



Framework Convention on Climate Change

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Ad Hoc Working Group on Long-term Cooperative Action under the Convention

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Agenda item 3.2.1

**Nationally appropriate mitigation commitments or actions by developed
country Parties**

Second workshop on assumptions and conditions related to the attainment of quantified economy-wide emission reduction targets by developed country Parties, as requested by decision 1/CP.16, paragraph 38

Report by the co-chairs of the workshop*¹

I. Mandate

1. The Conference of the Parties (COP), by decision 1/CP.16, paragraph 38, requested the secretariat to organize workshops to clarify the assumptions and conditions related to the attainment of the economy-wide emission reduction targets communicated by developed country Parties, including the use of carbon credits from market-based mechanisms and land use, land-use change and forestry (LULUCF) activities, and options and ways to increase their level of ambition.

II. Organization of the workshop

2. In response to the mandate outlined in paragraph 1 above, two workshops have been held so far.

3. The first workshop was held on 3 April 2011 in Bangkok, Thailand, in conjunction with the first part of the fourteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), and was co-chaired by Mr. Richard Muyungi (United Republic of Tanzania) and Mr. Maas Goote (Netherlands).

* This document was submitted after the due date owing to the short interval between the second and the third parts of the fourteenth sessions of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention.

¹ This report was prepared by the co-chairs of the workshop, under their responsibility, at the request of Parties.

The presentations made,² and the report on the workshop,³ are available on the UNFCCC website.

4. The second workshop took place in conjunction with the second part of the fourteenth session of the AWG-LCA at the Maritim Hotel, Bonn, Germany, on 9 June 2011 from 11 a.m. to 6.30 p.m.

5. The workshop was co-chaired by Mr. José Alberto Garibaldi Fernandez (Peru) and Mr. Christian Pilgaard Zinglensen (Denmark). After brief opening remarks by the co-chairs, presentations were made by nine Parties, seven of which were developed country Parties⁴ and two of which were developing country Parties,⁵ as well as the secretariat and two observer organizations (the United Nations Environment Programme (UNEP) and Climate Action Network International). The presentations were organized into three sessions, each session being followed by a question-and-answer (Q&A) session. The agenda of the workshop, including the list of presenting Parties, is provided in the annex. All the presentations made at the workshop are available on the UNFCCC website.⁶

6. The workshop addressed a wide range of issues related to the attainment of the economy-wide emission reduction targets communicated by developed country Parties,⁷ including the assumptions and conditions associated with the targets and the use of carbon credits from market-based mechanisms and LULUCF activities, as well as some options and ways to increase the level of ambition. Also discussed were accounting rules and the way forward with regard to the further process. The discussion on process included the need, structure and focus for such workshops in the future, requests for the secretariat to update technical papers and a proposal on a work programme on options and ways to increase the level of ambition.

III. Summary of the proceedings

7. This summary of the proceedings for the second workshop is structured similarly to that of the first workshop. In accordance with its mandate, the workshop addressed, through presentations by Parties, subsequent Q&A sessions and a general discussion, the following issues:

- (a) The nature and level of economy-wide emission reduction targets communicated by developed country Parties;
- (b) The assumptions and conditions related to the attainment of these targets;
- (c) The use of carbon credits from market-based mechanisms and LULUCF activities;
- (d) Options and ways to increase the level of ambition of emission reduction.

8. As for the first workshop, the second was found very useful by many Parties. The workshop provided an opportunity and space for Parties to share views and have an open and transparent dialogue on the issues listed above; it showed both areas of emerging common understanding among Parties and diversity of views in other areas. Parties

² <<http://unfccc.int/meetings/awg/items/5928.php>>.

³ FCCC/AWGLCA/2011/7.

⁴ Canada, the Czech Republic, Denmark, Ireland, the European Union, Switzerland and the United States of America.

⁵ The Plurinational State of Bolivia and the Alliance of Small Island States.

⁶ <http://unfccc.int/meetings/ad_hoc_working_groups/lca/items/5988.php>.

⁷ The economy-wide emission reduction targets communicated by developed country Parties are contained in document FCCC/SB/2011/INF.1/Rev.1.

presented some concrete proposals on how to move ahead some of the issues that are under consideration by the ad hoc working groups including, inter alia, on the level of ambition, international assessment and review, and issues on how to account for use of market instruments and LULUCF.

A. Nature and level of economy-wide emission reduction targets of developed country Parties

9. Parties had interactive and useful discussions on the quantified economy-wide emission reduction targets of developed country Parties⁸ contained in document FCCC/SB/2011/INF.1/Rev.1. The Co-Chairs called for questions to address issues in a systematic manner. Most parties followed this advice in their interventions. Parties that were making presentations for the first time explained their emission reduction targets and those Parties that had already made presentations at the previous workshop provided further clarifications on issues relating to their targets.

10. As noted in the report of the first workshop, the targets are generally formulated as either ranges or options, the implementation of an option or a value in the range being either unconditional or dependent on certain assumptions and conditions. For a few Parties the targets are formulated as a single value.

11. Most developed country Parties explained policies and measures aimed at reducing or limiting greenhouse gas (GHG) emissions, both in their presentations and in the responses to the questions posed to them. The importance of implementing a wide range of policies and measures across all economic sectors, enabled through domestic legislation, to meet the emission reduction targets was highlighted in many of the presentations, which also addressed domestic policy challenges. These emission reduction targets, which are referenced for 2020, were placed in a long-term context, emphasizing the benefits related to a low-carbon development strategy.

12. The secretariat presented a technical paper on quantified economy-wide emission reduction targets by developed country Parties to the Convention, assumptions, conditions and comparison of the level of emission reduction efforts.⁹ Parties thanked the secretariat for the technical paper, while some suggested that the secretariat update the paper based on information received from Parties.

13. UNEP presented *The Emissions Gap Report* and its preliminary assessment that pledged emission reductions are insufficient to limit global warming to 2.0 °C or 1.5 °C.

B. Assumptions and the conditions related to the attainment of the targets, including relevant accounting rules

14. Assumptions and conditions, including rules, related to the attainment of the emission reduction targets of developed country Parties were extensively covered both in the presentations and in the subsequent Q&A sessions.

15. Many Parties, both developed and developing country Parties, referred to the importance of robust, common and internationally compatible accounting rules, including rules for use of LULUCF and market-based mechanisms, base year, starting points for the

⁸ Consistent with the mandate of the workshop, the terms “developed country Parties” and “developing country Parties” are used in this report. In their presentations and interventions, Parties used not only these terms but also to “Parties included in Annex I to the Convention” and “Parties not included in Annex I to the Convention”.

⁹ FCCC/TP/2011/1.

emission reduction targets and target year or period. Some Parties also noted, in the context of the accounting framework, the need to address issues relating to surplus and carry-over of assigned amount units (AAUs). Some Parties also noted that rules established under the Kyoto Protocol could serve as the reference. One develop country Party stated that it did not intend to adopt Kyoto Protocol rules.

16. Some developed country Parties emphasized that accounting rules influence the level of emission reduction targets. One developed country Party argued that the focus should be on transparency and rigour of reporting, because a solid framework for measurement, reporting and verification, including a process for the international assessment of emissions and removals, would be sufficient to ensure that emissions and removals are accounted for in a robust, rigorous and transparent manner.

17. A presentation by one Party focused on the measurement and reporting process under the Convention and provided its perspective of possible elements of the biennial reports referred to in decision 1/CP.16, paragraph 40(a), which include a summary of the GHG inventory; a description of the economy-wide target; an update on progress in implementation; and the provision of financial, technological and capacity-building support. The same Party also provided a proposal on how to operationalize the process of international assessment of emissions and removals related to quantified economy-wide emission reduction targets of developed country Parties, which was established by the COP at its sixteenth session.¹⁰

18. The presentations and subsequent discussions illustrated that there are variety of ways in which conditions are formulated. Targets are often linked to the level of ambition of other parties, including but not limited to targets of other developed countries. In the Q&A sessions, Parties sought clarity on the specifics of the conditions, including the timetable for making decisions. While one Party explained that its commitment was made conditional in order to stimulate a “race to the top”, another Party raised the concern that such conditionalities may lead toward a “lowest common denominator”.

C. Use of carbon credits from market-based mechanisms and land use, land-use change and forestry activities

19. Some presentations and discussions during the Q&A sessions addressed the contribution of market-based mechanisms and LULUCF to economy-wide emission reduction targets, including their consequences for the emission reduction targets of developed country Parties.

20. Most developed country Parties clarified their intention to make use of LULUCF and market-based mechanisms, and some provided indicative contributions from the expected use of LULUCF and/or mechanisms to their emission reduction targets.

21. Developed country Parties highlighted the importance of market-based mechanisms, which were viewed as cost-effective supplementary measures that could also help to increase the level of ambition. The concern of possible double counting of emission reductions raised as a cause for concern about the environmental integrity of emission offset, and one Party explained that this was one of the reasons why it is not in favour of the use of such mechanisms.

22. There were many references, in the presentations as well as during the subsequent discussions, to the rules or approaches governing the use of LULUCF activities and market-based mechanisms, and how they relate to the level and transparency of targets. Many

¹⁰ Decision 1/CP.16, paragraph 44.

Parties acknowledged the importance of rules that are common and internationally compatible, in order to preserve their effectiveness and environmental integrity. However, a few Parties argued that as long as the reporting and review procedures are consistent and comparable, the rules or approaches could be defined nationally.

23. For the group of Parties that highlighted the importance of rules, the existing rules defined under the Kyoto Protocol, and any new rules and/or amendments being considered under the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol, could serve as the reference for the rules for the use of LULUCF activities and market-based mechanisms.

D. Options and ways to increase the level of ambition

24. The workshop also covered options and ways to increase the level of ambition of the economy-wide emission reduction targets of developed country Parties. The presentations by a few Parties and by observer organizations provided quantitative illustrations of an “ambition gap” between the current level of emission reduction targets and the level required according to science and as documented in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change in order to realize the global goal of holding the increase in global temperature below 2 °C above pre-industrial levels. No Party contested the existence of a gap and many Parties reiterated the need to address it. One Party noted that there is already an agenda item under consideration by the AWG-LCA that addresses the issue of the gap.

25. In addition to some specific suggestions contained in the report of the first workshop,¹¹ a few Parties at the second workshop presented their proposals for further consideration of options and ways to increase the level of ambition. A group of Parties noted that increasing the level of ambition and action is feasible and highlighted the importance of addressing the issues of surplus AAUs and the LULUCF rules. It also reiterated its view that there is a need for a work programme on options and ways to increase the level of the ambition of developed country Parties, which could result in the following outcomes:

- (a) Identification of cost-effective global mitigation potential;
- (b) Agreement on new mechanisms that generate substantial net global reductions;
- (c) Broadening of access to international emissions trading under the Kyoto Protocol.

26. Parties outlined some concrete proposals on options and means to increase the level of ambition with a view to reducing their aggregate anthropogenic emissions of carbon dioxide and other GHGs not controlled by the Montreal Protocol and holding the increase in the global average temperature below 2 °C above pre-industrial levels. Some of the specific ideas or proposals that Parties identified in their presentations and during the subsequent discussions included the following:

- (a) Stronger participation by all countries;
- (b) Enhanced implementation and pledges;
- (c) Clear rules-based system;
- (d) Enhanced use of the global carbon market and development of new instruments;

¹¹ FCCC/AWGLCA/2011/7, paragraph 31.

- (e) Support to nationally appropriate mitigation actions by developing country Parties;
- (f) Addressing emissions from international aviation and maritime transport;
- (g) Addressing emissions from hydrofluorocarbons;
- (h) Improving the level of information and review process;
- (i) Agreeing first on an emissions target reflecting a global temperature goal (2 °C or 1.5 °C), and then defining targets based on parameters such as the historical emissions.

27. As noted above, some Parties suggested addressing emissions from international aviation and maritime transport as one of the means to increasing the level of ambition and also as a possible source for climate financing. This suggestion was viewed by some developing country Parties in the context of international trade with reference to the provisions outlined in Article 3, paragraph 5, of the Convention, which seeks to promote a supportive and open international economic system. One Party expressed its concern over the possible impacts of such measures on tourism.

E. Way forward to advance the workshop process

28. Many Parties noted the usefulness of the workshops, as they provided an essential space to discuss and enhance understanding of quantified economy-wide emission reduction targets by developed country Parties and associated assumptions and conditions, including the use of LULUCF and market-based mechanisms. Some Parties suggested organizing more workshops which would focus on issues such as enhancing the level of global ambition or the issue of accounting rules. One Party made a submission containing a proposal for the structure of a further workshop and the key questions to be addressed by developed country Parties during it. Some Parties suggested that the proceedings of the future workshops be structured and organized thematically, while others suggested that contributions by technical experts to the discussions would be helpful.

29. Some Parties identified the following as possible inputs to the discussions on options and ways to increase the level of ambition of developed country Parties:¹²

(a) An update to the technical paper on quantified economy-wide emission reduction targets by developed country Parties to the Convention, assumptions, conditions and comparison of the level of emission reduction efforts,¹³ in order to take account of further information provided in the workshops and to include information on ways to increase the level of ambition;

(b) An update to the updated technical paper on synthesis of information relevant to the determination of the mitigation potential and to the identification of possible ranges of emission reduction objectives of Annex I Parties;¹⁴

(c) An update to the technical paper on analysis of possible means to reach emission reduction targets and of relevant methodological issues;¹⁵

¹² Although Parties discussed these proposed updates of technical papers, there was no agreement at the second part of the fourteenth session of the AWG-LCA to request the secretariat to prepare such updates. (For a report on the second part of the fourteenth session of the AWG-LCA, see document FCCC/AWGLCA/2011/9.)

¹³ FCCC/TP/2011/1.

¹⁴ FCCC/TP/2008/10.

¹⁵ FCCC/TP/2008/2.

(d) An update to the technical paper on investment and financial flows to address climate change.¹⁶

30. A group of Parties noted that it looks forward to an update of UNEP's *The Emissions Gap Report*¹⁷ that reflects the technical and financial feasibility of the options identified in that report.

31. A few Parties suggested that the workshop process should start considering how it will contribute to an outcome at the United Nations Climate Change Conference in Durban.

32. The co-chairs were requested to prepare a written report on the workshop, under their responsibility, and to make it available either during the session or as soon as possible after the session.

¹⁶ FCCC/TP/2008/7.

¹⁷ <<http://www.unep.org/publications/ebooks/emissionsgapreport>>.

Annex

Workshop agenda

11 a.m. to 1 p.m.

Opening:

- Organization of the workshop by the co-chairs.

Session I:

- Canada;
- European Union;
- Alliance of Small Island States;
- Switzerland;
- Ireland;
- Questions and answers.

Break

3 p.m. to 6.30 p.m.

Session II:

- Denmark;
- Bolivia (Plurinational State of);
- Czech Republic;
- United States of America;
- Questions and answers.

Session III:

- UNFCCC secretariat;
- Observer organization: United Nations Environment Programme;
- Observer organization: Climate Action Network International;
- Questions and answers.

Discussion:

- Targets/commitments, assumptions, conditions, level of ambition;
- Way forward.

Closing remarks by the co-chairs
