



The Initial Report

Framing Cooperation under Article 6.2

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Workshop Purpose

- sharing of views on potential challenges participating Parties may face in addressing different elements of the initial report and
- to support the identification of related capacity-building needs.
- input to a technical paper by the secretariat on potential considerations in the preparation of the reporting on elements listed in the initial report for consideration by SBSTA 58 with the view to,
- where appropriate, making recommendations to inform the preparation of a manual by the secretariat containing illustrative elements of information for the initial report;

EU Approach

- Had suggested illustrative examples as a means to understand the requirements, not a means to restrict reporting but *to enable and facilitate reporting*. Felt to be too prescriptive
- Sharm agreed to a manual which should serve the same purpose, *enabling and facilitating reporting*; could still benefit from illustration of how different questions could be addressed in the context of multiple approaches.
- Several questions require significant preparation and may need support, an key link to broader capacity building.
- Manual should be prepared, and updated in consultation with parties, and address range of party circumstances, including NDC cooperative approach.
- Practical cooperation in preparation of reports – potential for consultation by parties with respect for difficult questions?

Questions

- What links between the requirements for the initial report and other requirements in the guidance should be considered in the preparation of initial reports and in what way?
- How do the TACCC principles guide the level of detail in the information to be provided in initial reports and what other principles may be relevant, if any, to ensuring comparability of information on cooperative approaches?
- Should host Parties and other participating Parties address the initial report differently and if yes, how?

Question 1 - Linkages

- **What links between the requirements for the initial report and other requirements in the guidance should be considered in the preparation of initial reports and in what way?**
- Initial Reports represent demonstration of *due diligence* with regard to key requirements across the standard
- There are specific cross references to other elements of the guidance, and to Article 13 requirements
- There are organizational/specification requirements with respect to issues defined elsewhere in the guidance NDC quantification, consistency with NDC, LTS, and Paris Goals, choice of accounting methods, approaches to accounting and tracking, and application of key safeguards

Question 2 - TACCC and other requirements

- How do the TACCC principles guide the level of detail in the information to be provided in initial reports and what other principles may be relevant, if any, to ensuring comparability of information on cooperative approaches?
- Argues for uniformity of approach by parties in respect of cooperation with other parties
 - See CGE on TACC https://unfccc.int/sites/default/files/1_-_national_arrangements.ppt
 - Same accounting approach across cooperation by both parties, including approach to assessment of impact on emission levels, and quantification of outcomes.
 - Same approach to assessment and presentation and management of impacts of cooperation on key requirements

Transparency and Accuracy

- **Transparency:**

- Assumptions and methodologies are clearly explained and documented to facilitate replication and assessment
- If you do not provide documentation, there is no way to demonstrate that any of the other principles has been met.

- **Accuracy:**

- Relative measure of the exactness of emission/removal estimates
- Uncertainties must be reduced as far as practicable
- Appropriate methodologies must be used, where relevant in accordance with IPCC guidelines.

The Three C's

- **Consistency:**

- Inventory internally consistent in all its elements with inventories from previous years;
- Same methodologies for the base year and all subsequent years
- Consistent data sets to estimate emissions and removals from sources/sinks.

- **Comparability:**

- Estimates must be comparable among Parties
- Methodologies and formats as agreed by COPs
- Allocation of source/sink categories, according to the Revised 1996 IPCC Guidelines.

- **Completeness:**

- All sources/sinks and gases included in the IPCC Guidelines
- Other existing specific source/sink categories
- Full geographic coverage of sources/sinks of a Party.

Host and others participating Parties

- **Should host Parties and other participating Parties address the initial report differently and if yes, how?**
- Cooperative approaches have elements that need to be reported consistently by participants
 - are subject to general requirements not clearly the responsibility of just one party
 - have common features,
- Parties are subject to requirements that need to be reported consistently by participants
 - are subject to the same requirements in respect of multiple approaches, where choices are available TACCC may require consistency
 - may be both host and user – i.e. ETS and bilateral linking, may also be both a source and a buyer of offsets (i.e. ICAO)
- There are elements that are different and need to be reported separately
 - Participants have different NDCs or quantification methodologies
 - Demand and Supply side design of cooperation can be different and may need to be reported in their own terms
- This implies a large amount of coordination, and cross reference between participants

Cooperative Approaches and Non Party Actors

- **Should host Parties and other participating Parties address the initial report differently and if yes, how?**
- What do we do where there is a proposal for cooperation for uses other than towards an NDC
 - ICAO/CORSIA – other international purposes
 - Voluntary Uses involving an adjustment - other other purposes?
- Is this the Responsibility of the Host Alone?
- Who is responsible to report programme requirements, do these need to be consistent?
- How is it to be reflected?
 - Cooperation authorised with Individual Programmes, or Systems?
 - Authorisation for use by private entities in CORSIA and Voluntary Markets?
 - Authorisation for use towards particular claims and not others?

Initial Report I - Timing

- 18. Each participating Party shall submit an Article 6, paragraph 2, initial report (hereinafter referred to as an initial report) no later than authorization of ITMOs from a cooperative approach or where practical (in the view of the participating Party), in conjunction with the next biennial transparency report due pursuant to decision 18/CMA.1 for the period of NDC implementation.
- No later than authorization of ITMOs
- Or where practical in conjunction with the next in conjunction with the next biennial report?
- Can ITMOs be authorized (or reported) without an initial report ? No, as authorization of cooperation, and approach to authorization and accounting approach need to be specified in the initial report, authorization of ITMOs, and reporting can only be understood in the context of the initial report.

Initial Report II - Participation Requirements

- 18 (a) Demonstrate that the participating Party fulfils the participation responsibilities referred to in chapter II above (Participation);

3. Each Party participating in a cooperative approach that involves the use of ITMOs (hereinafter referred as a participating Party) shall ensure that *its participation in the cooperative approach* and *the authorization, transfer and use of ITMOs is consistent with this guidance and relevant decisions of the CMA* and that *it applies this guidance to all corresponding adjustments and cooperative approaches in which it participates*.

4. Each participating Party shall ensure that:

It is a Party to the Paris Agreement;

(a) It has prepared, communicated and is maintaining an NDC in accordance with Article 4, paragraph 2;

(b) *It has arrangements in place for authorizing the use of ITMOs towards achievement of NDCs pursuant to Article 6, paragraph 3; (what about for other uses?)*

(c) *It has arrangements in place* that are consistent with this guidance and relevant decisions of the CMA, *for tracking ITMOs; (applies regardless of use?)*

(d) It has *provided the most recent national inventory report* required in accordance with decision 18/CMA.1;

(e) Its participation *contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement. (how and where is this demonstrated?, Updating for New Approaches)*

5. In relation to the least developed countries and small island developing States, pursuant to Article 4, paragraph 6, their special circumstances shall be recognized where this guidance relates to NDCs, and other aspects of their special circumstances may be recognized in further decisions of the CMA relating to this guidance.

Initial Report IIIa – NDC Information

- 18 (b) Provide, where the participating Party has not yet submitted a biennial transparency report, the information referred to in paragraph 64 of the annex to decision 18/CMA.1;

64. Each Party shall provide a description of its NDC under Article 4, against which progress will be tracked. The information provided shall include the following, as applicable, including any updates to information previously provided:

- (a) Target(s) and description, including target type(s) (e.g. economy-wide absolute emission reduction, emission intensity reduction, emission reduction below a projected baseline, mitigation co-benefits of adaptation actions or economic diversification plans, policies and measures, and other);
- (b) Target year(s) or period(s), and whether they are single-year or multi-year target(s);
- (c) Reference point(s), level(s), baseline(s), base year(s) or starting point(s), and their respective value(s);
- (d) Time frame(s) and/or periods for implementation;
- (e) Scope and coverage, including, as relevant, sectors, categories, activities, sources and sinks, pools and gases;
- (f) Intention to use cooperative approaches that involve the use of internationally transferred mitigation outcomes under Article 6 towards NDCs under Article 4 of the Paris Agreement; **(and other uses?)**
- (g) Any updates or clarifications of previously reported information (e.g. recalculation of previously reported inventory data, or greater detail on methodologies or use of cooperative approaches).

Initial Report IIIb – NDC Quantification/Methods

- 18 (d) Quantify the Party's mitigation information in its NDC in t CO₂ eq, including the sectors, sources, GHGs and time periods covered by the NDC, the reference level of emissions and removals for the relevant year or period, and the target level for its NDC; or where this is not possible, provide the methodology for the quantification of the NDC in t CO₂ eq;

Quantification of reference levels

Quantification of the target level

Or where not possible the methodology for quantification (i.e. where NDC based on ex post quantification)

Initial Report IIIc NDC - Non GHG and PAMS

- 18(e) Quantify the NDC, or the portion in the relevant non-GHG indicator, in a nonGHG metric determined by each participating Party, if applicable;
- 18 (f) For a first or first updated NDC consisting of policies and measures that is not quantified, quantify the emission level resulting from the policies and measures that are relevant to the implementation of the cooperative approach and its mitigation activities for the categories of anthropogenic emissions by sources and removals by sinks as identified by the host Party pursuant to paragraph 10 above, and the time periods covered by the NDC

Examples of where quantification of target level NDC is not possible, need to quantify by other means

How many parties will adopt this approach (where is this applicable)

Initial Report IV - Accounting Method

- (c) Communicate the ITMO metrics and the method for applying corresponding adjustments as per chapter III.B above for multi- or single-year NDCs that will be applied consistently throughout the period of NDC implementation and where the method is a multiyear emissions trajectory, trajectories or budget, describe the method;
 - Needs to chose a method for accounting upfront – *do they need to be the same for all approaches, and for both parties?*
 - Accounting Method; Impacts on the presentation of annual information, and regular information – *linked to the annual reports*

Initial Report Vb CA – Authorisation and Description

- (g) Provide, for each cooperative approach, a copy of the authorization by the participating Party, a description of the approach, its duration, the expected mitigation for each year of its duration, and the participating Parties involved and authorized entities;

Cooperation itself is authorised, and there needs to be an document comprising the authorisation of the approach

Cooperation needs to be described, its duration, and expected mitigation outcome per year

Cooperation needs to have identified participants, and authorised entities

Note approach to authorisation of use also a key element of the participation requirements

Use towards other international mitigation purposes, who are the parties involved and the authorised entities?

Initial Report Vb – CA - Environmental Integrity

- (h) Describe how each cooperative approach ensures environmental integrity, including:
- (i) That there is no net increase in global emissions within and between NDC implementation periods;
- (ii) Through robust, transparent governance and the quality of mitigation outcomes, including through conservative reference levels, baselines set in a conservative way and below ‘business as usual’ emission projections (including by taking into account all existing policies and addressing uncertainties in quantification and potential leakage);
- (iii) By minimizing the risk of non-permanence of mitigation across several NDC periods and how, when reversals of emission reductions or removals occur, the cooperative approach will ensure that these are addressed in full;
- **How can this be demonstrated?**
 - **Overall Assessment of impact on emissions for CA, or by Party?**
 - **Governance of the approach – Include both common systems and those of both host and buyer if different?**
 - **Drivers of Demand and Supply – references for both demand and supply need to be set below BAU, and in a way that is consistent with NDC, LTS of both parties and goals of the Paris Agreement**
 - **Need to have an explicit policy minimizing and addressing reversals – common approach per CA!**

Initial Report Vc– CA Impacts

- (i) Describe how each cooperative approach will:
- (i) Minimize and, where possible, avoid negative environmental, economic and social impacts;
- (ii) Reflect the eleventh preambular paragraph of the Paris Agreement, acknowledging that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity;
- (iii) Be consistent with the sustainable development objectives of the Party, noting national prerogatives;

Needs to have explicit requirements policies and processes to address these issues

Common approach all CA, Common approach per CA, **differentiation by Party?**

Initial Report VI - Safeguards

- (iv) Apply any safeguards and limits set out in further guidance from the CMA pursuant to chapter III.D above (Safeguards and limits to the transfer and use of internationally transferred mitigation outcomes);
- May not require anything prior to agreement but should not preclude reporting on safeguards applied on a bilateral or plurilateral basis

Initial Report VII Adaptation and Overall Mitigation

- (v) Contribute resources for adaptation pursuant to chapter VII below (Ambition in mitigation and adaptation actions), if applicable;
- (vi) Deliver overall mitigation in global emissions pursuant to chapter VII below (Ambition in mitigation and adaptation actions), if applicable
 - Must report on any mechanism to deliver these elements of the decision, based on a strong encouragement, include perhaps expected outcomes.
 - Common approach all CA, or different approaches, indication who is responsible for contributions?

Summary Conclusions

- Preparation of the Initial Report represents necessary due diligence on the part of participants, who will be accounting for ITMOs as a result of their cooperation.
- Preparation of the Initial Report is a non trivial exercise that involves a need for assessment or opportunities and impacts, and requires upfront decision making on key elements of the cooperation
- There are good reasons to require a consistency of approach by Parties with respect to their participation in all cooperative approaches
- There are some requirements that require common reporting, others that are specific to cooperative approach and to the party
- There is a need for dedicated and tailored capacity building to enable countries to address these requirements.

Some More Detailed Comments

Updating: Contribution is reported **for EACH NEW** cooperative approach and also, for the **sum of all cooperative** approaches in which the Party participates.

Deadline - SBSTA58 conclusions (for example: draft manual in September/October, and final manual after COP28, by end January 2024);

Need for explanations and concrete examples on *all* the elements listed in the illustrative examples from the footnote of para 22 of the annex of decision 6/CMA.4 in a disaggregated manner (see: <https://unfccc.int/documents/624401> - [Suggested list of illustrative elements of information](#))

- for para 18d on quantification of NDC in non-GHG metrics and Tables for para 18e for NDC consisting of policies and measures,
- for para 18c on methods for corresponding adjustment;
- for para 18(h)(ii) because there is a lot of important information combined into one paragraph (therefore illustrative examples and explanations are important on reference level, baseline, allocation, assumptions, uncertainties, projections, leakage, etc.).
- for para 18(i)(iii) on sustainable development objectives (for example on description of SD objectives and priorities, recognized standards and appropriate indicators).

Thank you



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