 12 in the KP on the Clean Development Mechanism). In accordance with Article 7.2 of the Protocol, the NCs, and the subsequent review process, should be used to assess compliance with these provisions. Further we would note the invitation by the COP to report on «best practices in policies and measures» by 15 August, and we expect that the follow-up of this reporting may give useful input to the process of revising the guidelines for the third NCs.

Norway notes the practical difficulties in using the tabular format given in the guidelines for the second NCs for reporting the implementation of certain commitments. This also applied for our own communication. Some of this was due to problems finding or developing the relevant data, while other gaps may have been caused by limited time. However, we believe that there could still be scope for using many of these tables. Several countries would have to spend more efforts filling them in. This is an issue which should be further discussed in SBSTA workshops.

Norway believes that reporting projections and assessment of effects of measures would still serve several purposes both under the Convention and in particular in relation to the Protocol. Projections helps us understanding factors defining ia. economic and energy-related developments that result in emission patterns, and they are thus a valuable tool for planning. We believe such information could be helpful ia. in the process of developing a basis for commitments post 2012, as well as in assessing possible developments in relation to the Kyoto mechanisms. Important years for projections would be 2005 and the commitment period 2008-12, while figures for 2020 could be useful in relation to development of post 2012-commitments.

Estimates of effects of measures, which are often carried out with the help of the same tools that are used in the projections, will be important in relation to the commitment to show demonstrable progress in achieving the Protocol's commitments by 2005, and the assessment of the uses of the Kyoto mechanisms as supplements to domestic action.

Norway welcomes the workshop on issues related to the NCs to be held in Bonn in March this year, and the subsequent discussion of guidelines in the SBSTA. We would note, however, that the scheduling of the third NCs decided at COP4 is at a later date than may have been envisaged when the March workshop was scheduled, and that the SBSTA does not need to conclude on the revision of guidelines before late in 2000. This would make it possible to give more thought to the reporting issues which will be raised in relation to the Kyoto Protocol, in particular on inventories, policies and measures and «supplementarity» related to the Kyoto mechanisms. Such timing would still also allow sufficient time for the Parties to adapt to revised guidelines.

PAPER NO. 6: PHILIPPINES

On views on clarifications, additions and/or amendments to the revised guidelines for the preparation of Annex I Party national communications:

The Philippines did not receive a copy of the questionnaire referred to in document no. FCCC/SBSTA/1998/6, and therefore was not able to respond in time to meet the deadline of 1 February 1999. However, the following views are given as a follow up to the submission made by the Philippines on the subject of Annex I Party national communications as contained in document no. FCCC/CP/MISC.8, and in line with this submission.

1. The Philippines finds that guidelines for the preparation of Annex I Party national communications should contain a common and agreed methodology for reporting of the detailed description of adopted not planned, policies and measures to implement commitments under Article 4, paragraphs 2 (a) and (b) as called for under Article 12.2 (a) of the Convention.

The same applies to Article 12.2 (b) of the Convention, which refers to “a specific estimate of the effects that the policies and measures referred to in subparagraph (a) immediately above will have on anthropogenic emissions by its sources and removals by its sinks of GHGs during the period referred to in Article 4, paragraph 2(a)”.

2. For a thorough review of information called for in Article 12.3 of the Convention, for Annex II Parties, for the incorporation of details of measures taken not planned, in accordance with Article 4, paragraphs 3,4 and 5 of the Convention, the Philippines recommends that the revised guidelines for Annex I Party national communications should contain, in order for information contained in the national communications to be clear, verifiable and comparable:

a) for Article 4.3 an agreed definition for Annex II countries of what consist of “new and additional” financial resources, it being understood that according to Chapter 33 of Agenda 21, new and additional financing should be distinct from official development assistance (ODA), “to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, para.1. Moreover, this should likewise reflect new and additional financial resources, “including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of implementing measures “covered by Article 4.1 of the Convention.

b) for Article 4.4: a separate item for steps undertaken to fulfil commitments under this article and the assistance provided to “developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects” and

c) for Article 4.5: a common, agreed methodology for the reporting of “all

practicable steps” taken by Governments “to promote, facilitate and finance, as appropriate, the transfer of , or access to, ESTS and know how to other Parties, particularly developing country Parties...”

In this regard, it is suggested that paragraph (c) of Article 10 of the Kyoto Protocol, which cover existing commitments, be taken into account. Information should be required in the guidelines for information on “the formulation of policies and programmes for the effective transfer of ESTs that are publicly owned or in the public domain...”

For this purpose, guidelines could require information on the amount spent by Governments for research in technology development in climate change areas, as well as an inventory of available climate change relevant technologies that are in the public domain.

PAPER NO. 7: SWITZERLAND

**Subsidiary Body for Scientific and Technological Advice
Tenth session, Bonn, 31 May - 11 June 1999**

**UNFCCC Guidelines for the preparation of national communications
from Annex I Parties / Scope of third national communications**

In response to the call at the eighth session of the Subsidiary Body for Scientific and Technological Advice for comments on a questionnaire concerning the UNFCCC Guidelines for the preparation of national communications from Annex I Parties as well as the request at its ninth session for comments on the scope of third national communications, Switzerland presents the following views.

1. The revision of the reporting guidelines for national communications from Annex I Parties is essential in the light of the numerous changes incurred by the adoption of the Kyoto Protocol. Guidelines must meet the needs of a transparent implementation process in the context of legally binding commitments. In addition, experience with reporting to date shows the need to focus the guidelines in order to identify and strengthen the core elements necessary to ensure adequate and complete reporting in the spirit of the ultimate objective of the Convention.

2. The following comments are structured according to the questionnaire that was distributed to Parties by the UNFCCC Secretariat. In discussing the detail in which topics should be covered by the revised reporting guidelines they implicitly address the scope of future national communications. The submission concludes with some more explicit considerations regarding the scope of third national communications. Additional comments on document FCCC/SBSTA/1998/8 on options regarding methodological issues related to GHG inventories as well as on the review process will be presented in separate submissions.

GENERIC ISSUES

3. Guidelines should ensure comprehensive reporting in a manner which allows the assessment of the implementation of all commitments under the Convention as well as the Kyoto Protocol. In the light of the Kyoto Protocol, reporting requirements should first of all be judged against the contributions they offer to a transparent process of implementation of commitments. This requires an effort to (i) focus on information with maximum added value, (ii) be specific about the expected content of reporting efforts, (iii) consider consequences of lacking compliance with reporting requirements.

4. Given the importance of reporting as the basis for assessing progress in the implementation of the UNFCCC, the definition of a set of mandatory **minimum requirements** seems appropriate. These would be part of the **compliance threshold** that must be met by each Party in order to be in line with its commitments under the Convention

and the Kyoto Protocol. Clear and unambiguous instructions are needed to guide Parties in carrying out their task of reporting. In addition, such instructions form an essential prerequisite for those in charge of reviewing national communications to assess conformity with agreed reporting standards.

5. To give an example for the inventory section of national communications, a set of minimum requirements would include items such as

- (i) a completed table on the allocation, quality and completeness of data by IPCC category, e.g. according to the Overview Table (Table 8A) in the 1996 revised IPCC Guidelines for GHG Inventories,
- (ii) where IPCC guidelines are not closely followed in establishing inventory data, the results of a mandatory reference approach (yet to be defined by IPCC, as appropriate),
- (iii) a detailed description of the rationale for, data affected by, and methods used in the recalculation of base and subsequent years in GHG inventories.

6. Wherever feasible, reporting should follow standardized formats which facilitate comparison and synthesis of information. Pre-defined formats and tables are an appropriate means to serve this purpose and their use should be rendered mandatory. Given the lack of flexibility of standard formats, guidelines should allow for comments on information required in standardized form. More standardized submissions in electronic format should be encouraged and facilitated by the development of appropriate software.

7. Reporting requirements should focus on the elements necessary for (i) the review teams to perform their work in line with the objectives and guidelines of the review process, (ii) the Convention secretariat to perform its work in assessing and synthesizing information relevant to the needs of the COP. The submission of information required according to this understanding should be mandatory. The submission of additional (optional) information should be welcomed under the condition that it is clearly separated from mandatory information. Documentation accompanying national reports should be limited in volume but accepted in English or any one of the other UN working languages.

8. Given the present state of negotiations, a two-step approach in revising reporting guidelines seems advised.

- (i) In a first step, improvements based on previous experience should be incorporated. An interim version of revised guidelines should be available for adoption at COP6 and form the mandatory basis for the preparation of third national communications.
- (ii) Specific unresolved issues related to the Buenos Aires Action Plan should be added as soon as practicable, possibly leading to the submission of interim reports as foreseen in Decision 11/CP.4.

9. A self-declaration of omitted or partial information is seen as a useful means to facilitate the work of the secretariat and the review teams. To ensure uniform reporting on such items, a common reporting format inspired by Table 8A in the 1996 revised IPCC Guidelines for GHG Inventories may be appropriate.

10. With respect to Parties with economies in transition, appropriate assistance should be considered to ensure maximum compliance with reporting requirements. No compromise whatsoever should be made regarding information elements required to assess the implementation of the Kyoto Protocol.

SPECIFIC ASPECTS

11. Inventories

(i) Recalculation of base year inventories should be allowed, provided the rationale, the method followed and the data affected are fully transparent and well documented and comparability is safeguarded. The definition of specific requirements on the performance and documentation of base year recalculation should be envisaged.

(ii) The scope of supplementary information should be defined on the basis of experiences made so far with the review process. To avoid overly detailed analysis in sectors of negligible importance (e.g., contributing less than 1 per cent to national aggregate emission totals), a common understanding of accepted simplified approaches should be developed. Inventories submitted for milestone years such as 1999/2000, 2005, 2008 - 2012 should be fully documented and include consistent data series back to the base year. For interim years an approach based on minimum requirements (e.g., transparency regarding changes in methodology, new data sources, new emission factors etc.) may be sufficient.

(iii) The revision of the guidelines should take into account options to bring reporting requirements on energy-related emissions and underlying energy data in line with those under the International Energy Agency. The best possible use of synergies should be sought. The Secretariat is invited to inform SBSTA about the result of efforts that have so far been undertaken in this respect as well as on the potential for further co-ordination, e.g., the use of materials submitted by Parties to the IEA in the context of the FCCC.

12. Projections

(i) With the establishment of commitment periods and assigned amounts in the Kyoto Protocol, business as usual ("without measures") scenarios have lost much of their meaning. The interest of the Convention to establish long-term trends in emissions may be adequately served by identifying, in co-operation with other relevant organisations such as the International Energy Agency, minimum standards and recommendations (including, e.g., a set of standard assumptions and target years) on the elaboration of projections. Given the great variety of national circumstances and approaches in projections analysis, the choice of

methodology, the level of disaggregation, the frequency of updates etc. should be left to Parties.

(ii) The use of adjusted data as the basis for projections should be tolerated. Adequate documentation of the approach used in adjusting base data should be requested as a minimum requirement.

13. Policies and measures

(i) The national communications should provide clear information on a Party's progress towards reaching the national target. Thus, reporting requirements should focus on the most important or most promising elements of national policies (individual measures and/or policy packages) contributing to emissions reduction and sinks enhancement. Information should be presented in a manner which allows to follow-up on sectoral policy implementation and results over time, e.g., by introducing a simple common reference system. Performing and reporting on monitoring efforts should be encouraged while the choice of methods should be left to Parties.

(ii) The use of a standard table as contained in the present guidelines for national communications should be amongst the minimum requirements on reporting of policies and measures. This table should be revised according to the experience gained in the context of the preparation and review of second national communications. It may be expanded by integrating simple indicators on the cost and effectiveness of measures, where available. In addition, reporting of "success stories" and "key lessons learned", including detailed information on the cost-effectiveness of policies and measures, should be encouraged on an optional basis.

(iii) The revision of the guidelines should take into account options to bring reporting requirements on policies and measures in the energy sector in line with those under other competent organisations, in particular the International Energy Agency. The best possible use of synergies should be sought. The Secretariat is invited to inform SBSTA about the result of efforts that have so far been undertaken in this respect as well as on the potential for further co-ordination, e.g. the use of materials submitted by Parties to the IEA in the context of the FCCC.

14. Financial resources and transfer of technology

(i) Present requirements need to be elaborated in order to facilitate the application of concepts such as "new and additional" and "hard and soft technologies". Furthermore, reporting on private sector activities as well as the effectiveness of transfers have proven very difficult to assess. A discussion of these issues in SBSTA would be welcome.

(ii) The introduction of a climate change "marker" system indicating the relevance of

projects to the objectives of the UNFCCC is considered an interesting option. The secretariat is encouraged to continue its related efforts and to report to SBSTA on the progress made.

15. Other commitments

(i) Information may be sought in a more standardized manner by providing pre-defined categories of activities (e.g., studies/assessments, campaigns, projects, integrated plans; regional, national, local level). Reporting of the most important/interesting activities including contact information should be encouraged.

(ii) National circumstances play an essential role in assessing the way in which some commitments are handled by Parties. Thus, reporting on a standard set of items should be mandatory with the option of furnishing additional information of country-specific nature. Mandatory items would need appropriate definition to ensure comparability and would include population data, economic data, data on production, procurement and trade of energy as well as energy/emission intensity of production sectors. The experience of specialized IGO's working with this type of data should be taken into account.

SCOPE OF THIRD NATIONAL COMMUNICATIONS

16. Third and subsequent national communications should give a concise and accurate overview of the implementation of Parties' commitments under the Convention as well as the Kyoto Protocol. The volume of information should correspond to the importance of specific issues for a transparent, comparable and verifiable implementation process in the context all legally binding commitments.

17. In Switzerland's view the Convention process profits heavily from the availability of information on Parties' experience with the implementation of policies and measures in the context of a particular national setting. Thus, it is essential that the two sections on policies and measures as well as on national circumstances be maintained in future national communications. A special focus of upcoming national communications should be the relevance and the pertinence Parties' attribute to actions they are undertaking in order to assure compliance with commitments under the Kyoto Protocol.

18. The establishment of the three flexibility mechanisms under the Kyoto Protocol calls for a clear separation of reporting on measures taken at the national level and measures taken through these three mechanisms. Therefore, complementing the section on national policies and measures by new sections on activities undertaken in the field of the mechanisms seems appropriate. Reporting on these should be requested as soon as the related items of the reporting guidelines are agreed on.

PAPER NO. 8: UNITED STATES OF AMERICA

**Draft Submission of the United States on
Scope of the Third National Communications from Annex I Parties**

Revisions to the FCCC reporting guidelines must be done in consideration of the purpose of National Communications themselves, and the needs of the COP. The United States believes that the primary purpose of reporting is to provide information on the status of implementation of the Convention by each Party, and to share experiences and 'lessons learned.'

After two rounds of National Communications, while the overall quality of reporting has improved, individual submissions are still often incomplete, inconsistent with the guidelines, and lack clarity and comparability. Many of these problems can be attributed to deficiencies in the reporting guidelines.

The information needs of the COP are changing, as knowledge and experience is developed. We are accumulating a history of emissions inventories, some mitigation policies are in place, many are still planned, and we have a Kyoto Protocol with quantified emissions limits.

In the view of the United States, if a Party follows the intent and line of the current guidelines, the outcome is a national report that is bulky and burdensome. National Communications should continue to cover the broad range of implementation; however, we believe that the approach to reporting must be streamlined to minimize repetition, and enable greater focus on aspects related to compliance.

To facilitate preparation of third National Communications, we would support adoption of revised guidelines for National Communications at the Fifth Conference of the Parties. However, given the short time frame, and taking into consideration the work the Secretariat is undertaking as a result of its workshops on methodologies, and the work of the IPCC on good practices in inventory development (which will not be complete until 2000), we believe that changes made to the guidelines at COP5 will likely need to be revised again prior to submission of the fourth National Communications. The United States recommends development and adoption of separate and distinct guidelines for reporting on national greenhouse gas emissions inventories. Further, we believe the inventory report should be a separate annual report with complete documentation, submitted separately from the National Communication.

We feel that it would be useful to keep in mind the intended audience for the National Communications, both in revision of the guidelines, and in preparation of the reports. The National Communications are of greatest use if the information contained is applicable to evaluation of emissions trends, actions taken, and projections of Parties. In addition, the National Communication should be clear enough for comprehension by an interested layperson.

We feel that it would be a desirable outcome to balance our desire for electronic reporting (thus streamlined, standard tables and format), with the needs of communication and review (thus documentation and supplemental information), and with the desire to minimize and optimize the burden of (bulk of) reporting.

Draft United States' Responses to Secretariat Questionnaire on Revisions to Guidelines for National Communications from Annex I Parties

Generic - questions and issues

1. Do the original purposes of the guidelines as identified in part two of this note need reconsideration?

While the general purpose of the guidelines should remain basically the same, the importance of the guidelines as a vehicle for assessing implementation should be emphasized. To this end, an explicit purpose of the guidelines should be: "to promote the provision of consistent, transparent and comparable information to enable a thorough review and assessment of implementation by the Parties."

2. Do different sections of the guidelines need different approaches? Are the required formats/tables appropriate? Should new/supplementary formats or tables be elaborated for sections where they are not presently required? Could formats and tables facilitate the presentation of information, provide clarity, transparency and consistency and facilitate consideration of National Communications?

Different sections of the guidelines should have different approaches, both with respect to format and the level of discretion allowed in applying the guidelines. Guidelines for the most important sections (i.e., inventories) should be the most standardized in terms of format and presentation, and explicit, mandatory requirements. Additional tables would be useful in the inventory section, to ensure standard presentation of necessary information on assumptions, emissions factors, etc. These tables should be developed, based on IPCC recommendations, for adoption as inventory reporting guidelines following the completion of the IPCC good practices study. These tables should also be developed with an intention of electronic reporting in the future (see response below).

Beyond the work in progress for reporting of inventories, other sections of the National Communication may benefit from utilization of standardized and potentially electronic reporting. In order to report information electronically, specific formats would seem necessary for provision and presentation of data:

- For the Projections section, Parties should utilize the summary data tables for reporting on the projections of greenhouse gas emissions. Provision of more detailed information in standard tables may be problematic, due to differences in detail and operation between different Parties' models.

- Reporting on the Effects of Measures has proven to be difficult. We feel there is a need to aggregate some of the reporting, with more emphasis on the “significant” wording in the guidelines.
- Reporting tables on Financial Assistance need revision. Many Parties are unable to provide the information requested in the current tables. The COP needs input from the Parties on needs and application of this information, as requested at COP4. Also, are there other sources to provide a systematic report of what the COP wants: such as GEF reports, or other UN statistics?
- For reporting on Technology Transfer; we feel it may be extremely difficult to create useful standard table formats.

3. Should the guidelines request information about data collection methods? What degree of detail should be required and how should such information be presented?

Parties are already requested to provide information regarding inventories, policies and measures, and projections in a transparent manner. The request for transparency implies different levels of reporting depending on the underlying data and methodologies. Transparency of greenhouse gas inventories requires Parties to report fully the methods and underlying data for calculating emission estimates. In instances where this is not possible, for example if computer models are used or if such transparency would reveal confidential information, Parties should back-calculate aggregate activity data and emission factors to enable reviewers to compare them with reports from other countries. Transparency, in all cases, should allow reviewers to assess the quality and credibility of the emission estimate, by assessing methods, data quality, and key assumptions.

4. Should the current approach employing mandatory and optional reporting of information be continued? Should the present use of terms such as “should,” “encouraged,” and “to the extent possible” continue to be used in the guidelines? If so, what revisions should be made to this means of classification?

The graduated use of “may,” “should,” “encourage,” and “to the extent possible,” have served the Guidelines well and their use should continue. However, in specific instances, the wording of requests for information should be strengthened. We note the following changes:

-- Paragraph 5: must also report in GWP-weighted units

-- Paragraph 28: change “The projections should, to the extent possible, incorporate the effects of policies and measures...” to “One set of projections should incorporate the effects of policies and measures...”

-- Consistent with Decision 2/CP.3, actual emissions of HFCs, PFCs, and SF6 should be estimated, where data are available, and used for the reporting of emissions. Parties should

make every effort to develop the necessary sources of data. When actual emissions are reported, the reporting of potential emissions of these gases is also encouraged, as a means of validating emission estimates.

5. How should the current guidelines be modified in view of the Kyoto Protocol? Could modified guidelines be viewed as a transitory step toward requirements under the Kyoto Protocol? If so, what aspects of the guidelines should be adjusted?

Modification of the current FCCC guidelines are necessary and useful in their own right in order to improve on an ongoing basis the quality of information presented and available to Parties under the Convention. As such, revision of these guidelines will provide a transition step toward the reporting guidelines associated with the Kyoto Protocol. In the future, another round of revisions will likely be necessary to address issues such as inventory preparation and reporting, land use change and forestry, and additional elements specific to the requirements of the Protocol. Parties should plan to re-examine the need for revisions following decisions made at COP6 and completion of the IPCC's work on good practice guidance and LUCF.

6. What schedule should be adopted for revisiting the guidelines?

While the United States is supportive of the Secretariat's schedule for revising the guidelines, which should lead to adoption of revised guidelines for National Communications at COP5, we recommend the development of separate guidelines for reporting with respect to a unique, separate greenhouse gas inventory document. We recommend that Parties take into account the results of the IPCC's work on good practice guidance and LUCF in consideration of further revision of these guidelines as appropriate.

7. When reporting, should Parties document omitted or partial information required by the guidelines? If so, how?

Parties should be required to explain the omission of required information. The guidelines should specify various circumstances under which omissions are permissible, e.g., data unavailability, or insignificant source. Such disclosures and explanations will improve transparency and facilitate the in-depth review process. In part, this information should provide an approach to remedy the situation, perhaps by seeking to identify assistance needed.

8. What is the appropriate balance between the transparent provision of information and continuity in the approach adopted, and extensive reporting?

Transparent provision of information depends upon the material in question and the frequency of its reporting. Because reporting on emissions inventories and documentation is already required annually, there is no need to alter the schedule of reporting. We believe that complete reporting of emissions inventories should continue on an annual basis. National

Communications, which require more extensive reporting than national inventories, should be submitted less frequently (every 4-5 years) than the current schedule.

In consideration of extensive reporting, Parties should consider whether the periodic provision of additional information would be useful. In instances where methodologies and techniques for projections, assessment of the effects of policies and measures, and reporting on policies and measures remain unchanged from previous National Communications, Parties could opt briefly to summarize these methodologies and refer the reader to the previous submission. However, changes in methodologies, improvements in technique and updates in data and underlying assumptions should be fully documented and transparent.

A unique issue which Parties may wish to consider is that Parties with economics in transition continue to face problems in preparing and reporting GHG inventories and other information required under Articles 4 and 12 of the Convention. Parties may need to consider how the problems faced by these countries should be reflected in any revisions to the guidelines.

The United States believes that complete reporting must be the goal for all Parties. We note the concern of the Secretariat regarding problems encountered in reporting for certain Parties. However, there is not enough systematic information on problems encountered to identify potential remedies. We request that Parties that are encountering reporting difficulties provide more information on the nature of these problems to the Secretariat. Based on this information, we ask that the Secretariat prepare a report exploring problems and needs, and outlining potential solutions.

Another issue which needs consideration is how to enhance completeness, comparability and transparency of reporting through the provision of data in specific formats (e.g. inventories, projections, effects of measures, provision of financial resources and transfer of technology), in particular, how the submission of the data in electronic form will facilitate the processing and comparison of the data.

Facilitating the electronic reporting of data should be a priority for the FCCC Secretariat. The most logical and highest priority category of data to be reported electronically is the annual greenhouse gas inventory data. These data are relatively uniform since the guidelines request consistent tables. Systematic templates for electronic reporting would ease Parties' burdens for reporting and greatly reduce the costs and time for compiling the data. The IPCC and OECD have efforts underway for an electronic inventory system that should be considered by the FCCC Secretariat. We request that the Secretariat follow this work, in anticipation of incorporating an electronic reporting format into the proposed revision of inventory guidelines.

The Secretariat should also consider the following improvements:

- Improving the electronic retrieval of inventory data from the FCCC web site;

- Providing inventory data and reports to the new IPCC Technical Support Unit for greenhouse gas inventories, being supported by the government of Japan;
- Developing electronic archives of inventory reports, on-line;
- Developing initial protocols and safeguards for the protection of confidential data for consideration by the Parties.

Questions related to specific aspects of the guidelines Inventories

1. The guidelines presently allow flexibility in the estimating of GHG inventories, including the recalculation of base year inventories. Should changes to the base year inventory be allowed? If so, under what circumstances?

The revised 1996 IPCC Guidelines provide Parties with a common framework for estimating national greenhouse gas emissions and sinks, while allowing flexibility to use national measurements, studies and statistics. Most Parties have only one year of experience in using the new Guidelines and considerable effort is being spent to improve national estimates of all greenhouse gases. For the next few years, revisions to previous emission estimates are inevitable and desirable as Parties fix errors or improve estimates. These revisions should be encouraged, provided that they are well documented, supported by the latest scientific understanding and information available, and conducted in adherence to the principles of the IPCC Guidelines.

The IPCC is currently examining technical issues of base year recalculation and consistency in time series on a source-by-source basis as part of its work program on good practice guidance in inventory management. In particular, technical experts are considering how to reconcile a trend toward the use of better data and/or higher tier IPCC methods in coming years with the use of simpler methods or default data in the base year period. Relevant technical recommendations should be reviewed and adopted as part of the inventory reporting guidelines for COP6.

2. What should be the purposes of supplementary information on methods, emission factors and activities? Should this supplementary information be the same for all years and source categories? If not, for which years and source categories should more detailed information be provided?

Inclusion of supplemental information is central to the usefulness and reliability of any emission inventory. Transparency has long been recognized as an essential feature of national inventories, and the standard for adequacy of documentation is that a reasonably well-informed reader should be able to reproduce the emission estimates in the report on the basis of the documentation and data tables provided. Under this standard, much of the information presented in national inventories is essential to the inventory's purpose, not supplemental. The inclusion of supplemental data tables in national inventories provides an

important and necessary aid to the reviewers and users of these reports. In some cases, supplemental information is presented as an independent data check, and the purpose of its inclusion is to facilitate quality assurance and external review. The supplemental data should be provided for the entire time series whenever possible, and certainly for the base year (1990) and current year.

The required supplemental information should be reported for all source categories and all years. This ensures that the quality of all elements of an emission inventory can be assessed and that both the overall level of emissions and the trend can be reviewed on an annual basis. If it becomes apparent as we near the beginning of the first commitment period that this level of reporting is not attainable, then Parties could at that time decide to develop differential reporting requirements for “minor” sources. In all cases, however, assessing the adequacy of the time series would require the provision of annual information. Since much of the information to be provided should not change significantly from year to year, some provision for referring to previous work and not duplicating effort should be developed. More consideration should be given to this issue in the context of developing independent inventory reporting guidelines.

Projections

The United States believes that the projections of greenhouse gas emissions are an important and useful tool for Parties in designing domestic plans to reduce greenhouse gas emissions. As such, information on projections in National Communications is only valuable to the extent that it provides additional insight into national implementation plans. For this reason, we propose that the policies and measures and projections sections of the current guidelines be revised into a new section on “Mitigation Plans,” which presents information on significant policies and measures, and provides projections of greenhouse gas emissions within the overall policy context.

1. What is the appropriate level of detail for information provided on projections?

The guidelines provide direction for a Party to report in an adequate level of detail to ensure transparency in projections. We recommend that the request for information in paragraph 28 of the guidelines be clarified and strengthened to state the Parties should provide a baseline (without measures); and a projection that includes the effects of policies and measures that have been implemented to mitigate climate change. Parties should also be encouraged to provide a separate projection that includes the effect of measures that are under consideration, but not currently enacted. This would reduce confusion over the status of policies and measures that are currently included in Parties projections. Some Parties have included policies and measures that are under consideration only and not yet implemented. Other Parties have only included policies and measures that have actually been implemented.

2. What should the time-frame be (intervals, years) for projections?

The time-frame for projections should be no longer than five years, since the domestic planning horizon of governments is usually five years or shorter. As such, Parties should include estimates for 2005, 2010, 2015, and 2020. Parties should also be encouraged to report for the year 2025.

3. How could the transparency of projections be improved? What degree of documentation on models should be provided? Would a uniform reporting format for projections improve transparency?

By their nature, projections will vary due to individual country circumstances and tools used. The degree of uniformity is likely to be less than is found in greenhouse gas inventory reports. However, Parties should continue to be encouraged to provide estimates by sector and gas, using the agreed formats. To improve transparency, we suggest further that projections should:

- disaggregate data on a sectoral basis
- provide tables of results, not only graphics
- document assumptions, following an agreed format
- document model(s) used (such as a citation, or web address)

4. What improvements could be made with regard to reporting on assumptions? Should Parties use a standard set of assumptions in addition to their preferred assumptions? Should Parties be required to perform sensitivity analysis of major assumptions?

Countries should not be required to develop projections based on a standard set of assumptions. However, Parties should be required to provide information about specific key assumptions listed under paragraph 38. These key assumptions include: gross domestic product, wholesale energy prices (oil, coal, natural gas), and population. Parties could be asked to test the sensitivity of their projections to changes in key variables.

5. Would the identification of “good practices” help to improve the quality of reporting? If so, what should be the steps toward their development?

The methodologies, techniques, and tools used by Parties to make projections of emissions and sequestration are likely to vary greatly between countries and will rely heavily on tools used for long-term economic and energy planning. We do not recommend pursuing the identification of “good practices” for projections at this time.

6. Should Parties be encouraged to perform a peer review of their projections? If so, should the results be included in National Communications?

The peer review of these projections would be a useful part of a domestic planning exercise. It should not be part of the reporting guidelines.

7. Do definitions of “with measures” and “without measures” need to be clarified? If so,

what should the definitions be? If “with measures” projections include only implemented measures, should separate projections be provided to consider measures whose implementation is anticipated? Should indicators or milestones be identified?

See the response to Projections question 1. The definitions need to be clarified. We also need to clarify the departure point from history or the real emissions trend as a basis for the “with” measures and baseline (“without measures”) projections.

8. What kind of information, if any, should be provided by Parties which use adjusted inventory data as the basis for their projections?

Parties should be requested to provide unadjusted projections. If Parties wish to provide additional projections that use adjusted inventory data as a starting point, these projections should be provided in a transparent manner as noted in paragraph 38 and 39 of the guidelines. If an adjusted basis is used for projections, an analysis must be presented on the amount, basis and derivation of adjustment, and also an analysis of the effects on outyears and deviation of measures from a real baseline.

Policies and measures

1. Could the reporting on policies and measures be improved? What kind of information should be required? Should reporting be limited in any manner? If so, how?

To promote information sharing and capacity building, reporting on policies and measures should be primarily descriptive, focusing on significant or innovative programs. Reporting should be organized by sector addressed, and not by gas; as many policies will affect emissions of more than one gas (thus increasing cost-effectiveness).

With respect to the specific information to be provided on policies and measures, we would recommend that reporting include a description of the type of action, the implementing authorities, and how the effects of the action have been or will be measured, with any available results. Description of the type of action should recognize that often policies and measures apply a package of tools, such as a financial incentive with a regulatory backup.

2. Should a common, comparable reporting framework, agreed definitions and/or methodologies be developed for evaluating the effectiveness of policies and measures and/or cost of measures? If so, in what framework should information on the effects of measures be reported and compiled to ensure adequate transparency? Could certain indicators be used to estimate the effectiveness of policies and measures and/or cost of measures? Should Parties be further encouraged to report on monitoring systems and status of implementation? Since the collection of data and analysis to determine the effectiveness of measures is done ex post should reporting be linked to implemented measures on which the Party previously reported?

The United States believes that standardized methodologies for the evaluation of effectiveness of policies and measures is unrealistic and undesirable due to the vast differences in the policies, the projections, and the underlying laws and regulations, of each Party. A standard reporting framework may facilitate comparability, but to date has proven problematic.

This reporting should be focussed on implemented policies and measures; as we move through time, there will be the capability to move away from projected effects to analysis of real effects of implemented measures. There will still be a desire to evaluate planned measures and anticipated effects, but there is more value in evaluation and analysis of implemented measures.

For evaluation and reporting on effectiveness of policies and measures, a Party needs to analyze systematically and report on two issues in turn:

- (1) How did the Party assess the effectiveness of individual policies and measures? This analysis should cover: portion of total emissions addressed, technologies addressed, and portion of technical potential realized.
- (2) How did the Party aggregate the impact of its policies and measures? This analysis should address feedbacks, synergisms, leakage, and the Party's experience in the sector and with the type of policy.

Financial resources and transfer of technology

1. With respect to financial resources and transfer of technology and know-how, are the present requirements of the guidelines appropriate/feasible, including the required standard tables?

The present guidelines are not feasible because of their limitations regarding the presentation of data. The ways our financial and technological assistance is distributed does not always translate easily to these standardized tables.

- First, it is difficult to break out funding specific to countries in many cases, because our primary agency transferring funds and technology – USAID – has a significant portion of this funding distributed on a regional basis.
- Second, it is difficult to identify which portion of funding is distributed each year, as these programs are funded on a multi-year basis. This creates difficulties in establishing what monies are additional in a given year (some funds are provided for two or three or more years of the program).
- A third problem with the reporting is the fact that these multi-year programs are generally not completely funded at their inception. They rely on continued agreement

from Congress to fund them in subsequent years.

- Furthermore, our funding is not always split definitively between research and other parts of programs.

The COP needs an analysis and further input on the desires and needs for this information, beyond ideals and vague notions, as requested in the COP4 decisions. Additionally, the Secretariat should explore how to utilize other systematic sources upon which the COP may draw for this information.

2. What specific difficulties were encountered by Parties in providing the information required?

See response to number 1 in this section. In addition to the answer to Question 1, it is difficult to separate “climate related” from sustainable development, energy efficiency, or other development assistance, since for the United States the focus of development assistance focus is on clean and sustainable aid.

3. Is further clarity necessary with respect to the information required by the guidelines, for example regarding “new and additional” or “hard and soft technologies”? If so, what clarifications are required?

As above, it can be difficult to establish “new and additional” within a multi-year program.

As for “hard and soft technologies,” we feel that this vague distinction is an impediment to full reporting of what some Parties are actually doing.

4. The Secretariat, in cooperation with the Development Assistance Committee of the Organization for Economic Co-operation and Development, is exploring the possibility of introducing a climate change “marker” system to indicate the relevance of official development assistance projects to the objectives of the UNFCCC. Should other indicators or systems be developed to facilitate the reporting of such information?

The COP needs more information on this “marker.” Who judges the relevance? What portion of credit is given? In addition, many could argue that similar markers should be applied to ODA programs for all sorts of legitimate criteria, environmental and not. Why just climate? To achieve a proper balance between competing (in some cases complementary) objectives, the only solution would be to have either multiple markers or none. Clearly, more information is needed for a more-well informed discussion of this issue.

5. How could information required about private sector activities be improved? Which indicators could provide useful information on private sector flows?

Information about private sector activities would be very useful. We think provision of this

information should continue to be encouraged, but because of difficulties collecting and reporting such information, this should not be mandatory.

It may be possible to institute central reporting and collection of private sector activities, but such reporting would have to be voluntary. The collection effort required would be massive. The reporting of this information would have to be heavily caveated, acknowledging that the information is based on only partial responses. This may be an area that could be included in reporting by Parties that are not members of Annex I; they could report on investments and sustainable development initiatives in their countries.

Other commitments

1. Are the present requirements of the guidelines adequate with respect to reporting on vulnerability assessment, climate change impacts and adaptation measures, research and systematic observation, international cooperation and education, training and public awareness? Should reporting on these elements of the guidelines be mandatory or optional?

We feel that the guidelines for reporting on a Party's activities in these areas are adequate for the needs of the Convention. All of these activities are important parts of implementation of the Convention, and are important parts of domestic policy-setting. These are areas in which a Party may wish only to present new, revised or additional information in future communications, instead of repeating previous analysis.

2. Should information of a basic nature, including national circumstances, be required on a mandatory basis? Are the basic data elements suggested in the guidelines sufficient?

The United States believes that national circumstances are important foundation elements for conditions that contribute to a Party's emissions of greenhouse gases and therefore the Party's mitigation efforts. Reporting as requested in the guidelines enables a Party to provide information to the COP about the background information that may influence future emissions levels. This is also an area in which a Party may wish only to present new, revised or additional information in future communications, instead of repetition of previous analysis. Reporting of this kind of information should continue to be voluntary.

U.S. Views on the Future Review Process for National Communications from Annex I Parties

Issue: Parties are requested to provide views on the review process as input into the development of guidelines for review to be adopted at COP-6. Additionally, Parties are requested to submit views on a review process for greenhouse gas (ghg) inventories.

The current in-depth review process is designed to be "facilitative, non-

confrontational, open and transparent." Teams are directed to review and assess information, but are not directed to assess the performance of individual Parties nor to evaluate the quality of individual submissions. In practice, review teams identify technical issues and concerns regarding Parties' communications, but avoid directly criticizing Parties' implementation.

To date, the process has been very useful in improving the quality and quantity of information available on ghg emissions and efforts to control them. It has also proved useful in giving Parties experience and in raising their comfort with the review process. As such, it provides an important foundation for monitoring and verification of implementation. However, as the Convention evolves, and as we look to implementation of legally binding commitments, the in-depth review process must be enhanced.

The first part of this paper proposes specific changes to enhance the current in-depth review process, including through annual review of ghg inventories. The second part of the paper explores further changes and additions to the review process that may be necessary under the Kyoto Protocol. It is envisaged that COP-6 would adopt revised guidelines for the review process under the UNFCCC, and separate review guidelines for the Kyoto Protocol, which would supplement the UNFCCC review guidelines once the Protocol enters into force.

UNFCCC Review Process

Purpose: The purpose should be modified to make the basis for review explicit: "To evaluate information provided by Annex I Parties for technical consistency with Convention obligations and guidelines."

Approach: The process should remain "facilitative, non-confrontational, open and transparent" and should be of a technical nature.

Process: We urge that the review process be divided into two distinct stages:

- (1) An annual review of individual ghg inventories
- (2) A periodic in-country review following submission of national communications

We believe that a two-staged procedure would allow for more thorough review of inventory information and enable streamlining of the in-country review process. We will discuss each of these stages in more detail below.

Composition: Because of the additional burden of conducting annual reviews of ghg inventories, we believe that the resources of the Secretariat to facilitate the review process should be somewhat increased. In this respect, we recommend development of a small (3-4 people?), Secretariat team of core experts, with specific expertise in ghg inventories, to provide technical support to the review process. Development of such a core team would

help ensure continuity and consistency in the review process.

For individual stages of the review process (both the annual inventory and the in-country visits), the Secretariat core should supplement the experts nominated by Parties. Continued reliance on experts nominated by Parties ensures transparency and contributes to information sharing and capacity-building across Parties.

Annual Review

The annual review of inventories should be a centralized "paper review" conducted from Bonn. The development and systematic use of electronic reporting will greatly facilitate this process. One expert team would individually review all inventories received in a year. The team would be charged with the following tasks:

- Evaluation of individual submissions for completeness and identification of gaps;
- Evaluation of individual submissions for technical consistency with reporting guidelines and identification of any discrepancies or changes in methodologies; and
- Preparation of a GHG Inventory Review and Synthesis Report.

To facilitate the work of the review team and ensure consistency across reviews, we recommend development of standard review procedures, including a review checklist, for inventory review teams. The checklist should include the following questions:

- Have estimates been provided for all sources (or information explaining why estimates from certain sources are either unavailable or not applicable)?
- Was the submission transmitted to the Secretariat on time?
- Have the estimates been reported using full molecular weights and using the 1995 IPCC 100 year Global Warming Potentials?
- Have standard data tables been provided?
- Have estimates been provided for all years?

In cases where gaps, inconsistencies or discrepancies are identified by the review, the review team would be directed to contact the Party in question to provide the Party the opportunity to clarify, correct, or supplement the information submitted.

The inventory review team would prepare a single GHG Inventory Review and Synthesis Report annually. The first part of this document would report on individual Parties' application of reporting guidelines and identify issues, outliers and inconsistencies in individual inventories and between countries. The second part would compile and synthesize inventory information across Parties.

In-Country Review

Like the current process, countries would periodically be subject to an in-country, in-depth review following submission of national communications. The in-depth review would continue to cover all aspects of implementation. However, in view of the importance of ghg inventories in tracking progress toward the Convention's objective, the U.S. believes that in-depth reviews must be modified to focus more time and attention on Parties' inventory development and management procedures. In terms of substantive changes we recommend:

- More communication and preparation by the review team and host country prior to the visit, including consideration of previous annual inventory reviews for that country;
- Increased time designated for discussion of inventory development and management practices; and
- Streamlining review of other aspects of implementation, for example by focusing on specific areas where the review team has questions, or which the Party has identified as priority.

Longer-Term Requirements of Kyoto Protocol

The United States views enhancement of the review process under the UNFCCC as a necessary, but incremental step toward a review process under the Kyoto Protocol. The review process adopted under the Kyoto Protocol must be more rigorous than that under the Convention to enable verification of monitoring and reporting obligations, achievement of legally-binding targets, and conformity with the rules of the Kyoto mechanisms.

In this regard, we believe that additional guidance on the review process is required for the Kyoto Protocol. Such guidance must contain:

- Rules and procedures for accounting for assigned amounts;
- Explicit criteria by which teams are directed to identify "potential problems," as outlined in Article 8.3; and
- Establishment of a process to consider further and respond to "questions of implementation" identified in the review process.

In developing guidance for the review process under the Kyoto Protocol, Parties should take into consideration the specific nature of obligations, the rules for participation in the flexibility mechanism, and the potential linkage to any procedures and mechanisms adopted under Article 18.

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