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**Subsidiary Body for Scientific and Technological Advice**  
**Thirty-ninth session**  
**Warsaw, 11–16 November 2013**

Item 15 of the provisional agenda

**Work programme on clarification of quantified economy-wide  
emission reduction targets of developed country Parties**

**Report on the event on quantified economy-wide emission  
reduction targets of developed country Parties**

**Note by the chair**

*Summary*

This report provides a summary of the Subsidiary Body for Scientific and Technological Advice (SBSTA) event on quantified economy-wide emission reduction targets of developed country Parties. The event was held in conjunction with the thirty-eighth session of the SBSTA in Bonn, Germany, on 6 June 2013. As part of the SBSTA work programme on clarification of quantified economy-wide emission reduction targets of developed country Parties, the event addressed assumptions and conditions related to these targets, the identification of common elements for measuring progress towards the achievement of these targets and the comparability of mitigation efforts.

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## I. Introduction and mandate

1. By decision 1/CP.18, paragraph 8, the Conference of the Parties (COP) decided to establish a work programme under the Subsidiary Body for Scientific and Technological Advice (SBSTA) to continue the process of clarifying the quantified economy-wide emission reduction targets<sup>1</sup> of developed country Parties (hereinafter referred to as the targets), particularly in relation to the elements contained in decision 2/CP.17, paragraph 5, with a view to:

(a) Identifying common elements for measuring the progress made towards the achievement of the targets;

(b) Ensuring the comparability of efforts among developed country Parties, taking into account differences in their national circumstances.

2. Parties decided that the SBSTA work programme, which is a continuation of work initiated in 2011 under the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), should begin in 2013 and conclude in 2014. The work programme should include focused expert meetings, technical briefings and submissions from Parties and observer organizations. The SBSTA should report on the progress of the work programme at COP 19 and on its outcome at COP 20.

## II. Organization of the event

3. In response to the mandate outlined in paragraphs 1 and 2 above, this event was held in conjunction with the thirty-eighth session of the SBSTA in Bonn, Germany, on 6 June 2013. The in-session event was chaired and facilitated by Mr. Richard Muyungi (SBSTA Chair). The discussions at the event built on the progress achieved at the previous four AWG-LCA workshops<sup>2</sup> on the clarification of assumptions and conditions related to the attainment of the targets of developed country Parties, as requested by decision 1/CP.16, paragraph 38, and decision 2/CP.17, paragraph 5.

4. The approach to the event was based on the views expressed by Parties (see paragraph 2 above). The event, which took into consideration the elements of decision 2/CP.17, paragraph 5, was conducted in two sessions, each focusing on one of the two topics cited in decision 1/CP.18, paragraph 8. At the beginning of the event, a representative of the secretariat gave an introduction, summarizing the information in a technical paper on the targets of developed country Parties.<sup>3</sup> Each session started with technical briefings on specific themes delivered by experts from observer organizations. The technical briefings were followed by a discussion facilitated by the chair, with particular emphasis on questions prepared by the chair prior to the event. The event concluded with the chair providing a short preliminary summary of the key issues raised during the discussion and the key messages for the event. The event agenda and the questions formulated prior to the event can be found in the annexes to this report.

5. The event was well attended and was organized in a highly participatory and engaging manner. A great number of participants asked questions and made comments

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<sup>1</sup> The targets are compiled in document FCCC/SB/2011/INF.1/Rev.1.

<sup>2</sup> The four previous workshops took place on 3 April 2011 and 2 September 2012 in Bangkok, Thailand, and on 9 June 2011 and 17 May 2012 in Bonn.

<sup>3</sup> FCCC/TP/2012/5.

during the discussion portions of the event. This written event report was prepared under the responsibility of the SBSTA Chair with assistance from the secretariat.<sup>4</sup>

### **III. Summary of the proceedings**

6. This summary of the event's proceedings is structured around the themes of the two sessions (see para. 1(a) and (b) above) and on cross-cutting issues in relation to the way forward.

7. The event provided an opportunity and space for Parties to share views and have an open and transparent discussion on the targets and related issues. Participants expressed appreciation for the work conducted by observer organizations, which contributed to the event via comprehensive technical briefings that identified key issues and potential options for moving forward. The information exchanged during the event contributed to the discussions that took place during the informal meetings under the SBSTA work programme on the clarification of targets of developed country Parties. Many participants noted that the event was helpful in identifying ways forward in the process of clarifying the targets (see chapter III.C below).

#### **A. Measuring the progress towards achievement of the targets**

##### **1. Overview of the presentations**

8. At the beginning of session 1, two presenters, Ms. Kelly Levin (World Resource Institute) and Mr. Andrew Prag (Organisation for Economic Co-operation and Development), provided technical briefings on work conducted by their organizations in relation to approaches used by developed country Parties to measure the progress towards the achievement of their targets.

9. The first technical briefing, by Ms. Levin, highlighted the two steps necessary to better measure the progress made by developed country Parties towards achievement of their targets. These include the following: (a) clarification of the targets, which can be accomplished by developed country Parties providing more information on the assumptions underlying their targets, and (b) application of the reporting principles agreed to by the COP under decision 2/CP.17, such as consistency, transparency, completeness, comparability and accuracy in future accounting methodologies.

10. This briefing also emphasized elements not included in decision 2/CP.17, paragraph 5, that require clarification to better measure progress towards the achievement of targets. These include the following: (a) the time frame of the target (single or multi-year target); (b) the methodology that will be used to calculate emissions and removals for the base year and the target period, including land use, land-use change and forestry (LULUCF) and emission reductions from use of market-based mechanisms; and (c) the anticipated amount of international carbon credits<sup>5</sup> that will be used to meet the target and their origin (i.e. which mechanisms will be used). This briefing also highlighted the implications of unharmonized accounting rules, such as differences in coverage and completeness, LULUCF methodologies and methodologies for transferable units and the risk of double counting. In particular, it was emphasized that potential double counting

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<sup>4</sup> <[http://unfccc.int/meetings/bonn\\_june\\_2013/events/items/7651.php](http://unfccc.int/meetings/bonn_june_2013/events/items/7651.php)>.

<sup>5</sup> 'International carbon credits' is a general term that refers to emission reductions or removals achieved outside the domain of a country or entity having an emission reduction target. They may be used to meet part of an emission reduction target of a Party or entity, as they offset part of the emissions.

could pose challenges for measuring progress, assessing collective ambition and determining comparability.

11. The second technical briefing, made by Mr. Andrew Prag, highlighted the elements needed to establish a broadly applicable accounting framework under the Convention, including accurate accounting for transfers of carbon credits and for emissions and removals from the land-use sector. Mr. Prag demonstrated how such an accounting framework could help to clarify developed countries' pledges and assist with efforts to measure the progress made by developed countries towards the achievement of their targets. Mr. Prag highlighted that existing UNFCCC reporting procedures already provide some of the elements needed to establish such a framework. For example, the common tabular format (CTF) tables included in the upcoming biennial reports for developed countries include a detailed description of each Party's target, as well as information relevant to measuring progress towards achieving the target. However, the presenter noted that information included in CTF tables might not be sufficient to provide a comprehensive accounting framework for developed countries, particularly in relation to emissions and removals from the land-use sector and the use of international carbon credits.

## 2. Discussion

12. In the ensuing discussion, Parties addressed the need for further information and clarification on targets of developed country Parties, the approaches used for measuring progress towards the targets, and the assumptions and conditions related to targets and associated uncertainties.

### *Further information and clarification on targets of developed country Parties*

13. During the discussion, developed country Parties provided further clarification on their targets. A representative of the United States of America highlighted the inventory approach that is used for reporting their target and annual progress. Moreover, he clarified which factors are not considered in the approach, such as transfers of carbon credits from outside the national boundaries. A representative of Canada clarified that Canada is not planning to use international carbon credits to meet its target. A representative of New Zealand highlighted that New Zealand will generally apply the Kyoto Protocol rules to its target. Although details are yet to be decided, it is expected that the target will apply over the period 2013–2020. Further information on the discussion on assumptions and conditions regarding the use of carbon credits and LULUCF is provided in paragraphs 20–23 below.

14. Some Parties highlighted that some developed country Parties have not submitted to the secretariat all of the information, regarding their targets, as outlined in decision 2/CP.17, paragraph 5. Parties noted the importance of such information for clarification of targets and called upon developed Parties to submit any outstanding information to the secretariat.

15. Some of the developing country Parties called on developed country Parties to clarify how they ensure that their targets are economy-wide. In addition, a developing country Party called on developed country Parties to clarify what national circumstances ought to be taken into account regarding their targets and related assumptions and conditions. In response, several developed country Parties explained the relationship between their targets and national circumstances and highlighted the importance of flexibility in accommodating specific national circumstances.

### *Measuring the progress towards developed country Parties targets*

16. Parties highlighted the importance of ex ante information and transparency for clarifying the targets and measuring progress towards them. Some Parties stated that ex

ante information is already provided through a common template,<sup>6</sup> submissions of views by Parties, participation in workshops on clarification of targets and through other means. Regarding ex post information, several Parties acknowledged that the monitoring, reporting and verification system under the Convention for developed country Parties (in particular greenhouse gas (GHG) inventory reporting, biennial reporting and the process of international assessment and review) facilitates the understanding on how progress towards targets is measured by developed country Parties.

17. Some developing country Parties argued for harmonization of approaches used by developed country Parties to measure progress towards targets, including identification of common accounting methods and metrics (base year, global warming potentials (GWPs), reported gases, etc.). Other Parties further argued that a common accounting framework would contribute to enhanced transparency and reduced uncertainty related to targets, and that developed country Parties could benefit from such common approaches. One Party stressed the difference between reporting and accounting.

18. In response, some developed country Parties suggested that although full harmonization of approaches is desirable, achieving it quickly could be difficult. They argued that such harmonization could emerge gradually over time and emphasized, in this context, the role of the new inventory reporting guidelines adopted in 2012, which are intended to take effect in 2015.

19. During the discussion, there was general agreement that certain elements in Parties' approaches to measuring progress towards targets, particularly in relation to the base year, GWP values, coverage of gases and sectors and use of the IPCC methodologies<sup>7</sup>, are expected to converge. However, some Parties expressed the view that there is need for further information and additional time to review these common elements, and that the discussion should be continued with a view to capturing its outcome in Warsaw, Poland.

*Assumptions and conditions related to developed country Party targets and associated uncertainties*

20. Parties highlighted that expected emission reductions in relation to the targets remain uncertain owing to differences in assumptions and conditions related to the use of LULUCF and carbon credits from market-based mechanisms. During the discussion, Parties identified the need for further clarification of the role of the LULUCF sector and the expected role of carbon credits from market-based mechanisms in Parties' approaches to measuring progress towards the targets.

21. Some Parties highlighted uncertainties in expected emission reductions due to the differences in the nature of the targets. In particular, these uncertainties were related to the comparability of the progress made by developed country Parties implementing their targets with pathways to transform them into carbon budgets (multi-year targets) with the progress made by Parties with single-year targets. Citing Mr. Prag's technical briefing, some Parties emphasized that emissions in a single target year might be unrepresentative of the general emissions trend.

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<sup>6</sup> To facilitate the submission to the secretariat of relevant information by developed country Parties on their targets, the AWG-LCA Chair, in consultation with and with support from the secretariat, prepared a suggested common template designed to cover the elements listed in decision 2/CP.17, paragraph 5.

<sup>7</sup> As of 2015, Parties included in Annex I to the Convention expect to use the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* for reporting their emission inventory, in accordance with the "Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual greenhouse gas inventories", adopted by decision 15/CP.17.

22. The uncertainties associated with the approaches used to estimate anthropogenic emissions and removals from LULUCF were highlighted by many Parties. Some Parties noted the use of the activity-based approach applied to the second commitment period of the Kyoto Protocol,<sup>8</sup> while others mentioned the use of a land-based approach under the Convention. There was a common understanding that more transparency is needed in the approaches of developed country Parties with respect to LULUCF. Regarding the assessment of implications of using different approaches, one Party referred to the ongoing work under the SBSTA on exploring more comprehensive accounting of anthropogenic emissions by sources and removals by sinks from LULUCF, including through a more inclusive activity-based approach or a land-based approach.<sup>9</sup>

23. Parties highlighted a need for further information on the expected role of market-based mechanisms in achieving the targets under the Convention, in particular on the scale of their use. While it was acknowledged that rules and modalities for the new market mechanism established under the Convention,<sup>10</sup> which are being developed under the SBSTA<sup>11</sup>, will provide further clarity on the role of carbon credits, some Parties identified the need to clarify the use of such credits, created by Parties from subnational or bilateral emission trading systems, when assessing progress towards their targets. Several Parties expressed concern as to how the potential double counting of emission reductions achieved in developed and developing countries would be addressed under the market-based and other mechanisms. Some Parties highlighted the differences in measuring progress towards a single-year target as opposed to a multi-year target, as referred to in paragraph 21 above, and the significant degree of uncertainty regarding the use of carbon credits for achieving targets set for a single year.

## **B. Comparability of mitigation efforts and assumptions and conditions related to the targets**

### **1. Overview of the presentation**

24. At the beginning of session 2, one presenter, Mr. Martin Khor (South Centre), provided a technical briefing on the comparability of mitigation efforts. This technical briefing highlighted that the Convention establishes the basis for the comparability of mitigation efforts among developed country Parties, as Article 4, paragraph 2(a), refers to equitable and appropriate contributions by such Parties towards achieving the overall objective of the Convention. The presenter identified two aspects of comparing efforts: (a) effort by a Party relative to other Parties, which is essentially a methodological issue in accounting, and (b) effort by a Party relative to the overall goal of the Convention, which is related to the mitigation ambition of developed country Parties.

25. The briefing also highlighted that one way to assess the comparability of efforts would be to express the expected emission reductions with respect to a common base year. This common metric could be then evaluated against indicators reflecting responsibility and capability, such as per capita historical emissions and per capita gross domestic product, along with other supplementary metrics. National circumstances would need to be taken into account, but should not be used as justification for inadequate efforts.

26. Mr. Khor suggested that the emission reduction target of 18 per cent below 1990 levels in the second commitment period of the Kyoto Protocol (2013–2020), as inscribed in

<sup>8</sup> Based on decision 2/CMP.7.

<sup>9</sup> Work being undertaken under agenda item 11(b) of the provisional agenda (FCCC/SBSTA/2013/1).

<sup>10</sup> Decision 2/CP.17, paragraph 83.

<sup>11</sup> Work being undertaken under agenda item 12(c) of the provisional agenda (FCCC/SBSTA/2013/1).

annex I to decision 1/CMP.8, could be used as a reference point by developed country Parties without a commitment for the second commitment period of the Kyoto Protocol.

## 2. Discussion

27. In the ensuing discussion, Parties shared their views on the comparability of developed country Party targets, common accounting frameworks and national circumstances, understanding and assessing the comparability of mitigation efforts, and the assumptions and conditions related to comparability and ambition.

### *Comparability of developed country Parties targets, common accounting frameworks and national circumstances*

28. Many Parties highlighted that the first step to ensure comparability of efforts is an ex ante understanding of the targets. They thus viewed the clarification of developed country targets as essential. With that in mind, Parties mentioned that developed country Parties could submit further information for the clarification of their targets using the common template. The use of the common template could ensure a better understanding of the nature of the targets and provide a basis to assess the methods being applied. Once the targets are sufficiently clarified, the effect of commonalities and differences in approaches to assessing comparability of targets could be better understood. Some other Parties highlighted the importance of using a common accounting framework and common rules for facilitating the assessment of comparability of efforts by developed country Parties.

29. Parties acknowledged that specific national circumstances need to be taken into account when discussing comparability. In that regard, the political, financial, and technological capacities of countries were mentioned. Some Parties emphasized that it would be worthwhile to explore the different national circumstances that influence the approaches of developed country Parties and prevent them from following common accounting rules.

### *Understanding and assessing comparability of mitigation efforts*

30. Parties engaged in open discussions on what comparability of efforts means in the context of the targets of developed country Parties. Some Parties highlighted that comparability of efforts does not only relate to the numerical values of the targets, but also to the legal form of the targets, the associated policies and measures that deliver the emission reductions necessary to attain these targets, and to the framework for measuring, reporting and verification. One Party highlighted that assessing comparability of mitigation efforts is challenging, as it not only refers to comparing the targets, but entails a much broader scope including national circumstances and the country's capabilities. Also, when defining variables to compare mitigation efforts, aspects such as changes in costs associated with new technologies over time need to be taken into account. This Party also emphasized that much more work is needed to get to the heart of the issue of comparability of mitigation efforts and to achieve a common understanding among Parties.

31. Parties also discussed how the comparability of efforts could be understood and assessed. For example, one Party highlighted that proxies such as metrics or indicators are used to compare efforts among Parties. The Party also said that not all countries assign the same importance to each metric or indicator when developing their pledges. In their interventions, some Parties referred to a technical paper<sup>12</sup> and its assessment that no single indicator or metric, or a combination thereof, could capture different national circumstances across all the countries. Other Parties stressed that although there is no single indicator that can compare effort associated with all targets, metrics should be developed to assess

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<sup>12</sup> FCCC/TP/2012/5.

comparability while the ultimate comparison should be done with the aggregate emission reductions of Parties as per scientific requirements.

*Assumptions and conditions associated with targets in relation to comparability and ambition*

32. Some developing country Parties emphasized that the assumptions and conditions related to the individual targets are directly related to ambition and comparability. These Parties expressed concerns that the targets are not transparent because the associated conditions are not clear and argued for the need to bring further clarity on such conditions. They highlighted the need to continue to explore these conditions, their meaning, and when and how they could be met. In response, a representative of New Zealand elaborated on its conditional target range and stated that important progress has been made towards meeting the related conditions. She clarified that the conditional target remains on the table and that New Zealand plans to announce a firm, unconditional target by the end of 2013.

33. Several developing country Parties raised concerns about the aggregate emission reduction level of developed country Parties and the associated ambition. These Parties also urged developed country Parties to move to the higher end of their targets. Most Parties stated in their interventions that the broad political question of ambition is being addressed under workstream two of the Ad Hoc Working Group on the Durban Platform for Enhanced Action.

34. Parties also discussed the comparability of commitments between (a) developed country Parties that are also Parties to the Kyoto Protocol, and (b) other developed country Parties. It was highlighted that Parties to the Kyoto Protocol are supposed to revisit their quantified emission limitation and reduction commitments for the second commitment period by 2014 with a view to aligning it with an aggregate GHG emissions reduction of at least 25 to 40 per cent below 1990 levels by 2020. Other developed country Parties were encouraged to follow a similar approach.

### **C. Cross-cutting issues and the way forward**

35. The chair, in his concluding remarks, summarized some key points of the discussion. On measuring the progress towards the targets, he noted some convergence of views by Parties around two potential groups of common elements. The first group includes elements that are expected to be covered by the revised reporting guidelines on greenhouse gas inventories, such as GWPs, greenhouse gases and sectors. The second group, which includes the role of LULUCF and carbon credits from market-based mechanisms, requires further work to explore and identify commonalities of approaches. These efforts will continue throughout the work programme, taking into consideration on-going discussions by the SBSTA and any additional technical briefings.

36. On comparability of mitigation efforts, the chair noted several points that were highlighted by some Parties during the discussion. These include: (a) that the identification of common elements could facilitate comparability; (b) that using different metrics to assess comparability can lead to different outcomes; and (c) that comparability of commitments between countries that are Parties to the Kyoto Protocol and other developed country Parties under the Convention can be seen as part of the comparability of mitigation efforts.

37. During the discussions, the participants suggested a number of possible ways forward to further clarify targets prior to COP 19, such as the following:

- a) Requesting Parties to provide additional submissions using the common template;

b) Requesting the secretariat to prepare an update of a technical paper (FCCC/TP/2012/5). In particular, one Party mentioned that a comparative analysis of the variety of assumptions and conditions could enhance the content of the paper.

38. Parties suggested to continue to advance the work programme through technical briefings and expert meetings structured around elements relating to approaches to measuring progress on achieving targets. One Party suggested organizing a focused expert meeting on LULUCF during COP 19.

## Annex I

### Draft agenda

#### **Event on quantified economy-wide emission reduction targets of developed country Parties, 6 June 2013**

3:00 p.m. to 3:25 p.m.

##### **Opening**

- Opening remarks by the SBSTA Chair (Mr. Richard Muyungi);
- Presentation by the secretariat on the technical paper (Ms. Barbara Muik);
- Questions and answers.

3:25 p.m. to 4:35 p.m.

##### **Session 1. Measuring progress towards achievement of targets**

- Technical briefings (Ms. Kelly Levin (WRI), Mr. Andrew Prag (OECD));
- Questions and answers;
- Interactive discussion moderated by the SBSTA Chair;
- Interventions from the floor.

4:35 p.m. to 5:45 p.m.

##### **Session 2. Comparability of mitigation efforts and assumptions and conditions related to the targets**

- Technical briefing (Mr. Martin Khor (South Centre));
- Questions and answers;
- Interactive discussion moderated by the SBSTA Chair;
- Interventions from the floor.

5:45 p.m. to 6:00 p.m.

##### **Concluding remarks by the SBSTA Chair**

## Annex II

### Questions for discussion

#### Session 1. Measuring progress towards achievement of targets

- Is sufficient and comparable information from all developed country Parties available to identify an initial set of common elements for measuring progress? If not, what additional information is needed and how should it be provided?
- How could the initial set of common elements facilitate comparability of mitigation efforts?
- How could work of this and other observer organizations be of relevance for developed country Parties to measure progress towards their targets?
- What could be the next steps to identify common elements for measuring progress made towards the achievement of the targets?

#### Session 2. Comparability of mitigation efforts and assumptions and conditions related to the targets

- Is there any new information regarding clarification and review of assumptions and conditions related to targets of developed country Parties?
  - Is further clarity needed on the contribution of domestic mitigation action, the LULUCF sector and international transactions of carbon credits from market-based mechanisms to ensure comparability? If yes, what additional information is needed?
  - How could work of this and other observer organizations be of relevance for enhancing the understanding of the comparability of mitigation efforts and assumptions and conditions related to the targets?
  - What could be the next steps to enhance the understanding of the targets and ensure the comparability of mitigation efforts by developed country Parties?
-