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Item 4 (b) of the provisional agenda

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

**REVIEW PROCESS RELATED TO GREENHOUSE GAS INVENTORIES**

**Submissions from Parties**

**Note by the secretariat**

1. At its ninth session, the Subsidiary Body for Scientific and Technological Advice (SBSTA) requested the secretariat to prepare an initial report on elements of a review process related to greenhouse gas inventories, including in-depth reviews, based on the issues identified at both workshops and submissions from Parties, for consideration at its tenth session, with a view to forwarding relevant information to the Subsidiary Body for Implementation. The SBSTA invited Parties to submit information related to elements of a review process by 1 March 1999 (FCCC/SBSTA/1998/9, para. 51 (f)).

2. Six 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.

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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.

**FCCC/SBSTA/1999/MISC.4**

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PAPER NO. 1: AUSTRALIA

**AUSTRALIAN SUBMISSION ON ELEMENTS OF A REVIEW PROCESS  
RELATED TO ANNEX I PARTIES' GREENHOUSE GAS INVENTORIES**

**INTRODUCTION**

Australia has outlined in its submission on the review of Annex I Party 3<sup>rd</sup> national communications that it foresees an eventual two strand review process under the Protocol – one review process covering national communications, and one covering annual inventories.

In the short term, however, Australia considers that the review of Annex I Party third national communications should be taken as an opportunity to pilot a more extensive inventory review, whilst still ensuring that all aspects of national communications are reviewed. If adopted, dedicated country visit reviews of inventories may not be needed until the Protocol has entered into force.

Currently Annex I Party inventories are provided on an annual basis, and are also included with national communications. Those inventories included with national communications are reviewed by in-depth review teams in their consideration of national communications. The annually submitted inventories are collected by the secretariat into a summary compilation document.

**THIRD NATIONAL COMMUNICATIONS**

The review of Annex I Party third national communications is likely to follow the basic format of the review of second national communications, that is an in-depth review, and the preparation by the secretariat of compilation and synthesis documents.

Australia notes that 3<sup>rd</sup> national communications are due on 30 November 2001, approximately mid way between the annual inventories (due 15 April annually).

Australia views the review of 3<sup>rd</sup> national communications as an opportunity to pilot a more extensive inventory review. The completeness and transparency of inventory reporting should be evaluated in some detail, as should national procedures for the estimation of emissions. This is of particular importance because, as noted in Australia's submission on matters related to compliance, the development and reporting of inventories under Articles 5 and 7 of the Protocol will be an important basis for any legally binding regime under the Protocol.

A pilot review process would enable review teams to examine all aspects of the manner in which inventories are compiled and reported. This could aid Parties in the development of their inventories, as well as ongoing IPCC inventory development work. It could also contribute to ongoing work on how best to define and establish national systems under the Protocol.

Such a refocused process would require a different balance of expertise on review teams. While review teams should be chosen in the same manner as currently, a greater weighting of

review team experience towards inventory specialists would facilitate this approach.

In-depth review teams may also need greater preparation prior to arriving in a country. As a contribution to this end, the secretariat could undertake some tasks which would help in-depth review teams in their preparations:

- Initial checking of inventories (timeliness, completeness, consistency with guidelines and from previously submitted inventories, data quality issues, uncertainties, quality of supporting documentation, etc);
- Adherence to reporting guidelines;
- An analysis and synthesis report which considers all annual inventories.

As noted in Australia's submission on matters related to compliance, expert review teams under Article 8 of the Protocol might be instructed to:

- examine Parties' use of common reporting formats for inventory information (as these formats will facilitate the examination and comparison of inventory estimates);
- consider whether the transparency and documentation of inventory estimates meets required levels;
- conduct thorough and comprehensive technical reviews of inventory estimates.

Links to the compliance process currently under development for the Protocol will need to be explored by the joint working group on compliance, and reported to the subsidiary bodies.

The outputs of in-depth reviews would most likely be reports longer than those currently provided by in-depth review teams.

## **LONGER TERM**

Inventories to be submitted under the Kyoto Protocol are unlikely to be fully comprehensive estimates of a country's total emissions of greenhouse gases. In particular, they will not include a comprehensive estimation of emissions from sources and sinks in the land use change and forestry sector, and will in addition not include information on SO<sub>2</sub> emissions and bunker fuels. It will need to be considered how this additional information should be reported, and whether and how it should be reviewed.

In the future, review of inventories should be separated from review of national communications, as part of a legally binding Protocol regime. Inventories should be reviewed annually, with particular emphasis upon key milestones such as during and at the end of the commitment period. This may involve detailed reviews of each sector of the inventory, using either or both desk reviews and country visits. In the planning of reviews, it should be borne in mind that not all aspects of an inventory will necessarily be updated on an annual basis, depending for example upon the cycle of data collection for activity data inputs.

Consideration should be given to developing good practice guidelines for the review process as a step toward enabling better comparison between Parties' emission estimates.

There are several options for the personnel to be involved in review processes. They could be selected as currently, with even more emphasis upon inventory experts. However there may be a shortage of qualified personnel. To overcome this, a single review team may consider the inventories of several countries, and may be chosen from inter-governmental

organisations as well as countries. It may also be possible to consider an audit process involving a form of external auditing of inventories. An appropriate method may be considered further once the review of 3<sup>rd</sup> national communications has been conducted.

PAPER NO. 2: CANADA

**METHODOLOGICAL ISSUES RELATED TO GREENHOUSE GAS  
EMISSION INVENTORIES**

At the ninth session of the Subsidiary Body for Scientific and Technological Advice in Buenos Aires, Argentina, in November 1998, Parties agreed in FCCC/SBSTA/1998/9, paragraphs f and g respectively,:

*1) To request the secretariat to prepare an initial report on elements of a review process related to GHG inventories, including in-depth reviews, based on the issues identified at both workshops and submissions from Parties, for consideration at its tenth session. The SBSTA invited Parties to submit information related to elements of a review process by 1 March 1999, and*

*2) that the SBSTA invite Parties to submit initial information related to the options addressed in document FCCC/SBSTA/1998/8 by 1 December 1998 and additional information by 1 March 1999, for compilation into a miscellaneous document.*

This submission addresses these two requests.

***Abstract***

***Elements of a Review Process & Additional Issues***

Canada shares many of the views already expressed by Parties related to methodologies, reporting and the review of greenhouse gas inventories both in previous submissions and at the SBSTA Workshop on GHG Inventories held in Bonn, in December 1998. To summarize, Canada believes that:

1. A **separate** set of UNFCCC reporting guidelines for national greenhouse gas inventories is required.
2. **Annual reviews** of greenhouse gas inventories should be undertaken by the FCCC secretariat and a panel of experts.
3. **Additional methodological** work is required to improve the relevance of the IPCC Inventory Guidelines, if they are to be used in calculating Parties' assigned amounts and in ensuring compliance.

**Introduction**

Canada would like to thank the Secretariat for organizing a very useful and informative workshop, recently held in Bonn, on issues related to methods, reporting and review of national greenhouse gas inventories and in preparing draft revised text of the UNFCCC Guidelines for Reporting Inventory Data by Annex 1 Parties (FCCC/SBSTA/1999/INF.1/Add.1) Information provided at this workshop and contained within the draft guidelines demonstrates very clearly that there is a continuing need for

discussions, if timely decisions are to be made with respect to the future work program of the subsidiary bodies.

### **Separate Reporting and Review Guidelines for GHG Inventories**

Of importance to Canada is the acknowledgement that a specific set of guidelines are needed on reporting of greenhouse gas inventories separate from those for reporting national communications. At COP 4 in Buenos Aires, both the SBSTA and the SBI noted the critical role of greenhouse gas emission and removal inventories in tracking progress. Of particular importance is the recognition that GHG inventories play a critical role in measuring progress and verifying compliance, reflected in the decision to report them annually. A specific set of guidelines is needed on reporting of greenhouse gas inventories separate from those for reporting national communications, which occur much less frequently.

Decision 11/CP.4 from COP4 specifically requests the subsidiary bodies to consider the *“scope, modalities and options for the review process, including the review of annual inventory information, and the need for more thorough consideration of national circumstances and reporting requirements under the Kyoto Protocol and to report, as appropriate, to the Conference of the Parties, at its fifth session on proposed changes with a view to adopting revised guidelines for the review process at its sixth session.”*

### **Elements of a Review Process**

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 the reporting practices, which are aimed at providing transparent, comparable and consistent information to the Convention and to the Protocol. Moreover, they would serve to clarify and correct inconsistencies in the current IPCC Inventory Guidelines and/or in the use of the Guidelines, while improving the reliability, accuracy, and the quality of inventories for individual countries.

Finally, Canada believes that the strengthening of both the reporting and review practices under the Convention is a necessary prerequisite upon which to base future guidelines to meet the more rigorous needs of the Kyoto Protocol and that would eventually lead to an auditing and verification process under the Kyoto Protocol.

As such, Canada believes that discussions on a review process specific to annual GHG inventories are extremely valuable and should continue. At the SBSTA Workshop on GHG Inventories numerous ideas were put forth on possible elements of a review process. In general, they can be summarized as follows:

*Elements of a Review Process*

- **Pre-submission** - Canada's view is that any pre-submission reviews be self-governed and incorporate best practice guidelines.
- **Submission and initial checks** - In this stage, data would be provided using a common reporting format, preferably electronically, accompanied by appropriate supporting and explanatory documentation and a set time period provided for responding to questions from the Secretariat.
- **Status Report** - Based on the checking procedure, followed by the feedback by Parties, the secretariat could then release an initial report on the status of each submission.
- **Synthesis and assessment report on inventories** - Currently, only an annual compilation of inventory data is prepared by the secretariat. Canada believes that it is important that further analyses be given to inventory data reported annually. Recognizing the limitations of the current mandate of the Secretariat, Canada urges Parties to re-examine said mandate with a view to undertaking annual synthesis and reviews of national greenhouse gas emissions and removals inventories. While the main purpose of the review would be to check for comparability, transparency and consistency of inventory data, the synthesis and assessment report could also adapt to the changing needs of the Parties as negotiations progress under the UNFCCC and the Kyoto Protocol.
- **Individual review of inventories** - It is Canada's view that the frequency and type of individual reviews of inventories should be predicated on the purpose of the inventory. Will national inventories continue to be simply reporting tools, or will they also be the ultimate measure upon which to base an assessment of compliance?

COP3 (Decision 2/CP.3) reaffirmed that "*Parties should use the Revised 1996 Guidelines for National Greenhouse Gas Inventories of the Intergovernmental Panel on Climate Change to estimate and report on anthropogenic emissions by sources and removal by sinks of greenhouse gases not controlled by the Montreal Protocol*". However, additional methodological work related to the development of guidelines for necessary supplementary information with respect to the reporting and hence review, of annual greenhouse gas inventories under the provisions of Articles 7.1 and 7.4 of the Kyoto Protocol in connection with Article 3, and in particular with Article 3.3, and 3.4, is required. In addition, under the provisions of Article 5, guidelines for national systems for the estimation of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol shall be decided at the 1<sup>st</sup> MOP. Given the current lack of clarity, particularly with what is and what is not included in establishing assigned amounts, it would seem prudent to proceed in a cautious manner. In any case, it is Canada's view that in-depth reviews of the inventory must be conducted independently of and on a more frequent basis, than the current national communication review process.

As discussed at the workshop, reviews could be conducted either by sending inventory

materials to experts in a single location, or through a series of country\*\* visits involving experts. The teams of experts could be drawn from a roster and perhaps divided up by gas, source and sector, according to expertise. In the case of annual reviews, it might be possible to tie in the review of individual inventories with the synthesis and assessment report of the inventory data.

### **Additional Methodological Work (*Uncertainties and Assigned Amounts*)**

Canada, like many Parties, places great importance on the work of the IPCC in developing methodologies for estimating and reporting emissions and removals of greenhouse gases. As such, Canada supports the current inventory work program of the IPCC that is establishing good practice guidelines. The IPCC's current program has two components:

- (1) to develop better ways to assess and communicate uncertainty and
- (2) to develop sector and/or source specific "*good practice guidelines*" to enhance implementation of the current inventory methodologies. While the results of this work will undoubtedly be of relevance to the Parties on issues related to assessing compliance, emissions trading, and other Kyoto Mechanisms, it is unclear what the ultimate IPCC product will be, or how it will be included under the Kyoto Protocol.

Canada has provided its views on dealing with uncertainties in previous submissions. Given the fact that the IPCC is currently examining this issue, the following is offered to guide the work of the Parties in establishing Inventory Guidelines. Given the time-frames involved though, it is doubtful that improvements in methods and data alone will resolve the concerns surrounding the large inequities and verification difficulties that characterise the single basket alternative embraced by the Kyoto Protocol, particularly when modalities and guidelines are yet to be developed and agreed to, for many interrelated mechanisms.

Canada had previously suggested the establishment of a set of accounting rules which attempt to address the problem of inequity between inventories of varying uncertainties. A fundamental requirement to this approach is that the statistical uncertainty (precision) associated with the estimates, by gas and by sector, be known.

As such, Canada would urge Parties to adopt guidelines that not only require the reporting of uncertainties on an aggregate GHG basis, but that also mandate that quantitative estimates of uncertainties in both emission factors and underlying data on a gas-by-gas basis for individual source categories be provided. A resulting benefit would be that the system would promote improvement in data quality.

The current work of the IPCC Inventories Program is not examining the land-use, land-use change and forestry categories. While it may be somewhat premature for SBSTA to discuss the methodological issues related to good practice in these categories, it is extremely important that SBSTA begin the process of developing guidelines to deal with the various

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\*\* In all likelihood, country visits would not be annual.

levels of uncertainty in greenhouse gas inventories, both as they pertain to the sinks issue and the overall inventory. It is Canada's view that with respect to land-use and land-use change activities, the current IPCC reporting guidelines are incompatible with the recent decisions of the Parties and are inadequate and must be improved to help in monitoring compliance. As such, SBSTA must not only continue to provide guidance to the IPCC and other bodies, but it must also establish clear guidelines on establishing assigned amounts.

PAPER NO.3: GERMANY  
(ON BEHALF OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES)

**SCOPE AND MODALITIES OF THE REVIEW PROCESS FOR THE THIRD  
NATIONAL COMMUNICATIONS, INCLUDING IN-DEPTH REVIEWS, IN THE  
CONTEXT OF THE KYOTO PROTOCOL AND ON**

**ELEMENTS OF A REVIEW PROCESS RELATED TO GREENHOUSE GAS  
INVENTORIES, INCLUDING IN-DEPTH REVIEWS**

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 COP5<sup>1</sup>.

The EU recalls that pursuant to decision 11/CP.4 revised guidelines for the review process should be adopted at COP6<sup>2</sup> 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.

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<sup>1</sup> Abbreviated as 1999 FCCC Reporting Guidelines

<sup>2</sup> Abbreviated as 2000 FCCC Review Guidelines

## **I. Scope and modalities of the review process for the third national communications, including in-depth reviews, in the context of the Kyoto Protocol**

### **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.

### **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 Inventories<sup>3</sup> 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 implementation of the commitments and identify potential problems in, and factors influencing, the fulfilment of the commitments.

## **II. Elements of a review process related to greenhouse gas inventories, including in-depth reviews**

The EU recognises (whilst the existing in-depth review process provides valuable insight into Parties' inventories of emissions of greenhouse gases and removals by sinks) the importance of inventory information in assessing how Parties meet their commitments and believes that greater emphasis should be put on this aspect of the review process.

The EU believes that the scope of the review process should include an assessment of the extent to which the Party was in compliance with the 1996 IPCC Guidelines, and any good practice guidelines that have been agreed in the context of the 1996 IPCC Guidelines.

Possible elements for an extended inventory review include the following issues:

1. The review should include an assessment of transparency, consistency, comparability, completeness and uncertainty.
2. The secretariat could carry out an initial checking of the inventories to examine the completeness and consistency of the data and supporting information. Depending on the outcome and on request of the secretariat Parties could provide additional information.
3. The secretariat should produce annual status reports on the inventory covering aspects that could be reviewed routinely or automatically. This could include aspects such as date of submission, completeness, gas coverage, conformity with standard reporting formats, base year adjustments and provision of data calculated using reference approaches.
4. The review should be extended to activity data and emissions factors and should be based on a careful analysis of the data provided by Annex I Parties. Emission factors and activity data should be compared with expected ranges and data sets. The expected ranges could be taken from the 1996 IPCC Guidelines, from the inventory estimates of Parties themselves, and from sources other than national inventories. This comparison could be made annually by the Secretariat which would keep the data base of values and ranges used for comparison.
5. Self verification procedures and any independent peer review conducted nationally should be assessed by the expert review team.

Further discussion is needed on which elements should be part of an annual review of inventory data.

Because of the greater emphasis on inventories in the in-depth review, the involvement of inventory experts in this part of the review process should be strengthened inter alia by

extending the amount of time devoted to inventory review, e. g. either during the visit of the in-depth review team or by formal exchange of documents and paper review before and/or after the visit. The secretariat, in consultation with the IPCC Inventory Programme, could consider how to improve the co-operation between the secretariat and inventory experts on the review of inventories.

PAPER NO. 4: NEW ZEALAND

**INFORMATION ON ELEMENTS OF A REVIEW PROCESS RELATED TO  
GREENHOUSE GAS EMISSIONS INVENTORIES  
(PARAGRAPH FCCC/SBSTA/1998/9 REFERS)**

New Zealand supports the process under way regarding methodological issues relating to greenhouse gas inventories which will result in revisions to the guidelines for reporting inventory data by Annex I Parties in both national communications and in annual inventory submissions.

Making information and data available through national communications and annual inventories are at the heart of reporting requirements under the FCCC. National greenhouse gas inventories will increase in importance as we move into the era of “Kyoto commitments”, for meeting information and data commitments under Articles 5 and 7, ultimately leading to the process of verifying compliance under Article 3.

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. The greenhouse gas inventory review process needs to be improved as part of this strengthening, as an inherent part of the technical process of ensuring high quality inventory data as stated in FCCC/SBSTA/1999/INF.1. In our view, strengthening of the review process also includes improvement to the overall quality of the review.

An output from the review process which could enhance the quality and the usefulness of the review could be a “status” report compiled by the secretariat on each Party’s reporting. This could be compiled in an agreed tabular format, and for each Party could contain such information as coverage of the inventory, completeness of documentation and areas where more information was sought by the reviewers.

We note the possible elements of a review process as outlined in FCCC/SBSTA/1999/INF.1 and support their general direction.

PAPER NO. 5: SWITZERLAND

**SCOPE, MODALITIES AND ELEMENTS OF A REVIEW PROCESS  
RELATED TO GREENHOUSE GAS INVENTORIES**

In response to the call at the ninth sessions of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation for comments on a review process related to GHG inventories, Switzerland presents the following views.

1. In order to serve the needs of the Convention and the Kyoto Protocol, the review process for the consideration of GHG inventories should be enhanced in the following respects:
  - definition of criteria and minimum requirements to be met by Parties and to be checked on by those involved in the review process;
  - integration of all elements related to the review process in a standardised format;
  - target orientation and cost-effectiveness;
  - explicit guidance from the review process to Parties;
  - linkages between the review process and the compliance regime under the Kyoto Protocol;
  - adequate qualification and availability of involved experts.
2. Switzerland generally welcomes the four step approach proposed in the report on the workshop on methodological issues related to GHG inventories (FCCC/SBSTA/1999/INF.1). Growing needs for the thorough analysis of inventories submitted by Parties must be reflected in corresponding changes in the mandate of the secretariat. However, the increased involvement of the secretariat and the broadened scope of the review process require some provisions in the form of, e.g., guidelines and checklists to safeguard clear allocation of responsibilities and co-ordination of outputs. Some flexibility is essential to respond to aspects of particular interest, to take the evolving needs of the Convention into account and to make best use of available resources. Yearly, comprehensive inventory reviews do not seem appropriate in this context.
3. In the same manner as Parties are expected to apply common reporting formats, the output of the review process should be documented in a systematic, comparable and transparent manner, e.g. by increased use of standardised formats and tables. The results of the various elements and phases of the review process should be integrated in a single document and made available on the web.
4. Review reports should be explicit in highlighting areas of compliance with reporting requirements and areas in need of improvement. Parties should be informed of such issues, e.g. by means of a list of good practices, recommendations and suggestions. The review process should include the opportunity for Parties to comment on the recommendations and suggestions put forward. This material could serve as a common reference when assessing subsequent submissions to the Convention. In order to help clarify issues of general concern, the terms under which review teams can call upon the entity entrusted with the treatment of questions of compliance need to be defined.

PAPER NO. 6: UNITED STATES OF AMERICA

**U.S. SUBMISSION ON THE FUTURE REVIEW PROCESS**

**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.