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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Subsidiary Body for Scientific and Technological Advice

Fifth session

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Item 8 of the provisional agenda

**ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE**

**Uniform reporting format**

**Methodological Issues**

**Comments from Parties**

The Subsidiary Body for Scientific and Technological Advice (SBSTA), at its fourth session, considered the proposed uniform reporting format contained in annexes I and II of document FCCC/SBSTA/1996/15 and requested the secretariat to prepare a revision of this format reflecting sections agreed by the contact group and leaving unchanged sections that could not be addressed (FCCC/SBSTA/1997/20, para. 74). The revision is contained in document FCCC/SBSTA/1997/3.

At the same session, Parties were invited to submit views by 15 January 1997 on the unresolved issues related to the proposed uniform reporting format, namely sections F to H of the aforementioned annexes, and on methodological issues.

Five such submissions\* have been received. 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.

**FCCC/SBSTA/1997/MISC.3**

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\* 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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**Activities Implemented Jointly under the Pilot Phase**

Ireland, on behalf of the European Community and its Member States, wishes to express its gratitude to the Secretariat for the proposed initial uniform reporting format in document FCCC/SBSTA/1996/15. This contains - as required by SBSTA at its third session - suggestions with regard to a uniform reporting format for activities implemented jointly and for national programmes respectively. This would provide a very valuable basis for gathering experience with concrete projects during the pilot phase.

The EU is of the view that the proposed uniform reporting format would greatly simplify the analysis and review of AIJ projects and programmes. The EU believes that all activities reported to date should to the extent possible be resubmitted, using the new format in order to ensure transparency and comparability of reports. The initial uniform reporting format should be further reviewed and developed over time depending in the results generated by further methodological work and experience gained.

The EU stresses that the uniform reporting format should be as detailed as proposed by the Secretariat, while recognising that some elements of this information may be difficult to provide. Additionally, it is suggested to include in section A.5 of Annex I of document FCCC/SBSTA/1996/15 another item which could allow for the mutually agreed assessment procedures between AIJ-partners to be carried out by third actors within existing structures.

The EU believes that the COP, no later than the end of the present decade, should have all necessary information to enable it to take a conclusive decision on the pilot phase and the progression beyond that. The EU therefore proposes that the Secretariat should prepare a workplan for consideration by the SBSTA at its next session which should focus primarily on those tasks which will be especially supportive of this decision. These are the evaluation of annual progress reports based on the adopted uniform reporting format and the development of criteria needed to implement, monitor and administer any fully fledged JI system, taking into account the experience reported from the pilot phase and the results generated by further methodological work.

The EU suggests that the main issues to be considered in this context are those identified in FCCC/SBSTA/1996/19 paragraphs 3 (a) to 3 (g). The EU believes that the methodological issues requiring special consideration are environmental additionality (including the baseline definition), financial additionality (for private and public investments) and the monitoring procedure. The main institutional issue to be considerate is the verification procedure. Furthermore, the EU believes that further work should be done on the appropriate institutional arrangements to implement AIJ. These issues should be discussed and elaborated on the basis of experience with individual AIJ projects. On the basis of concepts and theoretical considerations so far we should now evaluate concrete projects, analyse successes and failures and build on those experiences to advance our work on criteria.

In the view of the EU, Joint Implementation may be valuable both for the implementation and further development of the Framework Convention on Climate Change and as a contribution to implement the guiding principle of sustainable development.

**Submission related to the February-March 1997 Meetings**

The Romanian Ministry of Waters, Forests and Environmental Protection is the governmental ministry authorised to accept, approve and endorse the Activities Implemented Jointly. This Ministry will report to the Secretariat the progress in the development of these activities, in order to be presented to the Conference of the Parties.

Romania is ready to develop and support the Activities Implemented Jointly with the countries Parties to the UN/FCCC. In this way, the Romanian experts discuss the possibilities to develop the first projects. The projects will covers the most attractive options for the climate change, within the improvement of the energy management, reforestation, development of the renewable energy sources. The AIJ are a good opportunity to cooperate in mitigating net GHG emissions, contributing to support the sustainable development. These cooperative arrangements can contribute to reduce the GHG emissions or increase the absorptive capacity of sinks.

It is important to develop a pilot phase and set up common criteria for quantifying activities which can be implemented jointly. It is possible that the participating countries will share the responsibilities based on the common but differentiated responsibilities and will provide a sound basis for the future cooperation between the countries. The progress in the development of these activities and the final outcome will be jointly report to the Conference of the Parties, in a uniform reporting format to further decision making.

PAPER NO. 3: SUDAN

To The Secretariat  
UNFCCC  
FAX (49-228) 815-1999

FROM: METEOROLOGICAL AUTHORITY, KHARTOUM, SUDAN  
(FAX 24911 771693)

Reference your fax of 2.1.1997 about Submissions from Parties requested by the subsidiary bodies at their Dec. 1996 sessions, I should like to inform you that regarding the activities implemented jointly under the pilot phase, we have no comment to make about the proposed uniform reporting formats because of lack of experience in this respect.

**Comments from the United Kingdom**

The UK supports the statement on AIJ made at SBSTA 4 by Ireland as Presidency of the European Union. In particular, the UK supports the view that all activities reported to date should be resubmitted using the new format, once agreed, in order to ensure transparency and comparability of reports. The UK also supports the proposal for section A.5 of Annex I of document FCCC/SBSTA/1996/15 that the mutually agreed assessment procedures between AIJ partners could be carried out by third actors. At SBSTA 4 there was only limited discussion of document FCCC/SBSTA/1996/19 on the List of Methodological Issues. The UK supports the view that the methodological issues requiring special consideration are environmental additionality (including the baseline definition), financial additionality (for private and public investments) and the monitoring procedure.

In addition, the United Kingdom would like to reiterate the views expressed in its submission of 6 September 1996 (copy attached). In particular, it would like to emphasise the need for reporting information on trends in official development assistance (in Annex I (F)) and the importance of using common methodologies to make reports more accessible to those analysing and assessing them.

In the contact group at SBSTA4, we proposed the following amendment to the table in Annex I (F):

<b>Category of funding</b> (For each source one line)	<b>Total funding</b> (US dollars)	<b>Additional funding</b> (US dollars)
<b>Total</b>		

This change is intended to make explicit the difference between non-additional (e.g. from the Global Environment fund) and additional funding.

Finally, the UK notes that a contact group will be convened during or in the margins of the fifth session of SBSTA to continue consideration of the above two documents. The UK hopes that it will be possible to agree a uniform reporting format for AIJ under the pilot phase at the fifth session of SBSTA. This will be an essential step towards the assessment of the effectiveness of monitoring and verification arrangements, as a comprehensive review of the pilot phase will be needed in order to take a conclusive decision by the end of the decade.

1. SBSTA 3 in July requested the secretariat to prepare suggestions with regard to a uniform reporting format for the pilot phase of activities implemented jointly (AIJ) to promote consistency of reports with the initial reporting framework, and to prepare an initial list of methodological issues for consideration at the next session of SBSTA. Parties were invited by the SBSTA to submit views on the reporting format and the list of methodological issues by 1 September, in order for them to be reflected in the documentation for the December session.

2. Annex IV to the conclusions of SBSTA 2 stated that, "It is expected that subsequent sessions of the COP and its subsidiary bodies could elaborate further on the framework for reporting, taking into account the information provided by the initial reports transmitted to the secretariat or comments expressed by Parties." The UK associates itself with the statement on AIJ made at SBSTA 3 by Ireland as Presidency of the European Union, and particularly reiterates the point that Parties should improve reporting on the important issues of projected emission reductions and the costs, and cost-effectiveness of projects.

3. The UK believes that reporting could be improved by strengthening the initial reporting framework agreed at SBSTA 2 to include explicit provision for:

- the actual effects and success of a project in terms of emissions limitation or carbon sequestration, including the baseline against which this is being assessed, an assessment of what would have happened in the absence of the project, and evidence that the project is genuinely additional to planned activities;
- the measurements that are necessary to ensure accurate and consistent reporting, and any assumptions and calculations made in respect of these measurements; and
- the way in which all of these aspects are monitored.

4. Decision L.7 from COP 2 invites Parties to continue to report in accordance with the initial reporting framework. However, the reporting framework must ensure that sufficient information is provided on a comparable basis so that all Parties can use the pilot phase as a real opportunity to investigate and examine AIJ, and make a rational judgement about how-or whether-it would be possible to operate any future scheme of joint implementation under the Convention effectively and fairly.

5. The analysis and review of AIJ would be greatly simplified by the adoption of a uniform reporting format. This should assist in making the information provided comparable, and will help to show whether enough information is required under the initial reporting framework to enable a thorough assessment of the effectiveness of AIJ to be made. The reporting format should follow the reporting framework as closely as possible (whether this is the initial reporting framework or an improved framework, as above), as suggested in the table below:

INITIAL REPORTING FRAMEWORK (as agreed at SBSTA 2)	POINTS WHICH SHOULD BE DEVELOPED FOR A UNIFORM REPORTING FORMAT
"The reports should include:	
a) description of the project (type of the project, identification of all actors involved, institutional arrangements, actual costs to the extent possible, technical data, long-term viability of the project, location, lifetime, mutually agreed project assessment procedures, and so forth);	There should be agreed categories for "type of project" The roles of the various actors should be distinguished The relevant "technical data" for different types of project need to be defined The project's expected "lifetime" needs to be measured against agreed criteria.
b) governmental acceptance, approval or endorsement;	A straightforward method for indicating full governmental approval should be devised.
c) compatibility with and supportiveness of national economic development and socio-economic and environment priorities and strategies;	These priorities and strategies should be those set out in a Party's national climate change communication or sustainable development plan.
d) benefits derived from the project;	The types of benefits to be included must be defined, including secondary benefits to the environment or economy, and should be measured against agreed criteria.
e) calculation of the contribution of projects that bring about real, measurable and long-term environmental benefits related to the mitigation of climate change that would not have occurred in the absence of such activities;	A technical formula for this calculation needs to be established, including the element of additionality. For this purpose, a standardised method of calculating a project's baseline is absolutely essential (see below). Calculation of baseline emissions and the impact of the project on emissions needs to be consistent with IPCC emission inventory guidelines.

INITIAL REPORTING FRAMEWORK (as agreed at SBSTA 2)	POINTS WHICH SHOULD BE DEVELOPED FOR A UNIFORM REPORTING FORMAT
f) additionality to financial obligations of Parties included in Annex II to the Convention within the framework of the financial mechanism as well as to current official development assistance flows;	The relevant figures for financial obligations and official overseas development assistance (ODA), including trends in ODA provision, should be included, derived from a similar or common source.
g) contribution to capacity building, transfer of environmentally sound technologies and know-how to other Parties; particularly developing country Parties, to enable them to implement the provisions of the Convention. In this process, the developed country Parties shall support the development and enhancement of endogenous capacities and technologies of developing country Parties;	Specific details (including technical specifications) should be included, and compared wherever possible to information on host country's existing capacity and technological status, based on their national communications or sustainable development plans, wherever available.
h) additional comments if any including any practical experience gained or technical difficulties, effects, impacts or other obstacles encountered."	This section of the report should include an annual update of any changes from the original projection and/or most recent estimate of climate change benefits, in a form capable of comparison with the earlier projections.

6. The reporting format should make it clear what type of information should be provided. It could use questions rather than headings, and specify the form of answers, e.g. text or numbers, a descriptive answer or a simple "Yes" or "No". Instructions for the units of measurement to be used would assist clarity and comparison. If methods and elements of calculations are not prescribed by the reporting format, at the very least it should require information about the methods and calculations used to be provided in detail.

7. The consistency and comparability of reporting could be greatly improved by the agreement of methodologies for making measurements and calculations. Perhaps the most significant area in this respect is that of baseline determination. Reporting needs to be able to reflect changes in baseline, and hence in calculations of a project's effectiveness, over time. The baseline case also needs to be stated very clearly; in the case of AIJ providing improvements to an existing installation or process, existing emissions need to be measured or estimated in order to calculate the improvement; where AIJ provides for a new installation or process, a baseline needs to be estimated based on the situation that would have existed without the AIJ project. Baselines for sequestration projects need to estimate the sequestration by vegetation (and associated soils) that would have grown on the project site if the project had not taken place.

8. Supporting information about the data used (eg figures for thermal efficiency or rates of vegetation growth) should be provided in all cases; common methodologies could make such data and subsequent calculations more readily available to those reporting, and consequently make the reports more accessible to those analysing and assessing them.

9. We would not want to make the task of reporting unnecessarily onerous. However, it is essential for all Parties that sufficient information is provided for the subsidiary bodies and the COP to be able to assess both the effectiveness of AIJ projects and the strictness and effectiveness of monitoring and verification arrangements (in order to be able to make a judgement about whether AIJ could ever be an acceptable method for Parties to meet their emissions targets under the Convention). A uniform reporting format in a rigorous reporting framework would greatly assist analysis, assessment and comparison of such projects, and the open collection, provision and review of information on this basis could also assist understanding and acceptance of the potential value of AIJ.

**U.S. Comments on the Unified Reporting Format and  
Methodological Issues for Activities Implemented Jointly  
January 15, 1997**

The U.S. would like to thank the Secretariat for its work on AIJ issues. As we stated in December, the U.S. is a firm supporter of the pilot phase and of Joint Implementation. We strongly urge that the contact group which met in December to examine FCCC/SBSTA/1996/15, the Unified Reporting Format and FCCC/SBSTA/1996/19, Indicative List of Methodological Issues continue its work at the fifth session of SBSTA so that the Secretariat may be given direction by the Parties on this issue. The Secretariat's work on AIJ will provide useful information that will help inform Parties on its next steps as the end of the pilot phase approaches.

As requested at the fourth session of the Subsidiary Body for Scientific and Technological Advice, we are providing comments on the Unified Reporting Format for Activities Implemented Jointly and the Indicative List of Methodological Issues.

**Document 15: Unified Reporting Format**

The U.S. supports the progress made to date on the Unified Reporting Format and recommends that Parties adopt it with no further changes. The format provides the basis for countries to submit credible, efficient and transparent reports on their AIJ projects and national programs. We believe this initial reporting format will need revision over time as results are generated by methodological work and experience is gained in this process. Such revision can only be developed once the Parties adopt and use the format, and then provide feedback to the Secretariat on its use; this kind of iterative process will make clear which areas need refinement or definition.

With regard to the agreed language of sections A-E of Annex I as currently drafted, and as already agreed in the contact group, we strongly urge that the discussion of these section not be reopened. However, we feel that section A.5 requires some additional explanation. We suggest that in the future additional language clarifying what is meant by "mutually agreed assessment procedures" be provided. This could include information such as who reports, how it is reported, and who keeps the information in a donor country.

Following are our specific comments on Annex I Sections F through H and Annex II of the Unified Reporting Format:

**Annex I, Sections F-H**

The U.S. would like to suggest that in section F, the sentence "Please indicate all sources of project funding" be deleted and the following sentence inserted: "Please indicate all sources of the AIJ project's funding (including that which was provided for prefeasibility, implementation and verification) which are derived from official development assistance, the financial mechanism (the GEF), and the public sector."

It is our understanding that information provided under this section is to be used to determine the financial additionality of a project. Therefore, Parties should only report information relevant to the section. A comprehensive listing of a Party's financial contributions under Article 4.5 of the UN Framework Convention on Climate Change is currently required by the existing reporting guidelines for National Communications, and need not be duplicated here.

## **Annex II**

In the U.S. view, annex II of the Unified Reporting Format is a necessary element in understanding how projects are developed and evaluated within a national program. We suggest adding the phrase "on Activities Implemented Jointly" to the title.

### **Format**

The U.S. endorses the development of an electronic template for major word-processor software, and suggests that this be made available to all Parties as soon as possible after the adoption of a unified reporting format.

### **Timing of Submissions**

To the extent possible, the U.S. suggests that each Party submitting information use the revised format as a guideline for its update on AIJ projects and national programs. We recommend that the revised guidelines be used in Annex I Party National Communications due April 15, 1997. Countries should also be encouraged to update their reports prior to COP-3. In our view, as a matter of longer term timing, subsequent reports on AIJ should be submitted in conjunction with the annual greenhouse gas inventory.

### **Document 19: Methodological Issues**

The U.S. commends the Secretariat for the comprehensive list presented in SBSTA Document 19. We also note with regret the delay in the development and agreement on guidelines for joint implementation as stipulated in the Convention. The U.S. believes it is incumbent on Parties to provide a mandate to the Secretariat so that work may proceed more rapidly on methodological issues.

### **Indicative List of Methodological Issues**

- Paragraph 3(a). It is the U.S. view that the primary focus within this diverse set of issues must be on better understanding of questions related to the baseline. We believe it is from baseline issues that the discussion on emissions effects will flow, and the determination of a baseline underpins the credibility of an AIJ project.
  
- Paragraph 3(e). In our view, the emphasis in this set of issues must first be on transaction costs. Further, we note that the substantial variability in national and

project-specific circumstances will make it difficult for the Secretariat to consider the cost-effectiveness of AIJ as a general matter; cost-effectiveness of AIJ can, ultimately, only be determined by the marketplace. There is a clear value, however, in understanding some costs associated with an AIJ project such as administrative costs to the host government, transaction costs to project implementers, and assessments of strategies to reduce such costs.

- Paragraph 3(f). We believe that the pilot phase was created to assess all issues related to AIJ, not just a few. One of the most critical -- and probably difficult to resolve -- will be that of crediting. We must therefore begin promptly to address this issue.

While the issues contained in Document 19 are all important, the U.S. suggests that the Secretariat prioritize these items in order to structure its workplan. We would suggest that the most critical issues for 1997 are those of baselines [3(a)] and measurement and reporting [3(b)]. To that end, we would like to reiterate our willingness to host and co-sponsor (along with the Secretariat) a workshop on baseline issues, to co-sponsor a workshop on measurement and reporting, and to provide in-kind support for the development of issue papers relevant to these topics. The U.S. also believes convening additional experts' meetings to further address methodological issues and the development of the Secretariat's work plan would be useful.

**Re: Comments on Agenda Item 6 of the Fourth Session of the Subsidiary Body for Scientific and Technological Advice - Geneva, 16-18 December 1996**

**Ref.: EED(97)07**

Dear Mr. Zammit Cutajar,

As you may know, the International Energy Agency (IEA) Secretariat had an opportunity to address the fourth session of the SBSTA on the important item of reporting requirements for Activities Implemented Jointly (AIJ). As mentioned during my intervention, we suggest that an additional category of information, namely technology characteristics, be included in the reporting format. Mr. Faragó noted favourably my intervention and said that we should work with the UNFCCC Secretariat to have our suggestions incorporated.

The IEA feels that AIJ projects will serve a valuable role in demonstrating the reliability of various technologies. As such, technology diffusion will be helped if potential users can quickly identify the location of comparable projects. Therefore, we believe the Parties to the Convention may find it helpful to add the following three items to the reporting data in document FCCC/SBSTA/1996/15 in Annex I A) 3) (*Activities*) and Annex II 1) B)<sup>1</sup> 4) (*Summary of activities*) to cover technology characteristics:

- a category which reports on the technology area of an AIJ project, such as renewable energy technology or clean fossil fuels technology;
- a category which reports on the type of technology such as wind energy technology or gas fired boiler technology; and
- a category which reports on the magnitude of an AIJ project such as the capacity of a generating unit or the number of kilowatt-hours saved in an energy efficiency project.

Equivalent information could also be reported on non-energy projects.

The IEA is of the view that the addition of these categories to the reporting requirements of AIJ projects will help to enhance the awareness of climate friendly technologies which are being deployed in countries both now and in the future, and will help the diffusion of these technologies.

In addition to these comments on technology types, we would like to inform you

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<sup>1</sup> There are two B) in Annex II 1). This comment refers to the second B).

that we have further research underway to address the methodological issues which are identified in footnote b) in Annex I A 3) on lifetime of activities and on the methodologies which are referred to in Annex I E to differentiate a baseline scenario from an AIJ scenario. We will make this further research available to you after we have had a chance to refine it to make it more "user-friendly".

Our research already indicates that AIJ activities also surround the removal of investment constraints. AIJ could target the financial engineering or certain capacity building activities which would push a project into actual realisation. A reporting framework for AIJ would need to allow the description of such activities as well.

We appreciate the opportunity to make this technical input and, as always, look forward to our continued cooperation in support of the UNFCCC process.

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