

30 March 2011

English only

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

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

**Fourteenth session**

**Bangkok, 5–8 April 2011, and Bonn, 6–17 June 2011\***

Item 5 of the provisional agenda

**Work programme on enhanced measurement, reporting and verification  
for Parties included in Annex I to the Convention**

**Views on the items relating to a work programme for the  
development of modalities and guidelines listed in  
decision 1/CP.16, paragraph 46**

**Submissions from Parties**

1. The Conference of the Parties, by its decision 1/CP.16, paragraph 47, invited Parties to submit to the secretariat, by 28 March 2011, views on the items relating to a work programme for the development of modalities and guidelines listed in decision 1/CP.16, paragraph 46, including with respect to the initial scheduling of the processes described in chapter III.A of the decision.
2. The secretariat has received seven such submissions. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced\*\* in the language in which they were received and without formal editing.

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\* The second part of the fourteenth session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention will be held in conjunction with the second part of the sixteenth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol and the thirty-fourth sessions of the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice. The exact dates of the resumed sessions of the ad hoc working groups will be announced in due course.

\*\* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

**FCCC/AWGLCA/2011/MISC.6**

GE.11-60709

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\* This submission is supported by Albania, Bosnia and Herzegovina, Croatia, Iceland, Montenegro, Serbia and the former Yugoslav Republic of Macedonia.

**Submission under the Cancun Agreements | March 2011**  
**Enhanced action on Mitigation and Measurement, Reporting and Verification (MRV) | AWG-LCA | AWG-KP | SBI**

**I. Overview**

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This submission contains the views of the Australian Government on enhanced mitigation and measurement, reporting and verification (MRV), as requested under Decision 1/CP.16 (*Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention*)(*hereinafter referred to as "Decision 1/CP.16"*).

The Cancun Agreements delivered a balanced package of decisions across all UNFCCC bodies. Some items are ready for implementation, and others require further elaboration. Guided by the Cancun Agreements, it will be important to use the negotiating forums at our disposal to progress work in a coordinated way, utilising the bodies best suited and considering joint work programs where useful.

Australia welcomes the opportunity to submit its views under the Cancun Agreements on enhanced mitigation and measurement, reporting and verification (MRV), including international assessment and review (IAR) and international consultation and analysis (ICA). In summary, Australia considers:

- The economy-wide targets and nationally appropriate mitigation actions put forward by Parties are the first step to achieving our mitigation objectives. The workshops in 2011 to clarify the assumptions and conditions associated with targets, and the diversity of actions, will be critical to improving our understanding of what undertakings Parties are making and how we are collectively tracking towards our goals.
- An effective climate architecture must provide certainty about what Parties *will* do, as well as flexibility to recognise diverse types of undertakings and scale up ambition over time.
  - Annexes attached to decisions would transparently record the targets and actions that Parties' have locked-in as firm mitigation undertakings, including actions that have secured support. A registry would complement them, serving as a voluntary tool for recording information on what developing Parties could further do with support.
  - A periodic process for scaling-up mitigation efforts would give Parties recognition for building their mitigation undertakings and encourage deepening ambition over time.
  - This will facilitate a smooth transition to a new climate treaty over time as countries gain confidence and experience.
- An effective MRV system, including IAR and ICA, will provide the transparency needed to improve our understanding of the range of targets and actions being implemented, build confidence, and assess our efforts to achieve our global goal.
  - It will be important to build on and learn from the existing system under the Convention, and to ensure a coherent approach to MRV across the different processes and guidelines. This will help to aid understanding and avoid duplication.

**II. A strong Mitigation and MRV regime**

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Australia remains committed to its objective of a durable and environmentally effective international outcome that includes legally-binding mitigation undertakings by all major economies. The Cancun Agreements establish the building blocks of this new regime and the implementation of the Agreements' key elements will advance us towards that objective.

Two fundamental building blocks of the new regime are the mitigation targets and actions put forward by developed and developing Parties and the measurement, reporting and verification (MRV) framework established in the Agreements. From these building blocks, a transparent and environmentally rigorous regime can be designed to support the broad participation and ambitious action necessary to achieving our long term global goal and the Convention's objective.

### **III. What mitigation contributions are countries making?**

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#### **Understanding the mitigation undertakings in the INF documents**

Australia welcomes the mitigation targets and actions put forward by Parties in documents FCCC/SB/2011.INF.1 and FCCC/AWGLCA/2011/INF.1 (together, the "INF documents"). In 2011, Australia urges Parties and particularly all major economies, to engage fully and constructively in the Secretariat-organised workshops. Early clarification of the assumptions and conditions associated with targets, and the diversity of actions, will assist Parties to understand better both individual and collective efforts and refine their own contribution. This process will help to clarify the targets and actions that should be recorded in annexes as Parties' defined mitigation undertakings, and identify the developing country actions that are still seeking support and may be entered in the registry. The work will also underpin efforts to assess progress towards our global mitigation objective.

#### **Developing a durable architecture to record mitigation undertakings**

As well as understanding the information in the INF documents, we should invest some of our time this year in developing a durable mitigation architecture.

Establishing a vehicle for capturing quantifiable mitigation undertakings will be a core element of an effective new climate architecture. This will allow Parties to easily understand what others are doing and provide the basis for systems to track our progress. If well-designed, such a vehicle will encourage the broad participation and mitigation ambition necessary to achieve the 2 degree or lower global goal agreed at Cancun. In the short-term, this vehicle could take the form of annexes attached to decisions, building over time to national schedules attached to a new climate treaty. The annexes should provide certainty about what countries are doing. This will give Parties confidence that they are not acting alone and encourage ambitious national action. It will also allow us as a global community to assess the collective effort against the long term global goal, and promote the environmental integrity of the new climate regime. To provide this certainty, the climate regime will need to clearly distinguish between what Parties *will* do – that is, the targets and actions that Parties have locked-in as their defined mitigation undertakings – as well as what developing Parties *could* do with further support. The annexes should focus on the former, capturing autonomous mitigation undertakings and mitigation actions that have already secured support. Actions seeking support can be entered into the registry on a voluntary basis, discussed below.

The annexes should be capable of recognising the full spectrum of mitigation undertakings and encourage all Parties to participate in a way that is in line with their national circumstances and capabilities. The INF documents set out a wide range of different types of mitigation efforts and will be an important input to the annexes.

Given the variety of Parties' undertakings, we will need to consider what basic information should be included in the annexes so that Parties can easily understand what others are doing. We should take care to avoid overly constraining Parties' ability to define mitigation undertakings in order to maximise their mitigation potential. Nevertheless, some degree of commonality in the information provided could help to improve understanding of the different types of undertakings and create transparency about what countries' undertakings mean. For example, Parties might agree common parameters, such as a set period of time for defining mitigation undertakings, common formats for defining particular types of undertakings, and common data requirements, such as expected emissions outcomes against a baseline.

#### **Operation of the registry**

The registry established under the Cancun Agreements can usefully serve as a complement to the annexes, as a voluntary tool for recording and sharing information on what developing country Parties *could* do with further support to realise their full mitigation potential.

As a voluntary information clearinghouse, the registry can provide an indication of the mitigation opportunities that could be realised by developing countries with support. This information could feed into a process for scaling-up Parties' mitigation undertakings (discussed further below), with actions that have secured support being transferred from the registry to the annexes at this time. Consistent with this approach, FCCC/AWGLCA/2011/INF.1 includes

some useful information about actions seeking support that could be entered into the registry. The actions in this INF document that are firm should, as discussed above, be entered in annexes following the workshop process of clarifying Parties' mitigation undertakings.

The registry can help potential donors and recipients to find each other by recording voluntarily submitted information on actions seeking support and support available. The modalities for facilitation of support through the registry should be consistent with this information-clearinghouse role, providing guidance on the information to be submitted by potential donors and recipients to enable each to assess project-support compatibility. To maximise opportunities for support, the modalities should allow all potential donors – bilateral, regional, multilateral; public and private – to voluntarily submit information on support available to assist developing countries undertake proposed mitigation actions.

In designing the registry and considering the need for linkages with other mechanisms, we must be mindful of the importance of achieving practical functionality and system-wide coherence. We should be careful to avoid duplication with other mechanisms, particularly with regards to funding decision-making.

#### **Scaling-up mitigation efforts**

The Cancun Agreements recognise that scaling-up overall mitigation effort is essential to achieving our long term global goal. The new climate regime should provide a clear avenue for Parties to take on new or enhanced mitigation undertakings over time as they learn from experience, deepen their capabilities and gain confidence in the level of global action.

To scale-up overall mitigation effort, the regime should include a regular process for Parties to deepen ambition. Regular negotiating sessions would promote higher ambition by giving Parties a distinct opportunity to understand the efforts of others and be recognised for scaling up. This process could link in with the periodic review of the long term global goal, to be first completed in 2015, so that Parties could take into account the review's findings when considering further undertakings.

Scaled-up mitigation undertakings resulting from this process would be entered in the annexes; affording Parties full recognition for deepening their effort and facilitating understanding of the advancement in overall mitigation effort towards the long term global goal.

Between these periodic discussions, the architecture of the new climate regime could also provide flexibility for Parties to communicate any new or enhanced mitigation measures through other information channels, such as reporting. This information could be transferred to the annexes at the time of the scaling up process, along with actions from the registry that have secured support.

#### **IV. How are we tracking towards our goals?**

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##### **Measurement, reporting and verification (MRV)**

The Cancun Agreements recognise the importance of transparency to help understand Parties undertakings and track progress towards collective goals. Enhanced transparency will be achieved through two key measures; increased frequency of reporting for both developed and developing countries; and the establishment IAR and ICA processes. These measures will support improved understanding of the range of targets and actions undertaken, help build the confidence of all Parties, and provide a firm basis to measure our progress towards our long term global goal. Effective MRV, IAR and ICA will also position Parties to begin in 2013 the Review referred to in paragraph 138 of Decision 1/CP.16, based on the best available information. Priority should be given to progress work on MRV, IAR and ICA in 2011.

The objective of efforts to enhance MRV for both developed and developing country Parties should be to develop a system that is accessible and simple to use. Parties should build on the existing system under the Convention and use

current processes and guidelines where these are already effective. Where possible, we should avoid duplication and impose additional requirements only where absolutely necessary. In all instances, simplicity should be a key consideration.

Australia welcomes the move towards biennial reporting as a key element of the new MRV system. It will be especially important in the immediate future, for developed countries and countries with expertise, to focus capacity building efforts toward helping developing countries to build-up necessary resources and expertise to prepare their first biennial reports. Australia supports consideration of options to build-in flexibility and appropriate sequencing to help ensure that biennial reports draw on the best available information and data, and help developing countries to consolidate experience, incorporate the benefit of lessons learnt and streamline the preparation of future biennial reporting. This would complement and augment national communications without unnecessarily duplicating existing information and effort.

This year we should prioritise the revision of reporting guidelines, including in relation to biennial reports, in order for sufficient information to be available for the 2015 review. In some cases we will need to identify and address different areas of reporting for developed country Parties and for developing country Parties. Enhanced guidelines for developed country Parties should revise standard approaches to report policies and measures, projections and support provided to developing countries. Enhanced guidelines for developing country Parties should set out standard approaches to establish inventories and to reporting the progress of mitigation actions and support provided and received.

In relation to MRV of support, the national communication guidelines drafted in 1999 (Decision 4/CP.5) for Annex II Parties' support for developing countries have been useful in laying the foundations for Annex II reporting on financial resources and the transfer of technology. Some revision would help ensure that a rigorous and effective process of MRV of support can be undertaken in the future. There are a number of opportunities to enhance the national communications guidelines and tailor them for use in biennial reports. The enhancements would provide further transparency by assisting Parties to produce accurate and comparable data. This will help improve the understanding of financial flows and their outcomes as well as assist in the consideration of future climate change priorities.

Australia welcomes work already underway to enhance MRV, including under the Subsidiary Body for Scientific and Technological Advice (SBSTA). We urge Parties to continue this work in the spirit and context of the Cancun outcome and our future MRV system.

### **International assessment and review (IAR) and international consultation and analysis (ICA)**

Effective IAR and ICA processes will significantly increase transparency and will help to build confidence and capacity to implement more ambitious mitigation contributions over time. In Australia's view, IAR and ICA will be of most value if Parties regard it as an opportunity to learn and collaborate with the objective of building our collective capacity and ambition.

Australia supports open consultation that provides Parties with an opportunity to acknowledge, comment on and learn about countries' national efforts in a non-adversarial environment. Australia welcomes and is encouraged by its experience with consultation and review models in other international bodies, including the International Monetary Fund and the Organisation for Economic Cooperation and Development. IAR and ICA have the potential to be effective tools to assess how we are tracking toward our global mitigation goal. In this context, Australia considers the key objective should be to develop a practical approach that facilitates improved policymaking by encouraging Parties to collaborate and adopt best practices.

IAR and ICA will have many elements in common because they share the same objective. They are intended as parallel processes for developed and developing country Parties respectively. For example, IAR will be undertaken on biennial submissions of developed country Parties, just as ICA will be undertaken on biennial submissions on developing country Parties. Australia encourages Parties to streamline the design and administration of the two processes, as far as is appropriate, for example, by establishing both processes under the same body. Common rules, procedures and

standards of information would simplify and help reduce administrative costs and minimise the potential for misunderstanding information.

This year we should prioritise the development of guidelines that establish detail on the operation of IAR and ICA. In relation to IAR, the “R” (review) is something that developed country Parties are already subject to. The “R” should be designed to enhance and consolidate the existing review process for Annex I national communications. As Parties develop guidelines for IA and IC, priority should be given to ensuring they are complementary and do not create an unnecessary proliferation of administrative or procedural requirements. In relation to ICA, consideration will need to be given to how technical analysis will work, including the composition and operation of the technical panel, and the procedures for international consultations.

**Priorities for progressing MRV work**

Australia considers that the Cancun Agreements on MRV, IAR and ICA have great potential to provide a transparent system to underpin and support our global mitigation effort. The work program to implement new elements must build on the processes already in place under the Convention. Going forward our work priorities should be to develop and agree:

- Guidelines for biennial reports (attachment outlines elements to be addressed)
- Process for IAR (developed country Parties) and ICA (developing country Parties)
- MRV for actions by developing country Parties (international MRV of internationally supported actions and domestic MRV of domestically supported actions)
- MRV of support for support provided by developed countries to developing countries.

**Elements to be addressed in biennial reports**

Biennial reports should address eight elements. Consideration will need to be given to the level of detail required on each of those elements, in particular for those that are also addressed in full national communications to promote a streamlined approach that is not burdensome. This will help to avoid duplication and maximise efficiency.

- National greenhouse gas inventories
- Emissions projections and indicative trajectory
- A detailed description of the Party's mitigation contribution(s) (targets and/or actions as relevant, including emissions allowances and/or expected emissions outcome as appropriate) and progress towards achievement, including in relation to mitigation undertakings contained in the annexes (for detail on the 'annexes' see above section: "Developing a durable architecture to record mitigation undertakings"), and descriptions of policy and measures used in implementation
- Methodologies used and assumptions made to quantify emissions and emissions reductions or removals, and other information needed to understand implementation
- Tracking of emissions units, including the acquisition, transfer and retirement of units, as well as their link with international offsets
- Information on receipt of finance, technology and capacity-building support, how the support was used, and how it related to the needs identified in the Party's low-carbon development strategy/plan and national and subnational adaptation plans and strategies, enabling environments for receipt of support, and actions linked to international offsets or trading
- Information on the provision of support to developing country Parties
- For developing country Parties, a detailed description of the Party's system of domestic MRV and detailed results of domestic verification of domestic mitigation actions.



**Submission by the Plurinational State of Bolivia  
on mitigation by developed country parties,  
including the issues referred to in paragraph 46 of 1/CP16**

The Plurinational State of Bolivia presents its views on nationally appropriate mitigation commitments or actions by developed country Parties. The views expressed in this and other written and verbal communications by Bolivia shall not be regarded as implying acceptance of certain outcomes of the UN Climate Change Convention in Cancun, which were declared as adopted over the formal, explicit and express objection by Bolivia on the basis, among other things, that they pave the way to: end the Kyoto Protocol; replace it with a more lax voluntary pledge and review approach; anchor inadequate emission reductions by developing countries of 13-17% from 1990 levels under the Convention; realize levels of global warming of 4 degrees Celsius, which is unacceptable to humanity and nature; and prefigure new market mechanisms which enable developed countries to further transfer their responsibilities to developing countries. Bolivia views this violation of consensus as a disastrous precedent for the multilateral system and the rule of law and will seek to defend the rights of Bolivia and ensure that rules and procedures apply equally and fairly to all States, large and small.

**The key issues for mitigation by Annex I Parties towards Durban**

1. The key issue to be resolved for the whole UNFCCC process by Durban is mitigation by developed country Parties, for them being the principle historical responsables of the climate change crisis, and still the actual highest per capita emitters in the world, while possessing the necessary know how to attend the problem.
2. Being this the central issue not only of the mitigation chapter, but indeed of the whole UNFCCC process per se, it is very worrying that apart from “urging to increase the level of ambition”, and no concrete action is being taken to assure the necessary level of ambition is reached.
3. Bolivia expresses its profound preoccupation that the whole workprogramme for 2011 related to mitigation for developed country parties seems to be reduced on the revision of guidelines, and the clarification of assumptions to the actual emission reduction pledges. These may be relevant issues, but only to the extent to which they respond to the first objective of the 1b(i) of the BAP: to assure that the aggregate number of mitigation commitments is sufficient to the levels required by science.
4. In this regard Bolivia proposes a work program that concentrates on the definition of the aggregate level of ambition, and posterior definition of the individual mitigation targets of Annex I Parties. A workshop with scientific inputs for this issue should be organized during the session of the AWG-LCA in June.
5. Once the issue of levels of mitigation commitments is settled at a satisfactory level, the AWG-LCA can concentrate on the revision of the existing guidelines to report on the achievement of those levels.
6. The issue of mitigation by Annex I Parties must be resolved with full respect of the Bali Roadmap, which mandate was prolonged by Cancún, so assuring the amendment of Annex B of the Kyoto protocol, and the complementary inscription of the commitment for the Party that is not a Party to the Kyoto Protocol in the chapter corresponding to 1b(i).
7. The chapter IIIA of 1/CP16 has the intrinsic danger of trying to replace the second commitment period of the Kyoto Protocol. It must be made very clear that all Annex I Kyoto Parties must inscribe their commitments in the amended Annex B of this protocol. For the Party that is not a Party to the Kyoto Protocol, its commitments, with comparable level of ambition and comparable compliance mechanisms must be inscribed in 1b1.
8. The document referred to in paragraph 36, which was issued under another number namely FCCC/SB/2011/INF.1 seems to respond both to 1/CP16 and to 1/CP6. This is a clear violation of the separation of the mandates of the AWG-KP and the AWG-LCA.
9. The aggregate number of emission reduction must be defined in KP, and together with the number of the Party that is not a Party to the KP, the overall aggregate number of Annex I Parties can be placed the outcome of 1b(i) of the Bali Action Plan.
10. Chapter III.A. lacks any reference to a compliance regime. This is problematic as experience tells us that without strict compliance mechanisms, no commitment, even less a pledge is translated into real action. In

this regard, Bolivia reiterates its proposal to launch discussions to install an international court of climate justice.

#### **Agregate number to assure sufficient level of ambition**

11. This aggregate number must be assured to respond to the levels required by science and the level of ambition of the stabilization of the temperature and the concentration of greenhouse gases in the atmosphere, to be defined under shared vision item.
12. Bolivia reiterates its position that we must maintain the global increase in temperature below 1° and 300ppm. The number and intensity of disasters provoked by climate change even with the actual 0,8° of increase warn us that more will be unbearable for large part of the world's population and ecosystems.
13. In order to assure that the world keeps within 1 degree and 300ppm Annex I countries need to reduce at least 50% at a domestic level by 2017, and over 100% by 2040.
14. The study of the carbon budget indicates us that even for the alleged 2° increase, the world can only emit 750Gt of CO2 from now up till 2020, with an equitable per capita division, this implies that Annex I Parties can emit 120GT by 2020. This contrasts with the 130GT of CO2 emissions that will result if the actual high-end pledges are implemented.
15. If Annex I countries wouldn't have emitted since 1850 a total of 932GT CO2 (72% of historical emissions, counting with 25% of the world population), the world wouldn't actually be fighting the climate crisis.
16. It is therefore imperative that those countries responsible for the climate crisis take their responsibility and commit themselves to deep emission reduction that ensure the world will get on track to reach climate stabilization at 300ppm.
17. Therefore the share of the burden in the distribution between developed and developing countries of the carbon budget of remaining atmospheric space must be defined in accordance to the principles of equity and science, taking into account population and historical emissions (climate mitigation debt), among others.
18. Unfortunately it has been calculated that the actual levels of ambition (13-17% of emission reductions) would lead us to a global increase of than 4°C.
19. Even a comparison with the levels demanded by IPCC Box 13.7 of the 4AR ( a reduction of 25-40% of emissions of Annex I Parties AND a reduction of 15-30% of Business as Usual in developing countries) show that actual reduction levels are totally insufficient. Furthermore these IPCC proposed numbers are very low because of the following concerns:
  - (a) The division of burden of the emission reductions is a political issue, which must be defined based on equity principles, and which cannot be defined on scientific criteria
  - (b) Most efforts to deviate from BAU lines in developing countries are translated into offset credits, which in practice means they are not accountable to reduction in the non Annex I country, but are going to be accounted for as a part of the pledged 13-17% by Annex I countries.
  - (c) The actual reduction numbers proposed are clearly a low estimate, taking into account the following issues:
    - i. Box 13.7 excludes various of the conclusions which demand higher reduction commitments
    - ii. IPCC mitigation requirements count on the basis of total emissions, while the emission pledges of Annex I countries only take into account reported emissions, whereby the following emissions are omitted at world level:
      - methane emissions due to the loss of permafrost areas
      - Loopholes in the mitigation chapters of both the Kyoto Protocol and 1b(i)
      - Legislated and voluntary exclusions (e.g. some LULUCF categories)
      - Lowest-end estimations for GHG Inventories
      - War emissions
      - Bunker fuels (¿?)
    - iii. The data on which these numbers are based are outdated by now
    - iv. Climate change is occurring at rates much faster than was predicted in the 4AR
  - (d) The actual pledges in doc FCCC/SB/2011/INF.1 reflect a reduction of 13-17% under 1990 levels, which is about half of the lowest estimates of the IPCC
  - (e) As a conclusion, actual pledges are far below the IPCC required mitigation levels, and even those levels are clearly insufficient to Mother Earth's needs and latest science which warns about the need to avoid serious irreversible damages.

### General remarks on chapter III.A. of 1/CP16

20. The preambular language, first paragraph, refers to “all Parties” in the chapter which is specific to Annex I Parties, this is violating the clear distinction between Annex I and Non-Annex I Parties, and their common but differentiated responsibilities, as defined in the convention.
21. Paragraph 36, takes note of quantified economy-wide emission reduction targets to be implemented by Parties included in Annex I to the Convention as communicated by them and contained in document FCCC/SB/2010/INF.X4 (to be issued); This document was issued by now, under another number, namely FCCC/SB/2011/INF.1. This means that the document referred to will never be issued as such.
22. Low-carbon development strategies or plans are not a goal, the goal is to reduce the emissions, which should be translated in the compliance of ambitious mitigation commitments.

### On guidelines:

23. Bolivia considers that a revision of guidelines on reporting of national communications is included in the SBI agenda, and that the inclusion of this issue distracts from the core issue of this mitigation chapter, furthermore those guidelines refer to many elements that, even when they are important, are not relevant to 1b(i). In this understanding, Bolivia will submit its views on guidelines to 1b(i).
24. In order for Parties to have easy access to this submission, we will reproduce the above mentioned submission here:

### **Submission by the Plurinational State of Bolivia to the SBI, on reporting of national communications, including the biennial report:**

1. *The revision of guidelines, as necessary, on the reporting of national communications, including the biennial report:*
  - (i) *The provision of financing, through enhanced common reporting formats, methodologies for finance and tracking of climate-related support;*

=> This issue is not related to 1b(i), nevertheless Bolivia considers:

    - Financing for developing countries, be it for mitigation or for adaptation must be reported through National Communications, but must be clearly differentiated from mitigation commitments for Annex I countries itself. Financing through carbon markets cannot be double counted as a contribution to finance commitments and a contribution to mitigation commitments.
    - Financial means employed to achieve mitigation commitments of Annex I Parties, as well as investment in R&D for climate friendly technologies, or investment in scientific research on climate change is important additional information, that can show the means employed to assure the mitigation commitment is reached.
  - (ii) *Supplementary information on achievement of quantified economy-wide emission reductions targets;*
    - Any supplementary information on achievement of mitigation commitments is welcome. Especially lessons learned and information that can serve to other Parties is most needed.
2. *The revision of guidelines for the review of national communications, including the biennial report, annual greenhouse gas inventories and national inventory systems;*

⇒ Those guidelines have to make sure that no sector or source of emission is left without reporting. Therefore, all sectors and subsectors must be made obligatory and robust in their reporting. Among others, the sectors to be included are:

  - LULUCF: considering as mandatory all activities of LULUCF, comparing in all cases the level of emission vs. the level defined in 1990 in order to make this information comparable among developed country Parties within LULUCF sector and among all other sectors. It is not acceptable that Parties could decide to report or not some activities under LULUCF when those results reflect this sector as a source but only when they obtain credits from it.
  - Warfare emissions
  - Bunker fuel emissions
  - Emissions caused by extreme events
  - Emissions which are caused by global warming (e.g. permafrost release of methane)
3. *The establishment of guidelines for national inventory arrangements;*

- =>The arrangements for national inventories must make sure that all emissions are reported, and that all assumptions made in reporting reflect the highest degree of fidelity towards the atmosphere.

**China's Submission on Measuring, Reporting and Verifying Mitigation Commitments or Actions by Developed Country Parties**

The Conference of the Parties at its sixteenth session (Para. 47 Decision 1/CP.16) invited Parties to submit to the Secretariat by March 28<sup>th</sup> 2011 their views on the items in Para. 46 Decision 1/CP.16. China welcomes this opportunity and would like to submit the following views:

**General views**

The comparability of developed country Parties' emission reduction efforts and the MRV are essential parts of international arrangement for addressing climate change. The efforts by developed country Parties to reduce their greenhouse gas emissions shall be comparable in legal form, magnitude, measure of effort, and provisions for MRV and compliance. The MRV and international assessment and review (IAR) for developed country Parties should focus on the full implementation of the Convention, and should ensure that accounting of the targets for developed country Parties is rigorous, robust and transparent. The AWGLCA should work on the principles of MRV and IAR for developed country Parties, while SBI and SBSTA should work on details for MRV and IAR arrangement according to those principles agreed under AWGLCA.

Developed country Parties should increase the ambition of their economy-wide emission reduction targets, with a view to reducing their aggregate anthropogenic emissions of carbon dioxide and other greenhouse gases not controlled by the Montreal Protocol to a level consistent with that recommended by the Fourth Assessment Report of IPCC. For the workshops requested in paragraph 38 of the Cancun Agreement, the Secretariat should organise a workshop as soon as possible to discuss the options and ways to increase the level of ambition of economy-wide emission reduction targets of developed country Parties.

**The enhancement of reporting**

Developed country Party should submit its national communication biennially, and submit its report on progress in achieving emission reductions annually.

The reporting on financial, technology and capacity building support to developing countries should be based on projects, and those projects aiming, or partly aiming, at making profits should be reported separately from those non-profit ones.

The annual report on progress in achieving emission reductions should at least include yearly emission inventories up to date, emission projection, national and sectoral measures and actions on mitigation and the effectiveness, supports to developing countries, and information related to market-based mechanism and LULUCF. The reporting methodology should be in line with the national communication.

**Guidelines for national inventory arrangements**

Developed countries Parties should establish national inventory arrangements in line with the decision 19/CMP.1.

**The enhancement of verification**

The information reported by developed country Parties shall be subject to enhanced verification procedures, building on the experience with the reporting and review process under the Convention, including relevant provisions under Articles 5, 7 and 8 of the Kyoto Protocol. Verification procedures shall include technical reviews of GHG inventories by expert review teams, in-depth reviews of national communications by expert review teams, periodic considerations of the reported information by subsidiary bodies under the Convention,

and shall provide a thorough and comprehensive assessment of the implementation of economy-wide emission reduction targets by developed countries Parties.

Paper no. 4: Hungary and the European Commission on behalf of the European Union and its member States

Submission by Hungary and the European Commission on behalf of the European Union and its Member States

**This submission is supported by Croatia, Iceland, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia.**

Budapest, 16 March 2011

**Subject: Work programme for the development of modalities and guidelines relating to MRV for developed country Parties**

Paragraph 47 of the Cancún Agreements (decision 1/CP.16) invites Parties to submit views on the work programme for the development of modalities and guidelines for:

1. The revision of guidelines, as necessary, on the reporting of national communications, including the biennial report;
2. The revision of guidelines for the review of national communications, including the biennial report, annual greenhouse gas inventories and national inventory systems;
3. The establishment of guidelines for national inventory arrangements;
4. Modalities and procedures for international assessment and review of emissions and removals related to quantified economy-wide emission reductions targets in accordance with paragraph 44, including the role of land use, land-use change and forestry, and carbon credits from market-based mechanisms, taking into account international experience.

**1. General considerations**

- **Progress on MRV will be an essential part of a balanced Durban package.** The Cancún Agreements decided on ambitious provisions and work must start swiftly to implement these provisions.
- As a matter of priority for the **AWG session** in Bangkok, Parties need to **define the organisation of work for this year to achieve the delivery of MRV modalities and guidelines** agreed in the Cancun Agreements (decision 1/CP.16).
- There is much work to do which should start as soon as possible. A **series of technical workshops** should support the work on MRV modalities and guidelines in addition to the sessions of subsidiary bodies and AWG-LCA.
- The **review scheduled for the period 2013 to 2015 will require a solid and enhanced basis of information** on GHG emissions and removals and mitigation actions to assess the overall progress towards achieving the long-term global goal to limit the increase in global average temperature to below 2°C above pre-industrial levels. The EU believes that national communications and biennial reports should provide key information to support **the review process**.
- In order to have the best information for the review, **developed countries will need to communicate their 6<sup>th</sup> national communications by 1 January 2014** (as already decided in Cancun), and **developing countries to communicate their first biennial report by 1 January 2014**.
- In this context, **a priority for Durban will be to agree reporting guidelines for biennial reports by COP 17 (2011)** so that developed countries provide their enhanced 6<sup>th</sup> national communication (including the biennial report) by 1 January 2014.
- **The work on developing/enhancing MRV guidelines should start and proceed in parallel for biennial reports and national communications.**
- **The work for guidelines for developed and developing countries, respectively, should proceed in parallel**

- To be most efficient and effective, Parties should **build on existing reporting and review guidelines, existing processes and experiences (e.g., Articles 5, 7 and 8 of the Kyoto Protocol)** taking into account ongoing discussions in these areas.
- **For MRV of public support (finance, technology, capacity building)**, methodological guidance is needed to make the first steps towards a future consistent reporting framework for MRV of public support. **Transparency should be the guiding principle.**
- International Assessment and Review (IAR) is also a key issue to ensure robust and comparable accounting and comparability of efforts among Parties. We should swiftly start work with the goal of **defining the main issues and overall approach for IAR by Durban.** The EU suggests establishing a spin-off group under the AWG LCA focusing on IAR.
- We need to **ensure consistency between work undertaken in the context of the AWG-LCA and in the SBs.**
- **This submission focuses on MRV related to mitigation action and of climate-related support,** acknowledging that this is within the context of the broader Cancún Agreements.

## **2. Specific elements of the work programme**

### **2.1 Revision of reporting guidelines for national communications, including biennial report**

Paragraph 46 of the decision on the outcome of the work of the AWG-LCA adopted in the Cancun Agreements (decision 1/CP.16) clearly indicates that the main emphasis of the work to be conducted with regard to the revision of guidelines for Annex I national communications and biennial reports should be placed on:

1. The provision of financing, through enhanced common reporting formats, methodologies for finance and tracking of climate-related support;
2. Supplementary information on achievement of quantified economy-wide emission reductions targets;
3. Information on national inventory arrangements;

The enhanced reporting guidelines to be adopted for Annex I national communications could be split into three parts. Part I UNFCCC reporting guidelines on annual inventories (ongoing), part II UNFCCC reporting guidelines on national communications and part III UNFCCC reporting guidelines on biennial reports.

In those years in which a full national communication is reported this will in essence incorporate the requirements of the biennial report.

#### **Scope of work**

The work programme related to the revision of the reporting guidelines for Annex I national communications and biennial reports should specifically address the three main areas indicated in the Cancún decision. In addition, given the fact that several parts of the reporting guidelines for Annex I national communications are outdated, it would be important that these parts are also assessed and updated as necessary.

#### **a) Clarifying the contents and structure of the biennial report**

The Cancún decision defined the following elements for the scope of the biennial report:

- Reporting on progress in achieving emission reductions, including information on mitigation actions to achieve their quantified economy-wide emissions targets and emission reductions achieved,
- projected emissions and
- provision of financial, technology and capacity-building support to developing country Parties;

These or related areas are already addressed in existing guidelines for Annex I national communications.

**The biennial reports should be focused, concise documents** but sufficiently transparent to understand the sources of the information and how the information was derived. They should present all necessary information primarily in tabular forms based on common principles and definitions so as to ensure consistency, coherence and comparability of that information across Parties. The guidelines to be developed will need to reflect this.

Elements of the future work related to the reporting of biennial reports should include:

- outline for the structure of the biennial report;



- definition of type and level of information to be reported and specific guidance for the three areas included in the biennial report;
- reporting formats;
- domestic assessment and verification of progress in achieving emission reductions;
- reporting on methodologies used and methodological guidance;
- harmonizing with existing monitoring and reporting systems for support (e.g. OECD)

**b) Elaborating on technical elements to be contained in the national communications and biennial reports**

**(i) The provision of financing, through enhanced common reporting formats, methodologies for finance and tracking of climate-related support**

The Cancún decision emphasizes the importance of the improvement of the reporting of information on the provision of financial, technology and capacity building support to developing country Parties. Elements for the future work to enhance the reporting on support should include:

- improved definition of type and level of information to be reported in the national communication;
- improved definitions, principles and structuring of the reporting guidelines in this section, e.g. that reporting on support should include financial, technology and capacity building support;
- updating and improvement of the reporting formats;
- methodological guidance and reporting on methodologies used (e.g. the use of Rio markers for climate mitigation and adaptation as part of OECD DAC in the reporting of support or the selection of certain Creditor Reporting System-codes for mitigation and adaptation activities);
- methodological guidance needed to report on a variety of sources for climate finance (ODA and non-ODA sources).

Work in this area should insofar as possible draw from the lesson and experience gained from existing reporting systems and be linked with the MRV of support to be undertaken by the NAI countries. It could also include lessons from the EC study report on MRV of finance due to be released in August 2011 and that will include an assessment of the MRV frameworks at the EU level and proposals of a set of standardised metrics and processes that could be used for MRV. Overall, **the enhanced MRV system of finance should build on existing reporting systems and reflect existing channels of funding**. There is a need to differentiate between the MRV system for public flows and the need to estimate the private flows to meet the Long Term Climate Finance Goal.

**(ii) Supplementary information on achievement of quantified economy-wide emission reductions targets**

This area of work should build on the existing reporting requirements related to GHG emission projections and policies and measures but should be enhanced to address:

- indicators related to the achievement of quantified economy-wide emission reductions targets and low carbon development trends;
- reporting formats;
- domestic verification of mitigation actions, methodologies for evaluation of mitigation action and quantification of effects;
- information related to the use of carbon credits for the achievement of quantified economy-wide emission reductions targets;
- information related to the accounting of emissions and removals from the LULUCF sector for the achievement of quantified economy-wide emission reductions targets.

Parties should also address the question of how low-carbon development strategies established by developed countries should be reflected.

**(iii) Information on national inventory arrangements;**

The EU believes that information on national inventory arrangements is directly linked to the preparation of the GHG inventory and this issue should be addressed in the ongoing revision of reporting guidelines for national GHG inventories under the Convention. Specific legal text was already proposed by the EU in its last submission in 2010 (FCCC/SBSTA/2010/MISC.7) under the ongoing revision process (see Annex 1 for the legal proposal). Subsequently review guidelines for Annex I GHG inventories under the Convention should also be revised to address national inventory arrangements.

Timelines, who and how

A series of workshops between or prior to the sessions should support the work. The EU suggests that the first workshop should take place ahead of or back to back to the SB sessions in June and should focus on the biennial reports. Additional workshops should then be held between June and September 2011 on each of the work areas identified above (e.g. provision of financing, through enhanced common reporting formats, methodologies for finance and tracking of climate-related support; Supplementary information on achievement of quantified economy-wide emission reductions targets; Information on national inventory arrangements), and their specific programme should be discussed at the AWG-LCA meeting in April.

The technical workshop that will focus, specifically, on the enhancement of Annex I Parties' reporting on support provided should be organized back-to-back with a workshop related to the reporting of support needs to ensure the consistency and coherence of the information reported on support across all Parties.

The Secretariat could be requested to prepare relevant background material to support the discussions on the issues at the workshops.

Additional submissions from Parties should be invited following the April AWG LCA meeting on the issues identified in the scope of work above prior to the workshops and/or the SB sessions. The deadlines for submissions should be set in such a way so as to ensure that the submission support the workshops with substance for discussion.

**The priority for Durban will be to agree reporting guidelines by COP 17 (2011)** so that developed countries provide their enhanced 6<sup>th</sup> national communication (including the information required in the biennial report) by 1 January 2014. The full reporting guidelines for Annex 1 national communication guidelines should be revised by COP18. The programme of work outlined above should facilitate achieving this outcome.

## **2.2 Revision of guidelines for the review of national communications, including biennial reports, GHG inventory and national inventory systems**

Currently, national communications are subject to review by Expert Review Teams (ERTs), which provide a comprehensive, technical assessment of a Party's implementation of its commitments. However, no guidelines for the review of national communications from Annex I Parties have been adopted under the Convention although review guidelines for national communications under the Kyoto Protocol do exist as well as review guidelines for national GHG inventories both under the Convention and the Kyoto protocol. The main task is therefore to elaborate guidelines for the review of Annex I national communications under the Convention taking into account the existing review practices.

### Scope of work

The work in this field should build on practices to date and experiences gathered by the ERTs, Parties and the UNFCCC secretariat. The review guidelines should focus on the assessment of progress made in achieving GHG emission reductions and on the reported information on financial support as well as technology and capacity-building support. As the annual inventories undergo an annual inventory review with separate guidelines, the review of national communications and biennial reports should not repeat the detailed approach conducted during the annual inventory review, but focus on the remainder of the information reported. The new review guidelines for Annex I national communications should reflect the difference between review of the biennial reports and review of full national communications.

The review of the national arrangements for GHG inventories should be integrated in a future revision of the guidelines for the review of national GHG inventories.

### Timelines, who and how

Taking into account limited time and resources, this process should make use of the existing guidelines for the review of Annex I national communications. As the reporting guidelines for Annex I national communications will also be enhanced and new elements added, the process to elaborate review guidelines should start when key elements of the changes to the reporting guidelines have been clarified and should be finalized shortly after the revised reporting guidelines for national communications will be adopted. As suggested above, the EU proposes to agree the reporting guidelines for the biennial report by COP 17 (2011). The work on the review guidelines would need to build on this and should start after COP 17 with a view to adopt guidelines by COP 19 in 2013 taking into account the interdependencies with the process of revising the reporting guidelines for Annex I national communications. The EU proposes that Parties should make submissions at the beginning of 2012, followed by a technical workshop in the first half of 2012.

This timeline would be sufficient to have review guidelines in place for the review of the 6<sup>th</sup> national communications due by 1 January 2014.

### **2.3 Guidelines for national inventory arrangements**

There is ongoing work on the revision of the reporting guidelines for Annex I national GHG inventories. The EU believes that information on national inventory arrangements is directly linked to the preparation and reporting of the GHG inventory and thus any provisions related to inventory arrangements should be included in the revised inventory reporting guidelines. Specific legal text was already proposed by the EU in its last submission in 2010 (FCCC/SBSTA/2010/MISC.7) under the ongoing revision process (see Annex 2 for the legal proposal).

#### Timelines, who and how

This issue should be addressed under the SBSTA discussions on the review of Annex I reporting guidelines for national GHG inventories and follow the timelines and arrangements established for this process. According to the SBSTA work programme, the revised guidelines are to be adopted by COP17.

### **2.4 Modalities and procedures for international assessment and review**

Paragraph 44 of the AWG-LCA Cancun decision established a process for international assessment of emissions and removals related to quantified economy-wide emission reductions targets taking into account national circumstances, in a rigorous, robust and transparent manner with a view to promoting comparability and building confidence. Paragraph 46 (d) of the same decision decides to establish a work programme addressing modalities and procedures for international assessment and review of emissions and removals related to quantified economy-wide emission reductions targets including the role of land use, land-use change and forestry, and carbon credits from market based mechanisms.

#### Scope of work

This will be a new process covering international assessment and review of emissions and removals related to quantified economy-wide emission reduction targets, including the role of LULUCF, and carbon credits from market-based mechanisms.

The work could be split into two parts:

- Modalities for international assessment and review of emissions and removals related to quantified economy-wide emission reduction targets: This part would focus on elaborating technical modalities to achieve comparability and transparency of emission reduction targets and the assessment of emission reductions. Such modalities would deal with the role of the LULUCF sector as well as the role of carbon credits in the accounting of quantified economy-wide emission reduction targets or provisions for registries related to flexible mechanisms to ensure accurate tracking of traded units. For Annex I Parties under the Kyoto Protocol, the modalities for international assessment and review should refer to the accounting modalities under the Kyoto Protocol.
- Guidance on procedures for international assessment and review of emissions and removals related to quantified economy-wide emission reduction targets: This part would deal with a process of international political assessment whether quantified economy-wide emission reduction targets of Annex I Parties are achieved. For Annex I Parties under the Kyoto Protocol it is assumed that the current compliance mechanism would continue to be in place.

#### Timelines, who and how

There should be a **spin-off group established under the AWG LCA focusing on ICA with the goal of defining the main issues and overall approach by Durban.**

The work on modalities and procedures for international assessment and review should start in June, after an initial discussion on the scope of work and the timelines at the AWG meeting in April.

Technical modalities for international assessment and review should be elaborated as soon as possible. These modalities should be developed in parallel with the modalities for international consultation and analysis so as to ensure the efficiency of the process and to avoid any potential conflicting resource requirements. The workshops to clarify the assumptions and the conditions related to the attainment of quantified economy-wide emission reductions that will take place prior to the AWG meeting in April may already provide useful elements for this work.

The EU suggests that Parties submit views on such technical modalities between June and the autumn AWG session and to organize a technical workshop before the autumn session of 2011.

Guidance on procedures for international assessment and review should be further discussed in June with the objective of **defining the main issues and overall approach by Durban**. The EU suggests establishing a spin-off group under the AWG LCA focusing on IAR.

The work of the spin-off group should be completed by COP 17 so that then SBI can take over and define the details of the agreed approach and develop the specific technical guidance with a view to adopt guidelines by COP 18 in 2012.

## **ANNEX 1**

### **Proposal for a legal text on the national inventory arrangements (quotation from EU submission of 15 September 2010 (FCCC/SBSTA/2010/MISC.7))**

#### ***Guidance related to QA/QC and to the national arrangements***

In accordance with the EU's submission from February, additional sections related to the national system are proposed in part II which are taken from the guidelines for national arrangements under the Kyoto Protocol. There is some overlap between this guidance and existing requirements related to QA/QC. These areas could be further streamlined and merged which has not yet been performed in this version of the proposed revised text.

#### ***Insert new paragraph 6bis on national arrangements:***

6bis. These UNFCCC reporting guidelines on annual inventories also cover the establishment of a national inventory arrangements for the purpose of a continued preparation of timely, consistent, comparable, accurate and transparent inventories.

#### **National inventory arrangements**

17bis. Each Annex I Party shall implement and maintain national arrangements for the estimation of anthropogenic greenhouse gas emissions by sources and removals by sinks. National arrangements include all institutional, legal and procedural arrangements made within an Annex I Party for estimating anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, and for reporting and archiving inventory information.

17ter. National arrangements should be designed and operated

(a) to ensure the transparency, consistency, comparability, completeness and accuracy of inventories as defined in paragraph 4 above.

(b) to ensure the quality of the inventory through planning, preparation and management of inventory activities. Inventory activities include collecting activity data, selecting methods and emission factors appropriately, estimating anthropogenic GHG emissions by sources and removals by sinks, implementing uncertainty assessment and quality assurance/quality control (QA/QC) activities, and carrying out procedures for the verification of the inventory data at the national level, as described in these guidelines.

(c) to enable Parties included in Annex I to consistently estimate anthropogenic emissions by all sources and removals by all sinks of all GHGs, as covered by the IPCC Guidelines.

17quater. In the implementation of its national arrangements, each Party included in Annex I shall perform the following general functions:

(a) Establish and maintain the institutional, legal and procedural arrangements necessary to perform the functions defined in paragraphs 21 to 26 below, as appropriate, between the government agencies and other entities responsible for the performance of all functions defined in these guidelines;

(b) Ensure sufficient capacity for timely performance of the functions defined in these guidelines for national arrangements, including data collection for estimating anthropogenic GHG emissions by sources and removals by sinks and arrangements for technical competence of the staff involved in the inventory development process;

(c) Designate a single national entity with overall responsibility for the national inventory;

(d) Prepare national annual inventories and in a timely manner in accordance with these guidelines and relevant decisions of the COP and provide information necessary to meet the reporting requirements defined in these guidelines and in accordance with the relevant decisions of the COP.

In addition each Party included in Annex I shall undertake specific functions relating to inventory planning, preparation and management.

#### **Inventory planning**

17quinquies. As part of its inventory planning, each Party included in Annex I shall:

(a) Define and allocate specific responsibilities in the inventory development process, including those relating to choice of methods, data collection, particularly activity data and emission factors from statistical services and other entities, processing and archiving, and QC and QA. This definition shall specify the roles of, and cooperation between, government agencies and other entities involved in the preparation of the inventory, as well as the institutional, legal and procedural arrangements made to prepare the inventory;

(b) Elaborate an inventory QA/QC plan which describes specific QC procedures to be implemented during the inventory development process, facilitate the overall QA procedures to be conducted, to the extent possible, on the entire inventory and establish quality objectives;

(c) Establish processes for the official consideration and approval of the inventory, including any recalculations, prior to its submission and to respond to any issues raised by the inventory review process.

17sexies. As part of its inventory planning, each Party included in Annex I should consider ways to improve the quality of activity data, emission factors, methods and other relevant technical elements of inventories. Information obtained from the implementation of the QA/QC programme, the inventory review process and other verification activities should be considered in the development and/or revision of the QA/QC plan and the quality objectives.

#### Inventory preparation

17septies. As part of its inventory preparation, each Party included in Annex I shall:

(a) prepare annual inventory estimates in accordance with the requirements defined in these guidelines;

(c) Collect sufficient activity data, process information and emission factors as are necessary to support the methods selected for estimating anthropogenic GHG emissions by sources and removals by sinks;

(d) Compile the national inventory report in accordance with these guidelines;

(g) Implement general inventory QC procedures (tier 1) in accordance with its QA/QC plan following the IPCC Guidelines.

17octies. As part of its inventory preparation, each Party included in Annex I should:

(a) Apply source-category-specific QC procedures (tier 2) for key source categories and for those individual source categories in which significant methodological and/or data revisions have occurred, in accordance with the IPCC Guidelines;

(b) Provide for a basic review of the inventory by personnel that have not been involved in the inventory development, preferably an independent third party, before the submission of the inventory, in accordance with the planned QA procedures referred to in paragraph 17quatuorquies (b) above;

(c) Provide for a more extensive review of the inventory for key categories, as well as source categories where significant changes in methods or data have been made, in accordance with the IPCC Guidelines;

(d) Based on the reviews described in subparagraphs (b) and (c) above and periodic internal evaluations of the inventory preparation process, re-evaluate the inventory planning process in order to meet the established quality objectives referred to in paragraph 17quinquies (b).

#### C. Inventory management

17novies. As part of its inventory management, each Party included in Annex I shall:

(a) Archive all relevant inventory information for the reported time series and this information shall include all disaggregated emission factors, activity data, and documentation about how these factors and data have been generated and aggregated for the preparation of the inventory. This information shall also include internal documentation on QA/QC procedures, external and internal reviews, documentation on annual key categories and key category identification and planned inventory improvements;

(b) Provide review teams with access to all archived information used by the Party to prepare the inventory through the single national entity, in accordance with relevant decisions of the COP and/or COP/MOP;

(c) Respond to requests for clarifying inventory information resulting from the different stages of the review process of the inventory information, and information on the national arrangements, in a timely manner.

## **NEW ZEALAND**

### ***Views on a work programme for the development of modalities and guidelines for mitigation actions and commitments***

#### **Submission to the AWG-LCA**

March 2011

1. This submission responds to the invitations contained in document FCCC/CP/2010/7/Add.1 (paragraphs 47 and 67) relating to mitigation. New Zealand has already provided submissions relating to the development of a registry mechanism for developing country mitigation actions and support, on market and non-market approaches<sup>1</sup> and on LULUCF reference levels under the Kyoto Protocol.
2. This submission covers issues relating to transparency for both developed country mitigation actions and commitments and developing country mitigation actions. New Zealand intends to submit further on these issues as progress is made under the AWG-LCA; including on the issues related to the role of land use, land use change and forestry and on the use of carbon credits from market based mechanisms.

#### **Context**

##### *Implement and Build*

3. The Cancun Agreement decided to “*hold the increase in global average temperature below 2°C above pre-industrial levels.*” This long-term goal is useful in guiding the immediate work of the various subsidiary bodies - requiring the political gains to be banked now and those gains to be built upon over time to deliver a comprehensive response to climate change. Parties should ensure that their iterative negotiation delivers solutions piece by piece, each piece continuing to build confidence. The Cancun Agreement has provided much needed political guidance allowing for immediate and practical implementation on a broad range of fronts. Parties should not lose the opportunity to ‘get on with it,’ while at the same time contemplating those issues that require additional time. Realistically, Parties will need to look beyond the next meeting in Durban to a multi-year programme of work. If we start with that frame in mind we can begin to set realistic expectations from the outset.

##### *Timetable of work as it relates to transparency provisions and the 2015 Review*

4. Immediate and pragmatic implementation of the various transparency provisions e.g. reporting and review, is required for an effective Review<sup>2</sup> in 2015. The Review should be based on timely and peer-reviewed information, including a comprehensive set of country actions, aggregate greenhouse gas emission and removal levels, the latest science and needed capacity. To meet this deadline, the first biennial reports (containing national greenhouse gas inventories for developing and developed countries for the year 2010) should go through their respective international consultation, assessment and review processes in 2013/14. In 2012, all parties<sup>3</sup> should compile and report information according to the various guidelines that have been agreed by the end of this year. In paragraph 23 New Zealand has listed a range of capacity building initiatives. Capacity building considerations are essential and should be an explicit part of the development of the various guidelines that make up the MRV/ICA work programme for developing countries. If capacity building considerations are incorporated from the start they will help expedite implementation of the MRV/ICA system.

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<sup>1</sup> See [www.unfccc.int/meetings/ad\\_hoc\\_working\\_groups/lca/items/4578.php](http://www.unfccc.int/meetings/ad_hoc_working_groups/lca/items/4578.php)

<sup>2</sup> Paragraphs 138-140 of FCCC/CP/2010/7/Add.1.

<sup>3</sup> Noting the additional flexibility to be given to the least developed country Parties and small island developing States.

### *Global picture*

5. Improved transparency will also be an important element in helping countries demonstrate a complete picture of what climate change action is being taken at the national level. Measuring, reporting and verification (MRV) guidelines should encourage countries to include in their national reporting, actions taken primarily under other international commitments but which also have valuable mitigation benefits. One example is the reform of fossil fuel or energy subsidies. These reform commitments to phase-out inefficient fossil fuel subsidies have been made in the G20 and APEC contexts<sup>4</sup>, but their mitigation potential creates clear linkages to the UNFCCC agenda. New Zealand would like to see progress in implementing related mitigation actions, such as progress in reforming fossil fuel subsidies, included as part of the transparency framework. Reporting on fossil fuel subsidy reform is also helpful from a domestic policy perspective as it clarifies for governments the cross-linkages and impacts between policies with different objectives, but which have mutually reinforcing outcomes.

### *Mitigation Workshops*

6. Consideration of mitigation action should also draw on the experience gained to date under the UNFCCC and its Kyoto Protocol. Many issues under discussion in the AWG-KP are due for discussion under the AWG-LCA. One such parallel that a number of countries have noted in submissions is the need to clarify 'rules' e.g. rules for the operation of market based mechanisms, and for land use, land use change and forestry. Assuming there will be a set of multilaterally agreed rules: are the rules being negotiated under the Kyoto Protocol substantially the same as or substantially different from those to be determined under the AWG-LCA? How might these rules allow flexibility to accommodate national circumstances? Might a "negative list" approach, such as that applied in the WTO-services agreement, be workable within the UNFCCC? Under such an approach Parties would agree a common rule set but could transparently show where they chose to apply an alternative rule or approach on a given issue, maximising comparability but allowing flexibility for national circumstances. The question of rules matters to countries taking on commitments as it will impact the level of ambition they are willing to take. Because many substantive issues are still to be discussed under the AWG-LCA we believe strongly that the mitigation workshops that begin in Bangkok should be an ongoing feature of the AWG-LCA's work through 2011.

### **Views on the work programme for the development of modalities and guidelines for developed country transparency provisions**

#### *Organisation of the work programme*

7. The considerable amount of work to be undertaken means there is a need for additional technical meetings to enable the measurement, reporting and verification (MRV) and International Assessment and Review (IAR) work programme to deliver a result in Durban. These additional meetings will need to operate effectively and efficiently. New Zealand's view is that we need to use a smaller representative (but open) group of Parties (with particular technical expertise and interests) to advance technical work intersessionally. The work of this technical group would need to be fully transparent, and while meeting intersessionally, it would report progress back to the full AWG-LCA sessions and receive feedback from Parties at these sessions. This type of process was successfully applied to the development of the reporting and review guidelines under Articles 5, 7 and 8 of the Kyoto Protocol. It may be prudent to prioritise MRV guideline development this year and complete IAR guideline development in 2012.

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<sup>4</sup> See [www.g20.org/Documents/pittsburgh\\_summit\\_leaders\\_statement\\_250909.pdf](http://www.g20.org/Documents/pittsburgh_summit_leaders_statement_250909.pdf) and [www.apec.org/Meeting-Papers/Leaders-Declarations/2009/2009\\_aelm.aspx](http://www.apec.org/Meeting-Papers/Leaders-Declarations/2009/2009_aelm.aspx)



8. Progress on the work programme needs to begin as soon as practicable. The first intersessional technical meeting should take place before the UNFCCC's June session.

*Outcomes of the work programme*

9. The MRV/IAR work programmes agreed in Cancun require the following outcomes:
  - a. Revised national communication reporting guidelines, including biennial reports;
  - b. Revised national communication review guidelines, including biennial reports, annual inventories and national inventory arrangements/systems;
  - c. Establishment of guidelines for national inventory arrangements;
  - d. Modalities and procedures for international assessment and review of emissions and removals related to quantified economy wide emission reductions targets including the role of LULUCF, carbon credits from market-based mechanisms, taking into account international experience.
10. We note that wherever possible existing work programmes should be used to address the Cancun Agreement. For example, the reporting guidelines for annual greenhouse gas inventories from Annex I Parties are already being revised in a work programme under the SBSTA. The establishment of guidelines for national inventory arrangements is within the scope of this work programme and New Zealand does not see the need to duplicate this work. However, the linkage between the current SBSTA work programme and the need (as reflected in the Cancun Agreement) to establish guidelines for national inventory arrangements should be made explicit in order that it is clear where the responsibility sits for the work. To the extent that other elements of the SBSTA work programme will assist with the above four outcomes, this should also be used to advantage to avoid duplication of work.
11. There is also work taking place under the AWG-KP on rules for land use, land-use change and forestry to apply in a second commitment period under the Kyoto Protocol. This work is also relevant to the reporting and review work programme under the AWG-LCA.

*Basis for the outcomes*

12. The Cancun Agreement decided that enhanced reporting and review would build on existing reporting and review guidelines, processes and experiences. There is already considerable experience of reporting and review under both the Convention and the Kyoto Protocol. This experience is more widespread than just the countries that have been subject to review, as experts from both developed and developing countries participate in the process as expert reviewers. We need to draw on this experience as well as the considerable amount of documentation that serves to guide the reporting and review processes. New Zealand considers the guidance listed in **Appendix I** to this submission should serve as the basis for the work programme. The UNFCCC secretariat may like to map existing work in this area against what has been called for under the Cancun Agreements – this would serve as a common and useful starting point for deliberations.

*Conclusion*

13. The development of this work programme also needs to take into account the related work programme for developing countries. This relationship includes the content of the guidelines being developed/enhanced/revised as well as the scheduling of intersessional technical meetings. There will be considerable advantages to back-to-back scheduling of such intersessional meetings for each work programme. To ensure this work stays in synch it may also be useful to appoint common co-facilitators.

14. New Zealand looks forward to engaging on these matters with interested Parties at the next round of negotiations in Bangkok.

**Views on the work programme for the development of modalities and guidelines for developing country transparency provisions**

*Organisation of the work programme*

15. Because of the amount of work to be done New Zealand sees that there is a need for additional technical meetings to enable the measurement, reporting and verification (MRV) and International Consultation and Analysis (ICA) work programme to deliver a result in Durban. These additional meetings will need to operate effectively and efficiently. New Zealand's view is that we need to use a smaller representative group of Parties (with particular technical expertise and interests) to advance technical work intersessionally. The work of this technical group would need to be fully transparent, and while meeting intersessionally, it would report progress back to the full AWG-LCA sessions and receive feedback from Parties at these sessions. This type of process was successfully applied to the development of the reporting and review guidelines under Articles 5, 7 and 8 of the Kyoto Protocol. It may be prudent to prioritise MRV guideline development this year and complete ICA guideline development in 2012. This will enable countries to get on with compiling information for the initial biennial report that will be subject to the ICA process at a later date.
16. Progress on the work programme needs to begin as soon as practicable. The first intersessional technical meeting should take place before the UNFCCC June session.

*Outcomes of the work programme*

17. The mitigation work programme agreed in Cancun requires the development of modalities and guidelines for:
  - a. Facilitation of support to nationally appropriate mitigation actions through a registry;
  - b. Measurement, reporting and verification of supported actions and corresponding support;
  - c. Biennial reports as part of national communications;
  - d. Domestic verification of mitigation actions undertaken with domestic resources;
  - e. International consultation and analysis.

As noted above, New Zealand has already made a separate submission on the Registry elements and hence this submission will concentrate on modalities and guidelines for the MRV/ICA elements of the work programme.

*Basis for the outcomes*

18. Compared with the guidance already available to Annex I Parties by way of COP and CMP decisions with respect to reporting and review, there is little such guidance directed at developing countries. However, because of the considerable experience of Annex I Party reporting and review under both the Convention and the Kyoto Protocol there is a solid platform to draw from to develop the needed modalities and guidelines for developing countries. The UNFCCC secretariat may like to map existing work in this area against what has been called for under the Cancun Agreement – this would serve as a common and useful starting point for deliberations.
19. Experience with the Annex I reporting and review requirements is more widespread than just the countries that have been subject to review, as experts from both developed and developing countries participate in the process as

expert reviewers. We need to draw on this experience as well as the considerable amount of documentation that serves to guide the existing reporting and review processes under the Convention and the Kyoto Protocol. In particular the concept that reviews are facilitative and non-confrontational is a concept that should be readily transferrable to review processes for developing country Parties. New Zealand considers the guidance listed in **Appendix II** should serve as the basis for the developing country MRV/ICA work programme.

20. We note that wherever possible existing work programmes should be used to avoid duplication of work. Of particular relevance is the revision of the reporting guidelines for annual greenhouse gas inventories from Annex I Parties (including application of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories) in a work programme under the SBSTA. Having all countries use comparable methodologies (as per Articles 12.1(a) and 7.2(d) of the Convention) will assist the COP in carrying out assessments under Article 7.2(e).
21. New Zealand would see the inventory guidelines being developed for Annex I Parties under the existing SBSTA work programme being equally applicable to non-Annex Parties. We recognise that for many Parties the application of more detailed guidance, together with the need to produce more regular greenhouse gas inventories, will require a considerable increase in the effort and resources required. These considerations, including phased implementation of reporting guidelines need to be an explicit part of the design of and the implementation of the MRV/ICA work programme envisaged under the Cancun Agreements as contained in document FCCC/CP/2010/7/Add.1.

#### *Capacity building*

22. Consistent with the Cancun outcome on capacity building (Section IV C of FCCC/CP/2010/7/Add.1) and as noted in the previous paragraph, more regular greenhouse gas inventories will require more effort and resources. We note that there are existing greenhouse gas inventory capacity building programmes/training opportunities that already exist or could be re-invigorated. These include (but are not limited to):
  - UN agencies (e.g. UNDP and UNEP);
  - The Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention (the CGE);
  - Government funded bilateral or plurilateral approaches; and
  - Private or not for profit sector (e.g. GHG Management Institute, the current provider of on-line training for UNFCCC/Kyoto Protocol greenhouse gas inventory expert reviewers).
23. As stated above in paragraph 4, capacity building considerations should be an essential part of the development of the various guidelines that make up the MRV/ICA work programme. If we incorporate capacity building considerations from the start, this will help better facilitate implementation of the MRV/ICA system.
24. The UNFCCC secretariat could compile a list of available greenhouse gas inventory capacity building programmes including related training opportunities.

#### *Conclusion*

25. The development of this work programme for developing countries needs to take into account the related work programme for developed countries. This relationship includes the content of the guidelines being developed/enhanced/revised as well as the scheduling of intersessional technical meetings. There will be

considerable advantages to back-to-back scheduling of such intersessional meetings for each work programme. To ensure this work stays in synch it may also be useful to appoint common co-facilitators.

26. New Zealand looks forward to engaging on these matters with interested Parties at the next round of negotiations in Bangkok.

## **Appendix I: Existing guidance for the development of modalities and guidelines for developed country reporting and review**

New Zealand considers that the developed country reporting and review work programme should be guided by the decisions listed below.

### Guidance under the Convention:

- 2/CP.1: Review of first communications from the Parties include in Annex I to the Convention
- 9/CP.2: Communications from Parties included in Annex I to the Convention: guidelines, schedule and process for consideration
- 6/CP.3: Communications from Parties included in Annex I to the Convention
- 11/CP.4: National communications from Parties included in Annex I to the Convention
- 3/CP.5: Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual inventories
- 4/CP.5: Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part II UNFCCC reporting guidelines on national communications
- 4/CP.8: National communications from Parties included in Annex I to the Convention
- 18/CP.8: Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual inventories
- 19/CP.8: UNFCCC guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention
- 12/CP.9: Issues relating to the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention
- 13/CP.9: Good practice guidance for land use, land-use change and forestry in the preparation of national greenhouse gas inventories under the Convention
- 18/CP.10: Issues relating to the technical review of greenhouse gas inventories of Parties included in Annex I to the Convention and the implementation of Article 8 of the Kyoto Protocol.

### Guidance under the Kyoto Protocol:

- 13/CMP.1: Modalities for the accounting of assigned amounts under Article 7, paragraph 4 of the Kyoto Protocol
- 14/CMP.1: Standard electronic format for reporting Kyoto Protocol units
- 15/CMP.1: Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol
- 16/CMP.1: Land use, land-use change and forestry
- 17/CMP.1: Good practice guidance for land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol
- 19/CMP.1: Guidelines for national systems under Article 5, paragraph 1 of the Kyoto Protocol
- 20/CMP.1: Good Practice guidance and adjustments under Article 5, paragraph 2 of the Kyoto Protocol
- 21/CMP.1: Issues relating to adjustments under Article 5, paragraph 2 of the Kyoto Protocol
- 22/CMP.1: Guidelines for review under Article 8 of the Kyoto Protocol
- 23/CMP.1: Terms of service for lead reviewers
- 24/CMP.1: Issues relating to the implementation of Article 8 of the Kyoto Protocol – 1 (Training programme for members of expert review teams)
- 25/CMP.1: Issues relating to the implementation of Article 8 of the Kyoto Protocol – (Confidential information)

In addition, methodological guidance from the IPCC underpins greenhouse gas inventory reporting and there is also considerable experience with the following IPCC products:

- Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories
- 2000 Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories
- 2003 Good Practice Guidance for Land Use, Land-Use Change and Forestry

The most recent methodological guidance from the IPCC (2006 IPCC Guidelines for national greenhouse gas inventories) has not yet been adopted for reporting under the Convention, but is under consideration as part of the SBSTA work programme on the revision of inventory reporting guidelines for Annex I Parties.

## **Appendix II: Existing guidance for the development of modalities and guidelines for developing country reporting, verification, and international consultation and analysis**

New Zealand considers that the developing country reporting and review work programme should be guided by the decisions listed below.

Guidance under the Convention:

(for non-Annex I Parties)

- 17/CP.8: Guidelines for the preparation of national communications from Parties not included in Annex I to the Convention
- 8/CP.11: Submission of second, and where appropriate, third national communications from Parties not included in Annex I to the Convention

(for Annex I Parties)

- 2/CP.1: Review of first communications from the Parties include in Annex I to the Convention
- 9/CP.2: Communications from Parties included in Annex I to the Convention: guidelines, schedule and process for consideration
- 6/CP.3: Communications from Parties included in Annex I to the Convention
- 11/CP.4: National communications from Parties included in Annex I to the Convention
- 3/CP.5: Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual inventories
- 4/CP.5: Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part II UNFCCC reporting guidelines on national communications
- 4/CP.8: National communications from Parties included in Annex I to the Convention
- 18/CP.8: Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual inventories
- 19/CP.8: UNFCCC guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention
- 12/CP.9: Issues relating to the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention
- 13/CP.9: Good practice guidance for land use, land-use change and forestry in the preparation of national greenhouse gas inventories under the Convention
- 18/CP.10: Issues relating to the technical review of greenhouse gas inventories of Parties included in Annex I to the Convention and the implementation of Article 8 of the Kyoto Protocol.

Guidance under the Kyoto Protocol:

(For Annex I Parties)

- 13/CMP.1: Modalities for the accounting of assigned amounts under Article 7, paragraph 4 of the Kyoto Protocol
- 14/CMP.1: Standard electronic format for reporting Kyoto Protocol units
- 15/CMP.1: Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol
- 16/CMP.1: Land use, land-use change and forestry
- 17/CMP.1: Good practice guidance for land use, land-use change and forestry activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol
- 19/CMP.1: Guidelines for national systems under Article 5, paragraph 1 of the Kyoto Protocol
- 20/CMP.1: Good Practice guidance and adjustments under Article 5, paragraph 2 of the Kyoto Protocol
- 21/CMP.1: Issues relating to adjustments under Article 5, paragraph 2 of the Kyoto Protocol
- 22/CMP.1: Guidelines for review under Article 8 of the Kyoto Protocol
- 23/CMP.1: Terms of service for lead reviewers
- 24/CMP.1: Issues relating to the implementation of Article 8 of the Kyoto Protocol – 1 (Training programme for members of expert review teams)
- 25/CMP.1: Issues relating to the implementation of Article 8 of the Kyoto Protocol – (Confidential information)

In addition, methodological guidance from the IPCC underpins greenhouse gas inventory reporting and there is also considerable experience with the following IPCC products:

- Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories
- 2000 Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories
- 2003 Good Practice Guidance for Land Use, Land-Use Change and Forestry

The most recent methodological guidance from the IPCC (2006 IPCC Guidelines for national greenhouse gas inventories) has not yet been adopted for reporting under the Convention, but is under consideration as part of the SBSTA work programme on the revision of inventory reporting guidelines for Annex I Parties.



**NORWAY**

**Submission to the Ad-Hoc Working Group on Long Term Cooperative Action (AWG-LCA).  
28 March 2011**

**Work programme on monitoring, reporting and verification (MRV) for developed countries**

General considerations

Norway welcomes the Cancun agreements and the MRV provisions which are outlined there. This submission provides views on the development of modalities and guidelines for enhanced reporting and review under the Convention, with emphasis on mitigation. A separate submission addresses MRV of support

A well functioning MRV system is a key part of a comprehensive and credible international climate regime. Robust and consistent MRV frameworks will provide transparency, are highly important for building mutual trust and will promote fulfilment of the commitment for mitigation of climate change. Furthermore, the MRV system is important in order to track global emissions and how we stand in relationship to the 2 degree target.

Annex I countries currently submit annual national greenhouse gas inventories and national communication at longer intervals. The annual GHG inventory will continue to be a key element in reporting and review of Annex I countries' implementation of the Convention. The ongoing process under the SBSTA of revising the reporting guidelines on annual inventories will further improve this element of reporting.

The annual GHG inventory and the national communication will be supplemented by a biennial report, covering further information on mitigation in relation to meeting commitments for economy-wide emission reductions, and information on support provided. The main characteristics of a comprehensive MRV framework should be:

- It must cover the steps from monitoring through to review and assessment, with coherence between the different steps.
- Common rules and frameworks should be established, to ensure transparency, comparability and consistency over time, and credibility in implementation.
- MRV of mitigation should ensure monitoring, reporting and review that fits the kind of mitigation target or action in question, whether these are economy-wide emission reduction objectives, intensity targets or sectoral approaches.
- It should have a learning-by-doing approach, which allows for some differentiation with respect to the level of sophistication of the MRV system, emphasizes continuous improvement and includes facilitative processes to support this.

**Scope of work, timeline and mode of working towards COP17 in Durban**

The work programme on MRV for developed countries has the following main elements:

- Enhanced reporting, including guidelines for a biennial report
- Revised guidelines for the review of information
- Guidelines for national inventory arrangements
- Modalities and procedures for international assessment and review

The work on revising and developing new guidelines should build on existing guidelines under the Convention as well as guidelines, processes and experiences under articles 5, 7 and 8 of the Kyoto protocol.

The timeline for finalising the work programme on MRV should be seen in context with the review of the Cancun agreements, which is to start in 2013 and be finalised in 2015. Updated information on global anthropogenic greenhouse gas emissions and on mitigation actions will be a necessary basis for conducting a fact-based review. The biennial reports include these elements and will inform the review.

The first biennial reports on emissions, mitigation actions and support, in accordance with new and revised guidelines, should therefore be submitted by 2013. The next national communication from Annex I countries, to be submitted by 1<sup>st</sup> of January 2014, should also follow new guidelines. Finalisation of new and revised reporting guidelines is thus a priority for COP17. The guidelines on enhanced review and international assessment and review (IAR) for developed countries should be developed in parallel with the revision of reporting guidelines. An overall timeline for the MRV work programme would then be:

- 2011: Finalisation with a view for adoption, of new and additional guidelines for reporting, enhanced review and international assessment.
- 2013: First submission of biennial reports.
- 2014: Submission of national communications from Annex I parties.
- 2013-2014: First round of international assessment and review of biennial reports
- 2014-2015: First round of international assessment and review of national communications

A more detailed work programme should be established at the meeting of the AWG-LCA in Bangkok in April, taking into account the need for work of a technical nature. The work programme on MRV in 2011 should include technical workshops addressing the different elements – reporting, enhanced review, international assessment and review. The ongoing work under the SBSTA for revising reporting guidelines for annual inventories should be taken into account.

A first set of workshops should be held in conjunction with the SB June sessions, preferably in parallel with the ordinary negotiation session, in order to save time and resources. New and more detailed submissions from parties on the work programme on MRV would be desirable before the June meeting and also before third quarter meeting, in order to have a more substantial basis for negotiations.

For Norway, the MRV work programme is a matter of high priority for COP17 in Durban. We believe it is feasible to finalise new and revised guidelines in Durban, provided we start on a practical work programme for 2011 that includes necessary time allocated for this, including workshops at the technical level.

As a first step, we propose that the secretariat compile an analysis of the existing guidelines and identifies gaps. Furthermore, we encourage other Parties to submit views and proposals for revised and new guidelines, before the June session. More detailed proposals will facilitate a more substantial discussion.

Enhanced MRV for Annex I countries under the Convention

## **Overall approach**

Under the Cancun agreement, developed countries have committed to undertake economy-wide emission reductions. While the current system of MRV under the Convention includes comprehensive reporting and expert review, it is not designed to provide consistent and comparable information on how countries are meeting their specific commitments for economy-wide emission reductions. For this purpose, all emissions and removals must be accounted for in a robust, comparable and transparent manner, to ensure transparency in implementation as well as environmental integrity of the agreement.

The enhanced MRV framework should be based on common international guidelines for accounting emissions and removals towards a target. This is particularly important in relation to the use of international credits. In order to give flexibility for national methodologies, an approach could be to establish appropriate guidelines internationally, which set out the general framework and provides relevant reporting formats. Countries could then submit country specific approaches and methods to be acknowledged in line with these guidelines.

The first submission of the biennial report, in 2013, should set out the accounting framework. The follow-up of this framework should be reported with the annual GHG inventories, along with supplementary information.

## **Revision of reporting guidelines for national communications and biennial reports**

The Cancún agreements specifies that developed countries should submit new biennial reports and also calls for enhanced reporting under existing reporting provisions (the annual GHG inventory, national communication).

### *The biennial report and the national communication*

The biennial reports for Annex I countries should supplement the annual GHG inventory. They should be short and focused, and include factual information in a systematic and streamlined manner. The main purpose of the report is to provide information on progress in achieving emission reductions and on support provided. The further work on reporting guidelines must provide an outline of the report, specify the level of detail in reporting and provide guidance on methodologies. The biennial report should include additional information on:

- mitigation actions and their effects, including supplementary information on the use of carbon credits and the LULUCF sector
- emissions projections (with and without actions)
- financial, technology and capacity building support provided
- information on national inventory arrangements.

The biennial report will build on information given in national communications, but it would not be necessary or desirable to include all details. The national communication, which covers the whole scope of implementing the Convention, could include more detail on methodologies as well as more detailed reporting on the elements above.

## **Preliminary suggestions, elements for additional or enhanced reporting**

### *Supplementary information on achievement of quantified economy-wide emission reduction targets*

With the annual GHG inventory and the biennial report, Parties should report if they intend to use removals from the LULUCF sector in achieving their quantified economy-wide emission reduction target. This is important information in order to understand their pledges, and to be able to compare pledges across Parties. If removals from the LULUCF sector are included, the Party should quantify the expected future net emissions from the sector, using similar methodologies as used under the Kyoto Protocol. New guidelines on reporting emissions and removals from LULUCF should include guidance on this.

To preserve the integrity of carbon-markets, it is crucial that the emission reduction effect of these carbon credits is verified and documented. We propose to establish a set of common guidelines for reporting the documentation relating to the emission reduction effect of carbon credits generated. This will assist the international assessment and review process. Such guidelines could also promote development of new international market mechanisms as well as domestic use of market mechanisms. Supplementary information on these carbon credits should as a minimum include:

- The net amount and types of carbon credits acquired since the last submitted report
- Documentation to show the emission reduction effect of the carbon credits

The emission reduction effect of carbon credits generated from any offset mechanisms must be clearly documented and independently verified. Carbon credits generated from the CDM and JI mechanism should be accepted, as well as all other types of carbon credits generated by any future mechanisms within the framework of UNFCCC.

Information on carbon credits from market-based mechanisms needs to be reported in a common reporting format. A common reporting format will provide for consistency during a time series and the opportunity to compare the data reported by the Parties. The reporting framework, combined with international registry arrangements, should ensure that no double counting of credits occur. The standard electronic format (SEF) under Article 7.1 of the Kyoto Protocol would serve as a good basis for a common reporting format under the Convention. Information on the holding of carbon credits should be reported every year since the use and acquirement of carbon credits might fluctuate a lot from one year to the next.

### *Enhanced reporting of mitigation actions*

The current reporting guidelines for national communications do not require Annex I Parties to list all policies and measures, but they are encouraged to for instance give priority to those “*which have the most significant impact affecting GHG emissions (...)*”.

A framework reporting structure could be developed to facilitate a more comprehensive and comparable reporting of policies and measures, including more standardized formats. A framework reporting structure could be developed to facilitate a more comprehensive and comparable reporting of policies and measures. The guidelines concerning effects of policies and measures should be more precise in describing the level and type of information to be reported.

In order to facilitate comprehensive reporting, the guidelines should encourage reporting of action that might not have mitigation as primary objective but still have mitigation benefits. Reform of fossil fuel subsidies is one example in this regard.

A description of effects of policies and measures could be quantitative, qualitative or both, and a methodological framework should be given, describing possible methods and levels of approaches for assessing the effects of policies and measures, as well as the structure of the reporting of this type of work. They should also require a more complete overview of relevant policies and measures for all relevant GHGs and for all sectors. Important methodological delimitations should be reported in order to secure transparency, as well as input for further improvement.

### *Guidelines for national inventory arrangements*

Norway welcomes the decision that developed countries should establish and report on national arrangements for the estimation of anthropogenic emissions by sources and removals by sinks. The requirement of such a national system is important as it improves the transparency, consistency, comparability, completeness and accuracy of inventories. This issue is addressed under the ongoing SBSTA process of revised guidelines national GHG inventories under the Convention. Norway supports proposals from the EU for the establishment of national inventory arrangements in this context.

One of the objectives of a national system is to facilitate review of the submitted information. Norway has found the review of its national system useful in order to improve our inventory. Information on national inventory arrangements should be included in the international assessment and review process.

## **Revision of guidelines for review of inventories, biennial reports and national communications**

Norway would welcome a revision of the guidelines for review of national communications, including the biennial report, annual greenhouse gas inventories and national inventory systems. The enhanced review should include a thorough, objective and comprehensive technical assessment of the inventory and supplementary information, as well as on the implementation of mitigation actions and other commitments.

We would like to see the guidelines more focused and distinct, with clear, prioritized topics. Clear and focused guidelines will facilitate a consistent approach by the review teams. Enhanced review should ensure that:

- all sectors and categories are covered throughout time series

- transparency with respect to use of methodologies
- application of correct methodologies
- completeness of information in relation to accounting of emissions and removals in relation to the overall target.

The review process must cover the supplementary information provided on the use and transfer of international carbon credits, to ensure that information is complete and transparent.

The expert review team (ERT) should be allowed to identify any potential problem that is not resolved by the Party during the review. As with current practice, the draft report should be provided to Party for review and comments before its publication and placing on the UNFCCC web-page. Potential problems could stem from incomplete inventories or that the preparations are not consistent with the IPCC methodologies, IPCC Good Practice Guidance for LULUCF, and the IPCC Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories. If a problem is identified, the party should be given the opportunity to respond and revise its own reporting, according to a timeline established through the review guidelines.

### **International assessment and review**

The process of international assessment and review will have both technical components, building on the enhanced review, and a higher level significance related to the fulfilment of a country's commitment.

The purpose of the process of international assessment and review should be to establish whether a country is meeting its emission reduction commitment, and provide information on how it is meeting this commitment. An enhanced review should establish the factual basis for this consideration.

The biennial reports and the full national communications should be subject to international assessment and review. The assessment and review should be open and transparent, and provide full information on the process and the outcome of the process to other parties and appropriate bodies under the Convention.

An initial outline of this process would be that it should be undertaken by the expert review team, supplemented by a process of overall assessment under the SBI. Under this process, the expert review team could question whether the party will be achieving its target for emission reductions, on basis of information provided through the review.

The party concerned should given the opportunity to provide further information and answer any question related to this. The outcome of this process should be included in a report to be forwarded to the SBI or other bodies under the Convention, where other parties are given the opportunity to ask questions to the party concerned and on the considerations given by the review team.

We see the need for more specific guidelines for the final assessment of the overall fulfilment of a country's commitment.

Paper no. 7: United States of America

**Submission by the United States of America**  
**Views on items in paragraphs 46 and 66 of Decision 1/CP.16**  
**March 25, 2011**

The United States welcomes the opportunity to submit its views on the Cancun agreement's measurement, reporting, verification, and international consultations and analysis provisions, as well as the organization of work in 2011 to effectively implement the work programs outlined in paragraphs 46 and 66 of Decision 1/CP.16.

We are pleased that the international community took a significant step forward in Cancun to agree on a balanced decision. It is important as we work toward COP-17 in Durban South Africa that we focus on completing the tasks set forth in the Cancun agreement.

In Cancun, Parties agreed to establish a system that provides a better understanding of global emissions and that builds confidence around the world that both developed and developing nations are making progress in implementing mitigation targets and actions, improving the transparency of our progress to meet our common goals.

This year we are tasked with elaborating the work program agreed in Cancun to develop a system of measurement, reporting, verification, and international consultations and analysis. We should strive to make such a system:

- **Transparent** – including enhanced frequency and quality of information on: greenhouse gas emissions, progress in implementing mitigation targets and actions, and provision and use of finance, technology and capacity building support;
- **Rigorous** – based on high quality information, consistent with existing international guidelines and methodologies, in particular IPCC guidelines, to ensure that reporting is transparent, complete, consistent, comparable and accurate.
- **Facilitative** - allowing for Parties to engage in information sharing and discussion in a manner that is respectful, non-punitive, and with the aim of improving performance and capacity over time; and
- **Flexible** - accommodating a range of evolving capabilities, with additional considerations for LDCs and SIDS.

Consistent with the Parties' agreement in Cancun, the U.S. believes that the development of modalities and guidelines should be a priority in 2011. Timely modalities and guidelines that provide sufficient information on emissions and progress in meeting our goals are essential to inform the review process to start in 2013 and be completed by 2015. In order to provide a solid basis for the review, a particular priority will be development of guidelines for biennial reports, including GHG inventories, and for the review or consultations and analysis of such information. Guidelines for these priority elements should be agreed at COP17, with the first set of biennial reports submitted in advance of the 2013-2015 review.

To advance the work program set out in Cancun by COP17, it will be important to effectively organize our work this year, to prioritize key elements, and move related issues forward in a balanced manner. We will need dedicated time for discussion of the key elements of the transparency framework, which should be clearly articulated under the AWG-LCA agenda this year. While we see the AWG-LCA taking the lead on elaboration of guidelines and modalities, we see a clear need for solid cooperation with the SBI and SBSTA. To support progress in the priority areas of the MRV work program, we propose that a series of workshops be held over the course of this year, each focused on a specific priority element of the work program, in order to provide sufficient technical and operational input to the development of guidelines for COP17.

For **Annex I Parties**, Cancun laid out a pathway to build on the existing structures and processes to continue to improve and enhance the decades of experience of reporting and review. We see, in addition to continued submission of robust annual inventories and national communications, biennial reporting to include additional information on progress in achieving emissions reductions and provision of support. In-depth review of inventories and national communications would be expanded to include biennial reports and their enhanced content, which would be reflected in a consolidated set of review guidelines. Finally, international assessment conducted by the SBI would allow discussion among Parties, based on the biennial reports and the results of the in-depth review. Further comments on the specific elements of the Cancun work program reflected in paragraph 46 of 1/CP.16 are included in Appendix I to this submission. For

**non - Annex I Parties**, Cancun laid the framework for enhanced reporting through more focused biennial reports to provide a better understanding of mitigation actions and their implementation, effects on emissions through regular inventories, and finance, technology and capacity building support to enable such actions. It also established international consultations and analysis of biennial reports to provide technical expert analysis of mitigation actions and support and consultations in the SBI in a manner that is transparent, non-intrusive and respectful. Further comments on the specific elements of the Cancun work program reflected in paragraph 66 of 1/CP.16 are included in Appendix II to this submission.

**Attachments:**

- Appendix I - Views on items in paragraph 46 of Decision 1/CP.16
- Appendix II- Views on items in paragraph 66 of Decision 1/CP.16

## **Appendix I**

### **Views on items in paragraphs 46 of Decision 1/CP.16**

#### **Reporting for Annex I Parties - Paragraph 46(a)**

With regard to enhanced reporting by Annex I Parties, the United States believes that our most fruitful work this year would be to begin building upon the framework decided on in Cancun. Paragraph 46(a) of Decision 1/CP.16 states that the Parties have agreed on a work program “for the revision of guidelines, as necessary, on the reporting of national communications, including the biennial report.”

The elements of enhanced reporting are outlined in Decision 1/CP.16, paragraphs 40-41. According to these paragraphs, developed countries will, through enhanced reporting in national communications:

- Continue to submit annual GHG inventories and national communications (40(a))
- Submit biennial reports on progress in achieving emissions reductions, including information on mitigation actions to achieve their quantified economy-wide emission targets and emission reductions achieved, and projected emissions (40(a) and (b))
- Improve reporting of information on the provision of financial, technology and capacity-building support to developing country Parties (40(c)) including common reporting formats and methodologies for finance in order to ensure that information is complete, comparable, transparent, and accurate (41).

There is extensive experience with reporting through national communications and greenhouse gas inventories under Article 12.1 of the Convention. Annex I Parties have considerable experience with reporting under the UNFCCC. Annex I Parties have submitted annual GHG inventories for over 15 years, with inventory data for all years going back over 20 years. Nearly all Annex I Parties have submitted their 5th national communication. With the benefit of in-depth expert review to provide feedback for improving communications, capacity and quality have improved considerably over time.

Decision 1/CP.16 calls for enhanced reporting in two respects:

1. Enhanced content and transparency, both for progress in implementing economy-wide mitigation targets and for provision of support to developing countries; and
2. Enhanced frequency of this focused information through biennial reports.

The U.S. believes that our focus this year should be elaborating guidelines for biennial reports and revising, as necessary, the national communication guidelines in relevant sections.

The U.S. views the biennial reports as an important supplement to the full national communications to be submitted every 4 years (in accordance with 1/CP.16 paragraph 60(b)). The U.S. envisions that the biennial report would be submitted every second year, with submission every fourth year as a sub-section of the full national communication. This would mean only one report would be submitted every fourth year, reducing the reporting burden and avoiding a situation where content was repeated in biennial reports and full national communications.

Decision 1/CP.16 calls for revision of the national communication guidelines and biennial report guidelines to address the same sub-set of issues: mitigation targets and provision of support. This corresponds to the following sections of the current Annex I national communication reporting guidelines: Chapter 5 (Policies and measures); Chapter 6 (Projections); and Chapter 8 (Finance resources and transfer of technology). The draft guidelines for biennial reports could provide for streamlined coverage of the content of these three chapters and could inform revision of the 4-year national communication guidelines. Therefore, this submission primarily addresses the content of the biennial reports. Below, we offer some thoughts on the various elements for biennial report guidelines that the Parties will need to develop this year.

#### **Inventories and National Inventory Arrangements**

Because Annex I Parties will continue to submit annual GHG inventories, including national inventory reports (NIR) and common reporting formats (CRF), there is no need to repeat this content in the biennial report itself. The U.S.



believes that the two submissions should remain separate, though the biennial report could contain summary tables and additional information on national inventory arrangements.

### Mitigation

Decision 1/CP.16 calls for biennial reports on “progress in achieving emission reductions, including information on mitigation actions to achieve their quantified economy-wide emissions targets and emission reductions achieved” (40(a)).

In our view, biennial reports should include the following:

- A thorough description of the mitigation target listed in the INF.1 document referenced in paragraph 36, including descriptions of any major policies and measures used in implementation, and progress in implementation;
- An update on the results of implementation of actions toward achievement of the economy-wide target, including the estimated emission reductions or removals achieved, as well as any significant changes from previous estimates;
- Any updates to emission projections, with and without actions;
- Thorough information on the use of international or domestic emission reduction credits (e.g. offsets) or allowances, as well as information on any rules established to regulate such units, including mechanisms to verify their uniqueness. Reporting should include information for the following types of market mechanisms:
  1. UNFCCC mechanisms (including use of any new market mechanisms agreed per Cancun). This would require a reference to the relevant serial numbers of units acquired.
  2. Offset mechanisms undertaken bilaterally and plurilaterally.
  3. Emissions trading linkages agreed among parties bilaterally and plurilaterally. Parties would report on the quantity of emission allowances “exported” (transferred) and “imported” (acquired), along with means to facilitate tracking international transfers in a way that prevents double-counting.

### Support provided

The U.S. believes transparency and flexibility should be the guiding principles for UNFCCC reporting guidelines on support provided. The guidelines should encourage Annex I Parties to report clearly on:

- Climate finance channeled through bilateral and regional assistance programs, broken down by recipient country, thematic area (e.g. mitigation and adaptation), and sector
- Climate finance channeled through bilateral development finance and export finance agencies

Contributions to multilateral institutions delivering climate finance to developing countries, including but not limited to the Global Environment Facility, the Climate Investment Funds, the Least Developed Countries Fund, the Special Climate Change Fund, other new multilateral climate finance channels that may be established, as well as contributions to programs focused on mitigation and adaptation at the multilateral development banks and regional development banks.

As appropriate, Annex I parties should clearly state the assumptions and methodologies underlying the numbers provided, so as to facilitate stakeholder analysis of the information provided. For example, Parties should indicate where possible the use of grants, loans, or other financial instruments.

However, the reporting guidelines should acknowledge and accommodate the diversity in Annex I Parties’ budgeting processes, programmatic approaches, and institutional arrangements for delivering climate finance. We note the flexibility available under decision 1/CP.16 to supply information on “fast start” finance in formats appropriate to Annex I Parties’ national circumstances. This played a key role in encouraging greater transparency, as evidenced in the enhanced level of detail provided by Annex I Parties in their fast start progress reports.

Per decision 1/CP.16 (paragraph 99), private sources of finance will contribute to the goal of mobilizing \$100 billion per year by 2020, and it will therefore be important for Parties to track climate-relevant private sector flows.

## **Revision of guidelines for review of Annex I Communications and International Assessment of Emissions and Removals – Paragraph 46(b), (d)**

Decision 1/CP.16 decides to “enhance guidelines for the review of information in national communications with respect to a) progress made in achieving emission reductions; and b) provision of financial, technology and capacity building support to developing country Parties” (paragraph 42). The COP further decided that the revision of guidelines would take place as part of this year’s work program (46(b)).

Each Annex I national communication is currently subject to an "in-depth" review. Under this system, Annex I in-depth review:

- is conducted by an international team of experts;
- is coordinated by the UNFCCC secretariat;
- includes both an in-country visit and a desk-based study;
- follows the purposes and procedures laid out in Decisions 2/CP.1, 9/CP.2, 6/CP.3 and 33/CP.7; and is made public through publication of the results of the in-depth review on the UNFCCC website.

As stated in Decision 2/CP.1, the purpose of review is to provide a comprehensive, technical assessment of a Party's implementation of its obligations under the Convention and to facilitate improved reporting over time. Its purpose is to review, in a facilitative, non-confrontational, open and transparent manner, the information contained in the communications and to ensure that the COP has accurate, consistent and relevant information at its disposal. In the future, the review report and the communication itself would form the basis for international assessment to be conducted in the SBI.

While there is long-standing COP guidance on the in-depth review process, there are no stand-alone or consolidated “guidelines” for review; the mandate and updated general guidance is scattered throughout Decisions taken over the past decade. Decisions 2/CP.1, 9/CP.2, 6/CP.3 and 33/CP.7 form the basis for current guidance for review and should be used as the fundamental basis for any revision of review guidelines as mandated by Decision 1/CP.16.

The U.S. is of the view that there should be two objectives for the work program this year with regard to revision of national communication review guidelines:

3. Bring the current guidance contained in COP decisions together into one document that provides a comprehensive set of guidelines for review of national communications and biennial reports.
4. Revise the existing guidance to include the additional reporting content required by 1/CP.16 (progress on emission reductions and provision of support).

Experience with the current in-depth review system proves it to be robust and transparent. Expanding the review to cover additional reported information on emission reductions and provision of support will significantly enhance the utility and relevance of the review. While review will be expanded to include additional content, there should be no fundamental shift in the purpose of review, the tasks set out for the review team, or for the format for summary reports once the review has been conducted.

In addition to an in-depth review, paragraph 46(d) also envisions international assessment. Assuming a similar SBI framework for non-Annex I Parties, international assessment for Annex I Parties should include:

- Consideration of the biennial reports and the in-depth review summary report as the basis for consideration in the SBI.
- Assessment would be conducted in an SBI working group session, open to all, of one to three hours in duration, convened at the SBI meeting following completion of the in-depth review report. The session would include a brief Party presentation, followed by oral questions by regional representatives and Party responses. The tenor of the session is to be a facilitative sharing of views – respectful, non-confrontational, confidence-building, and focused on the content of the biennial report and the in-depth review.
- Parties would be invited to submit written follow-up questions within a specified time period (e.g. two weeks), to be answered by the Party shortly thereafter (e.g. two months).

- A summary report would be issued to include the in-depth review report, a summary of the oral consultations, the results of the written questions and answers, and any observations the Party concerned wishes to include.
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#### **Guidelines for National Inventory Arrangements – Paragraph 46(c)**

Parties' national inventory arrangements may differ according to national circumstances and priorities, but any robust and rigorous system should ensure transparency, consistency, comparability, completeness and accuracy of greenhouse gas inventories. All Annex I Parties have in place such arrangements, whether to satisfy international or domestic requirements, and are already required to report on such arrangements in their annual National Inventory Report. The U.S. has in place a robust system for coordinating preparation of our annual national inventory, led by the U.S. Environmental Protection Agency (EPA). The U.S. seeks to continually improve the quality, transparency, and credibility of our inventory and has implemented a systematic approach to planning, preparation and management of our inventory activities, including rigorous quality assurance and quality control, and domestic and international review.

Any new international guidelines for national inventory arrangements should take into account the maturity and robustness of arrangements currently in place and should not lead to significant changes in existing procedures and systems of Parties. In the U.S. perspective, this work could contribute to further elaborating the existing system for Annex I MRV, but would not be a priority for the AWG-LCA to take up this year. Given the inherent link to work underway in SBSTA on revisions to the Annex I greenhouse gas inventory reporting guidelines and the need to draw on the same technical experts, we would suggest that guidelines for national inventory arrangements be taken under the ongoing SBSTA work program.

## Appendix II

### Views on items in paragraphs 66 of Decision 1/CP.16

#### Non - Annex I Reporting – Paragraphs 60, 63, 64, and 66

With regard to enhanced reporting by non-Annex I Parties, the United States believes that our most fruitful work this year would be to begin building upon the framework decided on in Cancun. The elements of enhanced reporting are outlined in Decision 1/CP.16, paragraphs 60 with discussion of how such reports would be considered in paragraphs 63, 64.

There is extensive experience with reporting through national communications and GHG inventories under Article 12.1 of the Convention. Decision 1/CP.16 calls for enhanced reporting through more frequent and focused biennial reports to provide a better understanding of mitigation actions, effects on emissions through regular inventories, and finance, technology and capacity building support to enable such actions.

According to Decision 1/CP.16, paragraphs 60(c) and 64, biennial update reports, as the basis for international consultations and analysis, should include the following elements:

- National GHG Inventory
- Description of mitigation actions
- Progress in implementation and analysis of impacts
- Discussion of associated methodologies and assumptions
- Information on domestic MRV
- Information on support received

We recognize that some countries (particularly those with limited capacity) may seek additional flexibility as they work to increase the frequency and improve the content of reporting under these new guidelines. Clearly, the commitment to provide scaled up support for developing countries to prepare reports will be an essential element in helping countries follow the guidance. In addition, we note that the IPCC guidelines (already applied by all Parties) use a tiered approach to accommodate different levels of capability and provide flexibility where needed. Given the global community's interest in making the process not only sustainable and effective, but also attuned to the needs of individual countries and not overly burdensome, we would be willing to consider what additional flexibility might be provided that would still ensure environmental integrity.

Recognizing this, we envision that the standard for biennial reports would be submissions every two years, as an interim update to the 4-year full national communications. We also envision that biennial reports would be submitted every fourth year as a section of the full national communication (or as a separate chapter). This would mean only one report is submitted every fourth year, reducing the reporting burden and avoiding a situation where content was repeated in biennial reports and full national communications.

We consider that our focus this year should be on developing guidelines for biennial reports, including a specific focus on GHG inventories. Below, we offer some thoughts on the various elements for biennial report guidelines that the Parties will need to develop this year in order to have a functioning system.

#### Inventories

Decision 1/CP.16 calls for biennial reports to contain an update of national GHG inventories including a National Inventory Report (NIR) with a description of the methodologies and data sources. It is our view that this element deserves specific focus this year taking into account the existing IPCC methodological guidelines and the existing experience with inventory reporting over the past few decades. In preparing biennial national greenhouse gas inventories, we see that non-Annex I Parties should:

- Move toward application of the 2006 IPCC Guidelines, which consolidates and updates the 1996 Guidelines, providing a more user-friendly and streamlined approach. IPCC Guidelines provide substantial flexibility through tiering, allowing for variations in country capacity and data availability.

- Include all greenhouse gases not regulated by the Montreal Protocol and all sectors, noting the need for accommodation in a tiered system according to capability.
- Submit an NIR, including time series data for all years reported to the UNFCCC, any subsequent years reported, and any relevant base year and a description of methodologies and assumptions and IPCC tiers applied.

### Mitigation actions

Decision 1/CP.16 calls for enhanced reporting on mitigation actions and their effects (60) and that ICA of biennial reports should consider the following information contained in those reports (64). Below we outline the core elements for biennial report guidelines on mitigation actions:

- **Description of mitigation actions:** for each action or suite of actions, a thorough description of mitigation actions, including information on the nature of the action, timescale, and coverage.
- **Implementation and impacts:** Information on the progress of implementation of mitigation actions, and the results, including to the extent possible the estimated emission reductions.
- **Methodologies and assumptions:** a thorough description including information needed to understand implementation (such as BAU or GDP).
- **Domestic MRV:** A description of the Party's system of domestic MRV would be reported in the first biennial report with subsequent updates in future reports.
- **Tradable emission units:** information on the acquisition, use or transfer of emission reductions, removals, or allowances, including means to verify their uniqueness.
- **Support received:** Information on finance, technology, and capacity building support received for mitigation actions and the enhanced mitigation outcomes attributable to such support.

There are many ways to build in flexibility in reporting on mitigation actions and we are open to consider any number of approaches. Just as national inventory reporting allows for tiered methods and reporting, reporting on mitigation actions may also differ based on the types of mitigation actions taken, and the unique circumstances and capabilities of the Party in question. We understand that, just as for Annex I Parties, there is a wide range of capabilities among non-Annex I Parties, and that this may be taken into account in both the frequency and content of reporting.

### **International Consultations and Analysis – Paragraphs 63, 64, and 66**

Paragraph 66 of Decision 1/CP.16 establishes a work program to develop modalities and guidelines for international consultations and analysis (ICA), the core elements of which are outlined in paragraphs 63 and 64:

- Analysis of biennial reports by technical experts in consultation with the Party concerned (63)
- International consultations of biennial reports via a facilitative sharing of views (63)
- The process is to take place in the SBI (63)
- The process should be non-intrusive, non-punitive, respectful of national sovereignty, aim to increase transparency of mitigation actions and their effects (63), not include discussion about the appropriateness of such domestic policies and measures, and provide transparency on information related to unsupported actions (64)
- The process should result in a summary report (63)
- Information considered should include: inventories, information on mitigation actions, including a description, analysis of the impacts and methodologies and assumptions, progress in implementation and information on domestic MRV and support received (64)

So long as we are able to flesh these elements out to create a workable system, we are open to a number of different approaches. We come to this exercise with considerable flexibility, and are open to finding means to address capability concerns that do not cross other countries' redlines.

Below, with respect to the two elements that the Parties will need to develop this year in order to have a functioning system, we would propose:

### Technical analysis

- A group of five to eight **technical experts** would be selected by the Secretariat, drawing from Party-nominated experts and professional Secretariat staff, balanced for expertise and developed/ developing country diversity. Two to three experts would focus on the inventory alone.
- The expert group would conduct an **analysis of the biennial report**, focusing primarily on three areas: (1) inventories; (2) whether the information required has been submitted and has a solid foundation; and (3) for those countries that have listed actions, whether those actions have been implemented. The experts would also consider a Party's full suite of actions and the emissions benefits gained, analyze the methodologies and assumptions used in the biennial report, and the Party's domestic MRV process and support received. The experts will aim to provide transparency within the UNFCCC system, and will be instructed not to analyze the appropriateness of a Party's choice of domestic policies and measures or their consistency with other international frameworks. The experts would be authorized to meet directly with Party representatives, request additional documentation or information from the Party, conduct in-country visits as necessary, and solicit information from other Parties or stakeholders.
- • The technical experts would produce a draft **analysis report**, shared with the Party for review and comment, and should respond to or incorporate Party comments. The final analysis report should be made available at least two, and preferably four, weeks before the next COP.

### International consultations

- We propose that an SBI working group session, open to all, of one to three hours in length, be convened at the SBI meeting following completion of the analysis report. Parties with commonalities and anticipating fewer questions may request to join into a single session. The session would include a brief Party presentation, followed by oral questions by regional representatives and Party responses. The tenor of the session is to be a facilitative sharing of views— respectful, non-confrontational, confidence-building, and focused on the content mentioned in Cancun paragraph 64, the biennial report(s), and the experts' analysis. We envision that Parties may submit written follow-up questions within a specified time period (e.g. two weeks), to be answered by the Party shortly thereafter (e.g. within two months).
- After consultations, a **summary report** would be issued to include the technical expert analysis report, a summary of the oral consultations, the results of the written questions and answers, and any observations the Party concerned wishes to include.
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### **Domestic MRV of mitigation actions undertaken with domestic resources – Paragraph 62, 66**

Decision 1/CP.16 calls for mitigation actions taken by developing country Parties, whether supported domestically or internationally, to be measured, reported and verified domestically. Just as diverse national circumstances and capacities among Parties lead to a wide range of potential mitigation actions, so the nature and extent of domestic MRV will vary. There is, however, best practice to draw from to help

Parties to establish or improve domestic MRV procedures, including:

- Clear identification of an entity or entities responsible for implementing, measuring, reporting and verifying mitigation actions, and clarification of the appropriate roles and responsibilities.
- Establishment of a system for collection of all relevant data, sources, and methodologies, including any models used for projections or extrapolation.
- Appropriate selection of performance indicators to measure progress in implementation of mitigation actions, and procedures for reporting and collecting performance indicator data.
- A system of quality assurance and control to ensure reliability of data and performance indicators.
- A process for verifying implementation of actions and the relevant performance indicators, including through some form of independent, expert third party review or audit.
- A process for reporting information in a way that is transparent, consistent, comparable, and complete, and made available to the public.

We consider that any general guidelines developed by the COP would be just that, general. We do not consider that such guidelines would be in any way intrusive with respect to domestic policy. Instead, we believe that concise, general

guidelines could lay out the basic features that would contribute to a robust and reliable system for domestic MRV, as highlighted above.

#### **MRV of Supported Actions and Support Received – Paragraphs 60, 61, 66**

Decision 1/CP.16 calls for developing country Parties to enhance reporting on support received for mitigation actions, both in national communications and in biennial update reports. Additionally, under paragraph 61, internationally supported actions are “subject to international measurement, reporting, and verification in accordance with guidelines to be developed under the Convention.”

The credibility of the climate finance system depends not only on the provision of finance, but also on the transparent accounting of what is done with it and the results achieved. Current information from recipient countries on the impact of support received is very limited, due to the infrequency of developing country national communications and the lack of clear reporting guidelines. The limited information reported by recipient countries makes it difficult to demonstrate to donor country taxpayers the concrete benefits of public climate finance, and to show that support was utilized in a cost-effective, efficient, and transparent manner.

Accordingly, revised reporting guidelines should require recipient countries to provide more detailed and frequent information on how international support led to enhanced mitigation and adaptation outcomes. In addition, arrangements made between finance channels and recipient countries should incorporate requirements for joint measurement and reporting of the mitigation and adaptation outcomes associated with the support provided. We view international MRV to consist of two elements: 1) international consultations and analysis; and 2) additional provisions for finance and information on outcomes for support provided.

#### **Facilitation of Support through a Registry – Paragraph 56, 66**

The registry can serve as a useful tool to facilitate the matching of actions and support, as noted in paragraph 57 of decision 1/CP.16. In implementing the registry as an online resource, the Secretariat can present information about the range of support channels available to developing countries. In particular, information provided by developed country Parties on support should be organized and presented to create a useful resource describing climate finance channels according to the thematic areas and geographic areas they support, links to their eligibility criteria and project cycle descriptions, as well as information about projects recently financed. The website [www.climatefinanceoptions.org](http://www.climatefinanceoptions.org), developed by the UNFCCC Secretariat, UNDP and the World Bank, may serve as a basis for developing these facilitative functions.

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