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**SUBSIDIARY BODY FOR IMPLEMENTATION**

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**Item 3 (a) of the provisional agenda**

**National communications from Parties included in Annex I to the Convention**

**Options for the review process**

**Streamlining review processes under the Convention  
and the Kyoto Protocol**

**Note by the secretariat\***

*Summary*

Several reviews of the information to be submitted by Annex I Parties under the UNFCCC and under the Kyoto Protocol should take place in 2006–2007. Mandated reviews are in-depth reviews of fourth national communications, annual technical reviews of national greenhouse gas inventories, evaluation of reports demonstrating progress achieved in meeting commitments under the Kyoto Protocol, and reviews of the reports to facilitate the calculation of the assigned amount and to demonstrate capacity to account for a Party's emissions and assigned amount.

The Subsidiary Body for Implementation (SBI) requested the secretariat to prepare a note on streamlining these review processes, in order to avoid possible duplication of effort and ensure efficient use of available resources. The present note suggests possible ways of implementing the mandates with a view to the SBI recommending draft decisions on conducting various reviews in 2006–2007, for adoption by the Conference of the Parties at its eleventh session and by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session.

\* Submission of this document has been delayed due to the need for consultations.

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## **I. Introduction**

### **A. Mandate**

1. The Subsidiary Body for Implementation (SBI), at its twenty-first session, recalled that several reviews of information submitted by Parties included in Annex I of the Convention (Annex I Parties) under the UNFCCC and, for Parties to the Kyoto Protocol, under the Kyoto Protocol should take place in 2006–2007. The SBI requested the secretariat to prepare a note, for consideration at its twenty-third session, on options to streamline these review processes, in order to avoid possible duplication of effort and ensure efficient use of available resources.<sup>1</sup>

### **B. Scope of the note**

2. The present note highlights existing and foreseen challenges in reporting and review in 2006–2007, and suggests some ways for both Parties and the secretariat to implement the mandates with optimum efficiency.

### **C. Possible action by the Subsidiary Body for Implementation**

3. The SBI will be invited to consider ways of streamlining the review processes under the Convention and the Kyoto Protocol in 2006–2007 and to prepare draft decisions to that effect for adoption by the Conference of the Parties (COP) at its eleventh session and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) at its first session.

## **II. Mandated reviews in 2006–2007**

4. The national communication and inventory review processes have contributed to the assessment of implementation of the Convention and improved quality and transparency of reporting over the past several years. Under the Kyoto Protocol, the Article 8 review processes will be crucial for assessing the compliance of Annex I Parties with its provisions. However, the review processes are time-consuming and resource-intensive, both for Parties and for the secretariat, and the period 2006–2007 will be especially intensive, in particular because of the late entry into force of the Kyoto Protocol. Tight deadlines have been established for review under the Kyoto Protocol. If these deadlines are not met, the eligibility of Parties to participate in the flexibility mechanisms might be affected.

5. According to the existing mandates, the following reviews should take place at various times in 2006–2007:

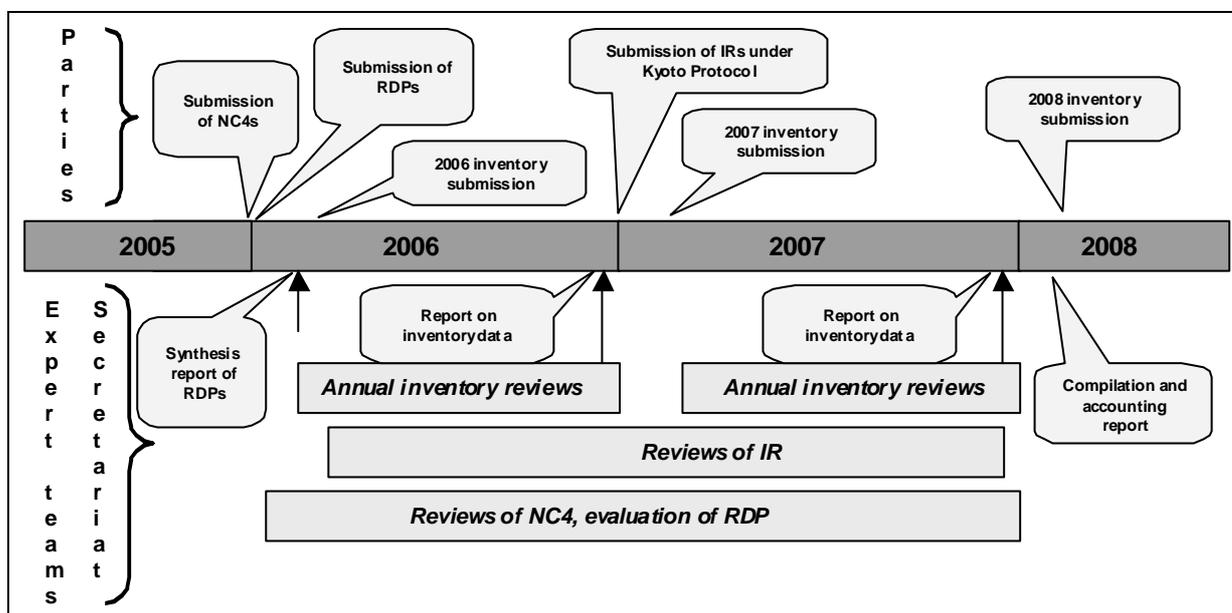
- (a) In-depth review of fourth national communications (NC4) – for all Annex I Parties
- (b) Annual technical review of national greenhouse gas (GHG) inventories – for all Annex I Parties
- (c) Evaluation of the reports demonstrating progress (RDP) achieved in meeting the commitments under the Kyoto Protocol – for Annex I Parties that are also Parties to the Kyoto Protocol
- (d) Review of the reports to facilitate the calculation of the assigned amount and to demonstrate the capacity to account for a Party's emissions and assigned amount – “initial report” (IR) under the Kyoto Protocol – for Annex I Parties that are also Parties to the Kyoto Protocol.

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<sup>1</sup> FCCC/SBI/2004/19, paragraphs 15–17.

6. Figure 1 shows the time frame for the review processes during this period and indicates how the reviews overlap. Additional information on each type of review is given in table 1 and in the text below.

**Figure 1. Time frame of reporting and reviews according to existing mandates**



**Table 1. Summary of the mandated reviews in 2006–2007**

Review object	Submission date	Timeframe for review	Method of review
Fourth national communication (NC4) – for all Annex I Parties	1 January 2006 (decision 4/CP.8)	<ul style="list-style-type: none"> <li>Established by COP under the Convention</li> <li>Within two years after the submission of a national communication under the Kyoto Protocol (decision 23/CP.7)</li> </ul>	<ul style="list-style-type: none"> <li>A desk review (and/or centralized review under the Kyoto Protocol) is to be conducted followed by a country visit</li> <li>An in-depth review report is to be prepared for every Party reviewed</li> <li>A compilation and synthesis report is to be prepared for all national communications</li> </ul>
Report demonstrating progress (RDP) – for Kyoto Protocol Annex I Parties	1 January 2006 (decision 22/CP.7)	A synthesis of national RDPs to be prepared by the secretariat for the first SBI session in 2006 (May 2006) (decision 25/CP.8)	To be “evaluated together with the national communication” (decision 25/CP.8)
Initial report (IR) – for Kyoto Protocol Annex I Parties	Before 1 January 2007 or one year after the entry into force of the Kyoto Protocol for the Party whichever is later (decision 19/CP.7)	Within 12 months of the receipt of the report (decision 23/CP.7)	<ul style="list-style-type: none"> <li>An in-country visit is part of the review (decision 23/CP.7)</li> <li>A review report is to be prepared for every Party reviewed</li> <li>The first annual compilation and accounting report (decision 19/CP.7) is to be published after the review</li> </ul>
2006–2007 submissions of annual GHG inventories – for all Annex I Parties	15 April 2006; 15 April 2007 (decisions 3/CP.1, 9/CP.2)	<ul style="list-style-type: none"> <li>The initial checks and preparation of synthesis and assessment reports start on 15 April every year</li> <li>Individual reviews of national GHG inventories of Annex I Parties are conducted in the second part of the year</li> </ul>	<ul style="list-style-type: none"> <li>The review is to be conducted in several stages (decision 19/CP.8): initial check; synthesis and assessment; reviews of individual inventories</li> <li>A report is to be prepared for every Party reviewed</li> <li>An annual report summarizing GHG data across Annex I Parties is to be prepared</li> </ul>

7. As can be seen from figure 1 and table 1, existing mandates are very specific on deliverables and deadlines, and thus do not leave much room for manoeuvre for Parties or the secretariat. In essence, the work to prepare for the start of the first commitment period under the Kyoto Protocol in 2008 was supposed to be performed over several years, but because of the late entry into force of the instrument this work will need to be done in less than two years in the period 2006-2007. For that reason, having considered the state of preparedness, the secretariat presents in this note suggestions rather than options. These suggestions, although presented below under individual headings, are strongly interrelated and need to be considered as a coherent “package”.

#### **A. In-depth review of fourth national communications (all Annex I Parties)**

8. In accordance with decision 4/CP.8, Annex I Parties are to submit their fourth national communication (NC4) by 1 January 2006. These reports cover all aspects of implementation of the Convention, in accordance with the guidelines for the preparation of national communications of Annex I Parties adopted by decision 4/CP.5.<sup>2</sup> Following decisions 6/CP.3, 11/CP.4 and 4/CP.8, these communications are subject to an in-depth review which, as a general rule, includes a country visit.

9. Additionally, Annex I Parties that have ratified the Kyoto Protocol are to include in their fourth national communication information on implementation of the Kyoto Protocol, as specified in the guidelines for reporting contained in the annex to draft decision -/CMP.1 (*Article 7*), attached to decision 22/CP.7. Because Parties will be in the early stages of implementation of the Protocol, it is expected that this information will be preliminary. This additional information is to be reviewed in accordance with the relevant provisions of decision 23/CP.7, its appendices and the attached draft decision -/CMP.1.

10. Conducting reviews of the national communications under the Convention in 2006–2007 as in the past (including visits to each country), and conducting the review of the initial reports under the Kyoto Protocol (see sections C, D below) in parallel, would lead to overlap, put an additional burden on Parties and result in an inefficient use of secretariat resources.

11. **Suggestion.** In 2006–2007 the secretariat would organize an expedited review of NC4s involving a limited number of government-nominated experts and would prepare a compilation and synthesis report. This report would be prepared in time for consideration at SBI 27, COP 13 and COP/MOP 3 (December 2007) and would include information from all national communications of Annex I Parties.

#### **B. Evaluation of reports demonstrating progress (Parties to the Kyoto Protocol only)**

12. Reports demonstrating progress (RDP) achieved by Annex I Parties in meeting their commitments under the Kyoto Protocol were mandated by decision 22/CP.7. Decision 25/CP.8 further determined that the reports should cover a description of domestic measures to mitigate GHG emissions and programmes for domestic compliance and enforcement; trends in, and projections of, GHG emissions; an evaluation of how domestic measures will contribute to meeting a Party's commitments under Article 3 of the Kyoto Protocol; and a description of the activities, actions and programmes to fulfil commitments under Articles 10 and 11 of the Kyoto Protocol. This information should be consistent with the information in NC4s.

13. The same decision required that the RDP be evaluated together with the national communication submitted under the Kyoto Protocol and requested the secretariat to prepare a synthesis report of RDPs for consideration by the SBI at its first session in 2006.

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<sup>2</sup> FCCC/CP/1999/7.

14. Preparation of this synthesis report presupposes timely submission of RDPs by the majority of Annex I Parties that are Parties to the Kyoto Protocol (by 1 January 2006); otherwise the synthesis will have limited value. Because of the publication requirements (preparation of documents must be completed 10 weeks before the session starts, i.e. by the beginning of March 2006) the secretariat will only have a few weeks to prepare the synthesis, which may not be enough to produce a quality report.

15. **Suggestion.** Postpone preparation of this synthesis report until the second half of 2006; the report could then be considered at SBI 25, COP 12 and COP/MOP 2 (December 2006). This would have an additional advantage of providing input into discussions on Article 9 of the Kyoto Protocol envisaged at COP/MOP 2.

### **C. Review of initial reports under the Kyoto Protocol (Parties to the Kyoto Protocol only)**

16. The draft COP/MOP decision attached to decision 19/CP.7<sup>3</sup> requires each Annex I Party to submit a report (referred to hereinafter as the "initial report") to demonstrate that institutions and systems are in place to account for GHG emissions, to estimate the assigned amount and commitment period reserve, and to report information relating to activities under Article 3.3 and 3.4 of the Kyoto Protocol. The report is due by 1 January 2007 or one year after the entry into force of the Kyoto Protocol for the Party, whichever is later. The majority of reports are expected in December 2006 but this is only an assumption.

17. Each initial report will be subject to review in accordance with the relevant provisions of draft decision -/CMP.1 (*Article 8*).<sup>4</sup> According to that draft decision, the review shall be completed within 12 months from the submission of the report and shall include a country visit.

18. This review is crucial for ensuring proper functioning of institutions and systems under the Kyoto Protocol and for monitoring compliance with its provisions. A thorough review of the Party's GHG inventory and national inventory system will be a key element of this review, as a basis for the calculation of each Party's assigned amount under Article 3.7 (see section D below). The establishment of the assigned amount is a prerequisite for participating in the flexibility mechanisms under Articles 6, 12 and 17 of the Protocol.

19. **Suggestion.** Consider this review as a priority for Parties to the Kyoto Protocol and the secretariat, without prejudice to conducting reviews of NC4s, as indicated in section A above.

### **D. Annual technical review of national greenhouse gas inventories (all Annex I Parties)**

20. Annex I Parties are required to submit a national GHG inventory by 15 April of each year. Each inventory submission is subject to annual technical review in accordance with decision 19/CP.8. This review covers the methodologies and data used in the preparation of the inventory.

21. Inventory requirements for Annex I Parties under the Kyoto Protocol are identical to those under the Convention (except for activities under Article 3.3 and 3.4 of the Protocol). Thus, according to existing mandates, Parties to the Kyoto Protocol may face a situation where they need to submit the same inventory twice because they are required to submit a full inventory with the initial report mentioned in section C above.<sup>5</sup> It is expected that the majority of Annex I Parties will use the 2006 inventory (covering the period from the base year through 2004) for the initial report. For Kyoto Protocol Parties,

<sup>3</sup> See text O in document FCCC/KP/CMP/2005/3/Add.3.

<sup>4</sup> See text F in document FCCC/KP/CMP/2005/3/Add.2.

<sup>5</sup> Under the Kyoto Protocol, Annex I Parties are required to submit supplementary information with the annual inventory relating to assigned amount, and implementation of Article 3.14. This information will also be subject to an annual review. However, the supplementary information is not required until the start of the first commitment period in 2008, and thus will not affect activities in 2006–2007.

this would result in two reviews of the same inventory in 2006–2007, which does not seem to be envisaged or necessary.

22. **Suggestion.** For Parties to the Kyoto Protocol, the 2006 inventory submission would be reviewed only in conjunction with the initial review under the Kyoto Protocol; these inventories will not be subject to an additional technical review in 2006, except for the purposes of the preparation of status reports by the secretariat. The timing of the review, and all related reports, would depend on the date of submission of the initial report by these Parties. This approach would avoid conducting two consecutive reviews of the same inventory for Kyoto Protocol Parties, and enable Parties to devote resources to the preparation of the initial report.

### III. Additional considerations

23. The Convention has been in force for more than 10 years. During this time, Parties and the secretariat have accumulated extensive experience in the reporting and review of national communications and GHG inventories. As a result of that experience both the quality and transparency of reporting by Parties has improved considerably. Improvements were introduced in many ways: by developing more specific reporting requirements; by providing training to national experts and convening meetings of lead reviewers; by standardizing the documentation used in the reviews; and by developing and continuously upgrading reporting software. However, because these positive developments were achieved so rapidly, there has not been sufficient time for Parties and the secretariat to fully incorporate all the improvements and modifications in their day-to-day practices.

24. The quality of the reviews and the ability of Parties to monitor progress in the implementation of the Convention and to verify compliance with provisions of the Kyoto Protocol depend on the availability of complete and reliable information, and on the availability of the proper secretariat infrastructure, including automated information processing systems. To that end, all the activities in support of the review processes and related information management and processing will be consolidated into one programme under the new secretariat structure, which was endorsed by Parties in the proposed programme budget for the biennium 2006–2007. A key component of the work of this programme is to ensure that data management systems, including reporting software, adequately respond to the needs of Parties to the Convention and to the Kyoto Protocol. Other tasks, relating to supporting activities under the Kyoto Protocol, include the development and operation of the compilation and accounting database, which must integrate GHG inventory data and assigned amount information, and ensure accurate and timely communication of information to the international transaction log and the Compliance Committee.

25. At present, Annex I Parties are moving towards using a new inventory reporting software (the common reporting format (CRF) reporter), developed by the secretariat to facilitate the submission of GHG inventory data in accordance with previously adopted guidelines and requirements. Preparation of the new versions, their deployment and the training of national experts in using them are time-consuming. Due to recent changes in the inventory reporting guidelines for the land use, land-use change and forestry (LULUCF) sector, a new version of the software was released in early September 2005. The reporting software may need to be further revised following discussions on the CRF LULUCF tables at the twenty-third session of the SBSTA; this may necessitate release of a revised version for submission of inventories in the initial report under the Kyoto Protocol. Time is needed to develop this version, to test it and to update the data management systems and this could result in a delay in availability of the software to Parties.

26. The approach suggested in this note is intended to minimize the overlap and duplication between the reporting and review processes and provide sufficient time to Parties and the secretariat to adequately prepare for meeting the stringent requirements for reporting and review, as well as for data management, processing and verification, required in the second decade of the Convention and in the first commitment

period of the Kyoto Protocol, without compromising the quality of the reported information or the thoroughness of its review. Annex I Parties that are Parties to the Kyoto Protocol would still be subject to rigorous review of their national systems, GHG inventories and policies implemented or planned to achieve their targets. It is hoped that the suggested approach would result in increased efficiency and quality of the review with minimal burden on Parties and the secretariat.

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