

## **WORK OF THE AWG-LCA CONTACT GROUP**

### **Agenda item 3.2.1**

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

**version of 18 November 2011 @ 18.00**

*Revised non-paper by the co-facilitators*

#### **Part I: Possible elements of a draft decision for adoption of modalities and procedures for international assessment and review**

*The Conference of the Parties,*

*Recalling* decisions 2/CP.1, 9/CP.2, 6/CP.3 and 33/CP.7 regarding review processes for national communications [submitted by developed country Parties] [from Parties included in Annex I to the Convention (Annex I Parties)], and decisions 6/CP.5, 19/CP.8, 12/CP.9 and 18/CP.10 regarding review of national greenhouse gas inventories [submitted by developed country Parties] [from Annex I Parties];

*Recalling* further decision 1/CP.16, establishing an international assessment and review process (IAR) of emissions and removals related to Annex I Parties' quantified economy-wide emission reduction targets under the Subsidiary Body for Implementation (SBI), taking into account national circumstances, in a rigorous, robust and transparent manner, with a view to promoting comparability and building confidence;

*Responding* to the work programme launched by decision 1/CP.16 to develop modalities and procedures for the IAR process, building on existing review guidelines, processes and experiences;

*Recognizing* that greater transparency will generate confidence among Parties as to the extent and nature of mitigation action being undertaken, and create conditions for the further growth of mitigation ambition among developed country Parties;

*Noting* that the biennial reports by Annex I Parties and the summary reports resulting from the IAR process will be an important part of the first review of the adequacy of the long-term global goal (decision 1/CP.16, part V), starting in 2013 and to be concluded by 2015;

*Recognizing* the need to have an efficient, cost-effective and practical IAR process which does not impose an excessive burden on Parties and on the UNFCCC Secretariat;

1. *Adopts* the modalities and procedures for IAR as contained in an annex to this decision;
2. *Agrees* that the first round of IAR should commence following submission of the first round of biennial reports by developed country Parties [in 2012] [no later than 1 May 2013] and should be conducted in accordance with the modalities and procedures referred to in paragraph 1 above;
3. *Decides* [that the modalities and procedures will be enhanced further into guidelines, once the first round of the IAR process has been performed and on the basis of the experience gained from it] [to review the modalities and procedures prescribed herein based on experiences gained in the first round of international assessment and review, no later than 2015];

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4. *Decides* also that [the IAR process will be conducted [annually][every two years] [with the review of annual inventory submissions being conducted annually, a technical review and assessment of the biennial report being conducted every two years, whether alone or concurrently with a national communication]] [the frequency of the subsequent rounds of the IAR process will be included in the guidelines referred to above] [for each developed country Party] [and will be determined by the Party's share of global greenhouse gas (GHG) emissions.]

5. (...)

## Part II: Draft modalities and procedures for international assessment and review

### I. Objectives of the international assessment and review process

1. The overall objectives of the international assessment and review (IAR) process [taking into account the provisions of the existing review guidelines] **under the Convention**, are the following:

(a) To provide [, **taking into account national circumstances,**] a [non-intrusive][non-confrontational] **[facilitative]**, robust, rigorous and transparent assessment of developed country Parties' progress towards the attainment of their quantified economy-wide emission reduction [targets] **[commitments]** [and **[the implementation of commitments for the] [their]** provision of financial, technological and capacity-building support to developing country Parties];

(b) **[To [ensure that the information provided by] [assist] developed country Parties [is] [to provide] [consistent], accurate, comparable, transparent and complete] information;**

(c) To [promote][ensure] [consistency in accounting over time] [through the **robust and common set of rules defined in decision XXX]** and [promote] comparability **[of efforts]** among developed country Parties;

(d) **[To [promote] [enhance] the [environmental] integrity of the international climate regime];**

(e) **[To [build confidence that the] [ensure] [promote] [assist] [that] [implementation of] mitigation actions of developed country Parties are in line with their quantified economy-wide emission reduction [targets] [commitments]];**

(f) **[[To encourage developed country Parties] [To create conditions of certainty and confidence among Parties that enable developed country Parties] to increase the level of ambition of their commitments;]**

(g) **[To [ensure] [assist] the implementation of low carbon development strategy including target towards the long-term goal for 2050;]**

(h) **[To facilitate the provisions of information to the Conference of Parties to **assist in assessing** the implementation of the Convention;]**

(i) **[To [address] [assess] compliance by Annex I Parties with the methodological and reporting requirements, accounting modalities [and eligibility criteria to participate in **multilaterally agreed under the Convention** market-based mechanisms, **as defined by Decision XXX]**, as well as with the achievement of their **emission reduction** targets and commitments];**

**(i bis). To facilitate Annex I Parties to fulfill the methodological and reporting requirements, and to set up robust accounting rules;**

(j) To provide input to the 2013–2015 **Review** and the subsequent periodic review processes **of the long-term global goal.**

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(k) To ensure that the developed country Parties are fulfilling their obligations to reduce the adverse impact of their mitigation actions on developing country Parties.

(l) An early warning and correction process.

*1 (alt):* To enhance guidelines for the review of information in national communications on progress made in achieving emission reductions and provision of financial, technology, and capacity building support to developing country Parties, and to assess emissions and removals related to quantified economy-wide emission reduction targets under the SBI, taking into account national circumstances, in a rigorous, robust, and transparent manner, with a view to promoting comparability and building confidence.

2. In addition to the overall objectives included in paragraph 1, the specific objectives of the [technical][expert] [review][assessment] [and review] are the following:

(a) To provide [ , taking into account national circumstances, ] a thorough, objective and comprehensive [technical][expert] [review][assessment] of information provided in [reports] [inputs] referred to in paragraph 6 below for [transparency,] accuracy and conformity with reporting requirements;

(b) To [promote] [ensure] accuracy, completeness, comparability, consistency and transparency [in the review] of the information submitted;

(c) [To identify [potential gaps, problems or barriers] in implementation of commitments related to quantified economy-wide emission reduction targets and the provision of support and propose solutions [or adjustments and corrections];];

*(c alt)* To assess the progress in implementation of quantified economy-wide emission reduction target of each developed country Party and identify possible policy options to improve the outcome if necessary;

(d) [To [ensure] [promote] comparability of efforts among developed country Parties];

(e) To assist Parties included in Annex I in improving their reporting of information [and the implementation of their commitments and targets on quantified economy-wide emission reduction and provision of support] [and in assessing their progress towards their targets] ;

*(e bis)* To assist developed country Parties in improving their ability to achieve their quantified economy-wide emission reduction target and their reporting of information;

(f) [To provide the COP with a [technical][expert] assessment [review] of the implementation of methodological and reporting requirements, [accounting modalities and eligibility criteria to participate in multilaterally agreed under the Convention] market-based mechanisms, as well as of the implementation of the mitigation targets and commitments by Parties included in Annex I] [accounting modalities, as well as the quantified economy-wide emission reduction targets by Parties included in Annex I and provision of support by developed country Parties].

(g) To ensure that the developed country Parties are assessing the adverse impacts of their mitigation actions on developing country Parties.

*2 (alt):* In addition to the overall objectives included in paragraph 1, the specific objective of the technical review is to enhance guidelines for the review of information in national communications on progress made in achieving emission reductions and provision of financial, technology, and capacity building support to developing country Parties.

3. Further, [the] specific objectives of the [international] [assessment][and review] are the following:

(a) To [assess][review] and [review][assess] developed country Parties' [progress towards achievement of] [the implementation of] the quantified economy-wide emission reduction [targets] [commitments] [and the provision of support];

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(b) To [facilitate the [consideration of] [review of] [an assessment of]] [ensure the comparability of [effort] [information] among developed country Parties;

(c) [To [encourage] [request] [create conditions of certainty and confidence that enabled] developed country Parties to increase the level of ambition of their commitments.]

(d) To address compliance by Annex I Parties with the methodological and reporting requirements, accounting modalities and eligibility criteria to participate in multilaterally agreed under the Convention market-based mechanisms as well as with the achievement of their targets and commitments;

(e) To ensure that the developed country Parties are addressing the adverse impacts of their mitigation actions on developing country Parties.

3 (alt): Further, the specific objective of the assessment is to assess emissions and removals related to quantified economy-wide emission reduction targets under the SBI, taking into account national circumstances, in a rigorous, robust, and transparent manner, with a view to promoting comparability and building confidence.

## **II. Process and scope**

### **A. Process**

4. IAR will be conducted in the following steps:

(a) A [technical][expert] [review][assessment] of biennial reports, [where [relevant] [appropriate] in conjunction with] [which would not duplicate] [based on the existing in-depth review procedures and taking into account the results of the in-depth reviews of] the annual inventory and national communications [review process for developed country Parties], which would result in an individual review report for each developed country Party;

(b) [An [international] [assessment][review] of [implementation of developed country Parties] [progress towards the achievement of] [emission reductions and removals related to quantified economy-wide emission reductions [targets] [commitments]] [and the provision of financial, technological and capacity-building support to developing country Parties], and for promoting compliance by these Parties with their commitments under the Convention, which is conducted under the auspices of the Subsidiary Body for Implementation;]

(c) [An early warning and adjustments/ correction process.]

(d) An assessment of progress towards identifying and addressing the adverse impacts of the mitigation actions on developing country Parties.

4 (alt). IAR will be a two-step process, as follows:

(a) A technical expert review, which would not duplicate the annual inventory and national communications review processes for developed country Parties, and which would result in an individual review report for each developed country Party;

(b) An assessment of progress towards the achievement of quantified economy wide emission reduction targets and the provision of financial, technological and capacity-building support to developing country Parties under the auspices of the Subsidiary Body for Implementation.

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**B. [Scope]**

5. IAR will [review][assess] and [internationally] [assess][review] [[based on] [building upon] [relevant elements of] the existing review process under UNFCCC] for each developed country Party the following:

(a) All emissions and removals related to its quantified economy-wide emission reduction [target] [commitments];

(b) [Assumptions and conditions related] [to attainment of [their] quantified economy-wide emission reduction targets] [to respective Annex I countries' quantified economy-wide emission reduction targets];

(b *bis*) [Strategies adopted by developed country Parties] to attainment of [their] quantified economy-wide emission reduction targets;

(c) Progress towards the achievement of [its] quantified economy-wide emission reduction [targets] [commitments];

(d) [[Its] provision of financial, technological and capacity-building support to developing country Parties.]

(e) Its actions to reduce the adverse impact of its mitigation actions on developing country Parties.

**III. [Technical][Expert] [review][assessment]**

**A. Inputs**

6. The inputs to the [technical][expert] [review][assessment] are the following:

(a) Biennial report, [including the] annual GHG inventory and national inventory report;

(a) (alt) [Annual GHG inventory and national inventory report [and if applicable, biennial report]];

(b) [Complete national communication, or parts thereof for which the biennial report is considered as part of the national communication in the year that the national communication is submitted];

(c) [Relevant review reports] [of annual GHG inventory and national communication];

(c *bis*). Previous national communication in-depth review reports, previous annual inventory reports and previous IAR reports;

(d) Any additional information provided by the Party before or during the review;

(e) [Peer reviewed publications and other credible sources approved by the Party concerned.]

(e *bis*) In the event that a developed country Party has not submitted a biennial report, or its biennial report and national communication contain insufficient information on its mitigation target and progress towards achieving it, peer reviewed publications and other credible publicly available sources;

(f) In the event that a developed country Party's biennial report contains insufficient information or it has not submitted its biennial report the expert review team may use relevant technical information in the review process, such as information from international organizations.

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6 (Alt): The inputs to the technical expert review are as following:

(a) Biennial reports, whether submitted as a sub-set of the national communication or submitted separately in intervening years;

(b) For additional information, the review team may also consider previously submitted annual inventory reports, national communications and in-depth review reports from past national inventories or national communications;

(c) Any additional information provided by the Party before or during the review.

## B. Process

7. At the commencement of an IAR cycle for each developed country Party, the Secretariat will assemble a technical experts team of five to eight members, drawing from [a pool of 50] Party nominated experts [constituted for completing both the review part of the IAR process and the technical analysis part of the ICA process hosted by the UNFCCC Secretariat], balanced as to expertise and developed/ developing country Party participation. The members of the expert team would serve in their personal capacity. Each review team will include no more than one member of the Secretariat professional staff, and at least one inventory expert.

8. Option 1: [Each developed country Party's biennial report is [reviewed] [assessed], where relevant in conjunction with the annual inventory and national communications review process] [Each developed country Party's annual inventory, along with its biennial reports every two years and national communications every four years is reviewed] [Each developed country Party's biennial report and its national communication, is reviewed], as follows:

(a) [The [annual] inventory and national communications reviews] [The technical reviews] are conducted in accordance with existing [and revised] guidelines and procedures under the Convention[, and [where relevant,] the Kyoto Protocol];

(b) The technical expert review examines the consistency of the annual inventory with the biennial report and national communication but does not include in-depth examination of the inventory itself<sup>1</sup>;

(c) The country concerned could respond to the questions or suggestions of the expert team, as well as propose and share any additional information or views. The expert team may also solicit information from other Parties or stakeholders if incomplete information or no national reporting were submitted;

(d) [Supplemental] review tasks related to the biennial report are the following:

(i) Review key qualitative information and quantitative data points contained in biennial reports;

(ii) [Assessing overall progress in the implementation of the quantified economy-wide emission reduction [target] [commitment];]

(iii) [Assessing progress in the implementation of individual mitigation actions and their effects in order to achieve the quantified economy-wide emission reduction [targets] [commitments]];

(iv) [Assessing use of [carbon credits from] multilaterally agreed under the Convention market-based mechanisms and land use, land-use change and forestry (LULUCF) activities [towards the emission reduction target];]

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<sup>1</sup> This provision is designed to avoid duplicating or supplanting the existing annual inventory reviews for developed countries, which are in-depth and robust.

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(iv *bis*). The review should identify questions of implementation with regard to the inventory reporting requirements, accounting modalities, eligibility criteria to use the multilaterally agreed under the Convention market mechanisms, and national arrangements, and propose adjustments and corrections as appropriate.

(v) [Review][Assessing] of provision of financial, technology and capacity-building support to developing country Parties;

(vi) Assessing progress in the implementation of actions to identify and address the adverse impacts of its mitigation actions on developing country Parties.

Option II: [The review should assess the overall progress in the implementation of the quantified economy-wide emission reduction targets. The review should identify questions of implementation with regard to the inventory reporting requirements, accounting modalities, eligibility criteria to use the market mechanisms, national arrangements and national registries, and allow for adjustments of the provided estimates as appropriate.]

8 *bis*. The expert assessment should identify the consistency, completeness, and accuracy of greenhouse gases inventory of the concerned Party, annual progress of the mitigation targets as well as the overall progress, sectoral emission reduction effects, the contribution to achieve mitigation commitment by its domestic actions, good practice and shortfall on mitigation actions, potential problem in fulfilling its commitment and relative solution suggestion, the audit result of supports to developing countries.

9. **Options** for handling [supplemental] review tasks:

[Option 1: Add tasks to the existing inventory review and additional experts to review teams in order to handle [supplemental] tasks]. The Secretariat will ensure that the collective skills of each team address all the areas included in the IAR process, ranging from provision of financial support to GHG inventories, and with a view to achieving a balance between experts from Annex I and non-Annex I Parties. The members of the expert team would serve in their personal capacity.

[Option 2: Creation of standing [review][assessment] teams to support the [review][assessment] of the biennial report;

Option 3: Increase the secretariat's role in supporting the [review][assessment];

Option 4: A combination of the above. For example, the secretariat could provide analysis and comparison of the use of LULUCF and market-based mechanisms across Parties to facilitate the review by existing review teams of accounting and progress towards the target. A standing group of finance experts could perform the review of the provision of support by developed country Parties;]

### C. Output

10. The output of the [technical][expert] [review][assessment] [based on the existing review process] is a [technical][expert] [review][assessment] report(s) for each individual developed country Party, including any barriers identified by the expert review team to the achievement of the Party's quantified economy-wide emission reduction target, and any suggestions by the expert review team as to possible means of overcoming these barriers.

#### IV. [Assessment][Review][Multilateral review process] [International assessment]

##### A. Inputs

11. The [assessment][review] [international assessment] will be carried out on the basis of:

(a) [Technical][Expert] [review][assessment] [The in-depth review] report(s) referred to in paragraph 10, [and any other relevant review reports] of annual GHG inventory and national communication;

(b) Biennial report;

(c) National GHG inventory, and national inventory report [and, [where [relevant] [appropriate],] national communication];

(d) Supplementary information on achievement of quantified economy-wide emission reduction targets, including the role of land use, land-use change and forestry, and carbon credits from market-based mechanisms;

(e) Other information provided by the Party before or during the [reviews and the assessment] [assessment][review][international assessment];

(f) [Inputs from other stakeholders/Parties] approved by the Party undergoing the international assessment process.

11 (*alt*). The assessment will be carried out on the basis of:

(a) Technical expert review report referred to in paragraph 10;

(b) Biennial report;

11 (*alt*) bis. Other inputs to the assessment process may include:

(a) Previously submitted national GHG inventory, national inventory report and, where relevant, national communication, as well as any other relevant review reports; and

(b) Other information provided by the Party before or during the review.

##### B. Process

12. Each developed country Party is [assessed][reviewed] individually. [Developed country Parties [are] [could] also [be] [assessed][reviewed] aggregately.]

12 *bis*. Each developed country Party is [assessed][reviewed] individually [during a dedicated session of the Subsidiary Body for Implementation (SBI) or through a designated body operating under the auspices of the SBI] [according to a timetable set by the Subsidiary Body for Implementation];

13. IAR shall be undertaken annually, ensuring that the progress in achieving quantified emission limitation and reduction commitments for individual Annex I Parties is undertaken every 2 years;

14. The multilateral review process under the SBI shall constitute the review of IAR and assess progress in the achievement of QELRCs, and consequences may flow from the review;

15. The [assessment][review] [international assessment] under the IAR process shall entail the following:

(a) [Opportunity] for Parties to submit written questions [electronically] to the Party concerned in advance of the [assessment][review] which may require the Secretariat to synthesize; this would be part of the basis for the [consultations][review];



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(a *bis*) Any Party may submit written questions through the Secretariat in the two-week period following the session;

(b) The Party under review may make a brief oral presentation, followed by oral questions by regional representatives and responses by the Party under review;

(c) The tenor of the session should be respectful, non-confrontational, confidence-building and focused on the content of the biennial report and the in-depth review report;

(d) The Party under review should respond to these questions, through the Secretariat, within two months;

(e) [Opportunity for questions or comments by observer organizations];

(f) Examination by a compliance body of the question of implementation identified during the review process.

15 (*Alt*) The [assessment] [review] under the IAR process shall entail the following:

(a) SBI review. During the first session of SBI each year, SBI will conduct a review towards each Annex I Party on the progress and potential problems on fulfilling its commitment, the comparability of efforts, and result in a draft assessment report. The SBI draft review report will be published on UNFCCC website;

(b) Intersessional written communication. Annex I Party should assess the problems indicated by SBI in the draft review report, and make the response through the Secretariat by written report. The response report will be published on UNFCCC website as soon as the Secretariat receives it. Meanwhile, the Secretariat will receive written comments from other Parties on these SBI draft review report, and these written comments will also be published on UNFCCC website;

(c) Among Parties review. During the end-of-year session of SBI each year, Annex I Parties will go to an among Parties review. The among Parties review will take place by verbal question and response manner. The review aims at improving the full implementation of the Convention by Annex I Parties, clarifying confusion through the mitigation progress;

(d) SBI conclusion. During the end-of-year session of SBI each year, SBI will make conclusion for Annex I Parties, considering the draft review report, response report, and comments from other Parties. The conclusion will indicate the progress by each Annex I Party, including the existing and potential problems, and a progress rank of each, and the overall progress by Annex I Parties;

(e) Consequences. SBI will further consider the consequences for those Annex I Parties that face existing and potential problems for their achievement towards the commitments, including request those Annex I Parties to make solution to the problems and take the consequences under compliance mechanism to be established.

### C. [Forum for [assessment]][review]

16. The international [assessment][review] shall [will] be conducted [through dedicated working group session of the SBI] or [by a designated body operating under the auspices of the Subsidiary Body for Implementation, under the rules of a compliance system to be developed under the Convention][by the compliance system to be developed under the Convention].

17. The Subsidiary Body for Implementation may, if necessary, explore means of optimizing the efficiency of international assessments, including by inviting Parties with similar national circumstances, or which emit less than 0.5 per cent of global emissions up to a combined total of 2.5 per cent, to undergo international assessment together in the same session.

## **D. Outputs**

18. The outputs of the [assessment][review] [international assessment] are the following:
- (a) [Objective record of questions and discussion];
  - (a *bis*). A record prepared by the Secretariat that includes in-depth review reports, summary report of the working group session, questions submitted by Parties and responses provided, and any other observations by the Party under review that are submitted within two months of the working group session;
  - (b) Summary report;
  - (c) [Conclusions];
  - (d) [Recommendations to Party];
  - (e) Problems identified and reported to the Conference of the Parties;
  - (f) [Compliance assessment] [and presentation of measures required to address non-compliance];
  - (g) Facilitative process to engage the Party concerned and assist it in taking remedial action if necessary;
  - (h) [Non-compliance consequences, including compliance procedures and penalties including increases in the QELRC (or consequences to address the carbon budget) of the Party;]
  - (h *bis*). If the IAR process finds that an Annex I Party is not on a pathway to meet its QELRC, it shall either engage the Party concerned and assist it in taking remedial action, or failing that, initiate non-compliance consequences, including suspension of the Party's eligibility to participate in market-based mechanisms and increases in the QELRC of the Party;
  - (i) [Further steps shall be determined to ensure that questions related to the compliance objective with reporting requirements, accounting rules, eligibility requirements to participate in market-based mechanisms and emission reduction targets are addressed in an appropriate manner;]
  - (j) Additional information/ answers provided by the Party before or during the Review;
  - (k) A review of comparability of efforts among Annex I Parties, leading to a report to the COP and CMP for consideration and possible action.

## **E. [Relationship with other process]**

19. Issue for further consideration: any formal relation of IAR process to:
- (a) The review of the adequacy of the long-term global goal of the Convention or process to increase the level of ambition
  - (b) [Any compliance system to be developed under the Convention]
  - (c) Relevant provisions under the Convention;
  - (d) [Relevant provisions under the Kyoto Protocol.]
  - (e) ----