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**Work programme on clarification of quantified economy-wide
emission reduction targets of developed country Parties**

Report on the in-session event on quantified economy-wide emission reduction targets of developed country Parties

Note by the co-facilitators of the event

Summary

This report provides a summary of the Subsidiary Body for Scientific and Technological Advice (SBSTA) event on quantified economy-wide emission reduction targets by developed country Parties. The event was held in conjunction with the fortieth session of the SBSTA in Bonn, Germany, on 8 and 11 June 2014. The event was preceded by a technical briefing on land use, land-use change and forestry (LULUCF) reporting held in conjunction with the thirty-ninth session of the SBSTA in Warsaw, Poland, on 12 November 2013, a summary of which is also contained in this report. As part of the process of clarification of the quantified economy-wide emission reduction targets by developed country Parties under the work programme, the event addressed assumptions and conditions related to these targets, the identification of common elements for measuring the progress towards the achievement of the targets and comparability of mitigation efforts with regard to the role of LULUCF and carbon credits from market-based mechanisms.

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I. Introduction and mandate

1. By decision 1/CP.18, paragraph 8, the Conference of Parties (COP) decided to continue the process of clarifying the quantified economy-wide emission reduction targets¹ by developed country Parties (hereinafter referred to as the targets) in the form of a work programme under the Subsidiary Body for Scientific and Technological Advice (SBSTA). The focus of the work programme continues to be the clarification of the targets, particularly in relation to the elements contained in decision 2/CP.17, paragraph 5, and with a specific view to:

(a) Identifying common elements for measuring the progress made towards the achievement of the targets;

(b) Ensuring the comparability of efforts among developed country Parties, taking into account differences in their national circumstances.

2. By decision 1/CP.18, paragraph 9, the COP decided that the work programme under the SBSTA should commence in 2013 and end in 2014. The work programme should include specific actions, such as focused expert meetings, technical briefings and submissions from Parties and observer organizations. The SBSTA was requested to report on the progress of the work programme to the COP at its nineteenth session and on the outcome of that work programme to the COP at its twentieth session.

II. Organization of the event

3. A technical briefing on land use, land-use change and forestry (LULUCF) reporting was held in conjunction with SBSTA 39 in Warsaw, Poland, on 12 November 2013. At the same session of the SBSTA, Parties agreed to undertake further work regarding the clarification of the role of LULUCF and carbon credits from market-based mechanisms relating to developed country Party targets, among others.² In response, an in-session event was held in conjunction with SBSTA 40 in Bonn, Germany, on 8 and 11 June 2014. The technical briefing at SBSTA 39 and the in-session event at SBSTA 40 was co-chaired and co-facilitated by Ms. Karine Hertzberg and Mr. Brian Mantlana. The discussions at the in-session event built on the enhanced understanding of the targets achieved during:

(a) The technical briefing on LULUCF reporting during SBSTA 39;

(b) The previous in-session event under this work programme held in conjunction with the thirty-eighth session of the SBSTA in Bonn on 6 June 2013;³

(c) The four workshops on assumptions and conditions related to the attainment of the targets by developed country Parties, as requested by decision 1/CP.16, paragraph 38, and decision 2/CP.17, paragraph 5.⁴

4. The approach to the event and the technical briefing was defined by the mandated actions and objectives outlined in decision 1/CP.18 (see paras. 1 and 2 above). The event was conducted in two sessions and took into consideration the topics outlined by decision 1/CP.18, paragraph 8. The technical briefing and the first session of the event focused on

¹ The targets are reflected in document FCCC/SBSTA/2014/INF.6.

² FCCC/SBSTA/2013/5, paragraph 145.

³ FCCC/SBSTA/2013/INF.10.

⁴ Four previous workshops were organized under the Ad Hoc Working Group on Long-term Cooperative Action under the Convention; on 3 April 2011 and 2 September 2012 in Bangkok, Thailand, and on 9 June 2011 and 17 May 2012 in Bonn.

the role of LULUCF relating to developed country Party targets, and the second session focused on the role of carbon credits relating to the targets.

5. The session on the role of LULUCF relating to developed country Party targets started with a summary presented by the secretariat regarding the technical briefing on LULUCF reporting that was held in conjunction with SBSTA 39. This was followed by an interactive discussion among the Parties facilitated by the co-facilitators, with particular emphasis on questions prepared by the co-facilitators in advance of the event (see annex II). The session on the role of carbon credits relating to developed country Party targets started with technical briefings on specific thematic issues delivered by experts from observer organizations, followed by an interactive discussion among Parties identical to the discussion portion in the LULUCF session. The event concluded with a short preliminary summary by the co-facilitators, focusing on the key messages raised during the discussion. The agendas for the event are provided in annex I.

6. The event was well attended and was organized in a highly participatory manner, with a great number of participants engaging in the discussion by asking questions and making comments. This written report of the event was prepared by the co-facilitators, under their responsibility and assisted by the secretariat. This event report is available on the UNFCCC website.⁵

III. Summary of the proceedings and discussions

7. This summary of the event's proceedings is structured around the themes of the two sessions and includes the technical briefing held during SBSTA 39. In accordance with the mandate of the work programme, the event focused on the clarification of the targets, particularly in relation to the role of LULUCF and carbon credits from market-based mechanisms, two of the elements contained in 2/CP.17, paragraph 5, and with a view to identifying common elements for measuring the progress made towards the achievement of the quantified economy-wide emission reduction targets; and ensuring the comparability of efforts among developed country Parties, taking into account differences in their national circumstances.

8. The event provided an opportunity and space for Parties to share views and have an open and transparent discussion on the targets and related issues. Participants expressed their appreciation for the work of observer organizations (Food and Agriculture Organization of the United Nations (FAO), the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA)) that contributed to the event through the technical briefings, and for the presentations and the information the presenters provided.

9. Information exchange at the event contributed to the discussions during SBSTA 40 under the work programme on clarification of quantified economy-wide emission reduction targets of developed country Parties. Many participants noted that the event was helpful in identifying ways forward in the process of clarifying the targets. During the event, some Parties shared their views on how the information presented can provide input to the work programme and can help it to achieve its objectives.

⁵ <<http://unfccc.int/focus/mitigation/items/7884.php>>.

A. Session 1: Role of land use, land-use change and forestry

1. Proceedings

10. On the role of LULUCF, presentations were made by Ms. Maria Sanz Sanchez, from FAO, and Mr. Nalin Srivastava, from the IPCC, at the technical briefing on LULUCF held during SBSTA 39. The technical briefing was followed by a discussion among the Parties, which was continued at SBSTA 40 (see paras. 13–20 below).

11. Ms. Sanz Sanchez presented an overview on reporting of LULUCF under the Convention and its Kyoto Protocol. She highlighted the methodological guidance for reporting emissions and removals following the activity and land-based approaches, the mapping of land coverage in the activity-based and land-based approaches as well as the emissions and removals coverage of the main land use and land-use change categories.

12. Mr. Srivastava provided information on the *2013 Revised Supplementary Methods and Good Practice Guidance arising from the Kyoto Protocol*. In his presentation, he highlighted the major updates to the supplementary methods, which were triggered by the new rules for LULUCF accounting under the Kyoto Protocol and the necessity to achieve consistency with the *2006 IPCC Guidelines for National Greenhouse Gas Inventories*.

2. Discussion

13. The event provided an opportunity for developed country Parties to further clarify the role of LULUCF in their quantified economy-wide emission reduction targets, and the assumptions and conditions associated with those targets. It also provided a space for Parties to discuss the complexity of reporting on LULUCF, and the comparability of different reporting and accounting approaches.

14. Several Parties provided additional information and also referred to information contained in their biennial reports and their greenhouse gas inventory submissions, including accounting information under the Kyoto Protocol, and to the comprehensive set of rules and guidance from the IPCC.

15. In that regard, New Zealand clarified that for its target under the Convention it will account for the LULUCF sector within the Kyoto Protocol activity-based framework; that is, it will account for afforestation, reforestation, deforestation and forest management with the rules as established by decision 2/CMP.7. It further clarified that the forest definitions from the first commitment period of the Kyoto Protocol will be applied and that the reference level for forest management underwent technical assessment in accordance with decision 2/CMP.6.

16. Some Parties highlighted that, owing to the complexity of LULUCF, the information on the role of LULUCF in the individual targets as reported in the biennial reports can be difficult to comprehend. Several Parties stated that the multilateral assessment under the international assessment and review process will provide an opportunity to continue the clarification of assumptions and conditions regarding LULUCF related to individual targets.

17. During the discussion, some Parties also shared their views on how the presented information⁶ can provide input to the work programme and can help to achieve its objectives, in particular those related to comparability of efforts.

18. In that regard, some Parties addressed the comparability of the land-based and activity-based approaches and how this could be enhanced. Some Parties emphasized that coverage of sectors, sources and sinks within LULUCF is a more significant factor for

⁶ Presentations are available at <<http://unfccc.int/focus/mitigation/items/7884.php>>.

comparability than reporting methods. Some other Parties acknowledged that different approaches are used for accounting of LULUCF and that this may undermine the comparability of efforts.

19. Further Parties emphasized that, as defined in the work programme, comparability of efforts is different to comparability of approaches. They also emphasized that the type of action in the LULUCF sector triggers the way the action is measured and reported.

20. Other Parties addressed accuracy and transparency of the two LULUCF reporting approaches, namely, the activity-based and land-based approaches. The presenters expressed their views that the transparency of the reported information is a key element, and that both approaches could be equally accurate and consistent in terms of results if the methodological guidance by the IPCC was followed.

B. Session 2: Use of carbon credits from market-based mechanisms

1. Proceedings

21. On the use of carbon credits in market-based mechanisms, presentations were made by Mr. Peer Stiansen, the co-facilitator of SBSTA agenda item 12, “Market and non-market mechanisms under the Convention”, and Ms. Christina Hood from IEA.

22. Mr. Stiansen presented on the state of play of the discussions on accounting rules for the market and non-market mechanisms under the SBSTA. He highlighted that one of the possible functions of the framework for various approaches could be the development of rules for recording, tracking and accounting, which would help to ensure the environmental integrity, and avoid double counting, of various mitigation approaches. At this stage in the discussions at the SBSTA, options to achieve environmental integrity and avoid double counting range from a set of common rules applicable to all approaches to a minimum set of common criteria to be met and/or general principles and guidelines.

23. Ms. Hood provided information on the latest IEA work on addressing double counting of mitigation for a diverse range of intended nationally determined mitigation contributions that Parties can submit under the Convention in accordance with decision 1/CP.19, paragraph 2. She highlighted various aspects and presented examples of double counting, including double issuance, selling, claiming and coverage, and potential solutions as to how these cases of double counting could be avoided. She also elaborated on how mitigation transfers could be reflected in single-year and multi-year targets, and of potential rules for the use of market or non-market transfers by Parties, including minimum requirements to ensure transparency.

2. Discussion

24. Parties acknowledged that clarification of the use of carbon credits in market-based mechanisms in relation to the targets of developed country Parties is important in ensuring the comparability of efforts among developed country Parties. To that end, transparency and reporting was deemed essential by most Parties that spoke. Also, some Parties stated that the type of accounting for carbon unit flows, whether the use of units is capped, the types of units used, and how the units are used for the achievement of the targets, could affect expected emission reductions and comparability of efforts.

25. During the event, Parties also discussed the market-based mechanisms under the Kyoto Protocol and the new evolving mechanisms under the Convention, as well as domestic market-based mechanisms currently not covered under a framework for various approaches. Some Parties highlighted the importance of increased transparency regarding the use of market-based mechanisms by individual Parties to fulfil their targets.

26. Parties highlighted the importance of ensuring the environmental integrity of carbon credits from market-based mechanisms and of avoiding potential double claiming and double counting of carbon credits.

27. To that end, some Parties stressed the importance of tracking units to prevent double counting and enable the understanding and avoidance of double claiming and the importance of reporting unit flows. In that regard, some Parties referred to the reporting requirements under the Convention, in particular to the information that is to be included by developed country Parties in their biennial reports. It was highlighted that this information is undergoing technical review and multilateral assessment, which provides further opportunities for clarification.

28. Some Parties highlighted that common accounting rules could further clarify the use of carbon credits in market-based mechanisms in relation to the targets of developed country Parties and contribute to environmental integrity and avoidance of double counting.

29. Parties highlighted that many of the topics raised during the discussion are currently being addressed under SBSTA agenda item 12, “Market and non-market mechanisms under the Convention”, including the preparation of common rules to safeguard environmental integrity, to avoid double counting, and to arrange accounting of units under the Convention. Some Parties stressed the need to avoid duplication of work under different Convention bodies and relevant agenda items and that although the SBSTA work programme could point out key elements that need to be discussed elsewhere, the focus of this work programme should remain on the clarification of the targets of developed country Parties.

Annex I

Agendas

Technical briefing – land use, land-use change and forestry reporting under the Convention and its Kyoto Protocol

Thirty-ninth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA), Tuesday, 12 November 2013 at 6:00 p.m.

Arrangements:

- Short introduction by the Co-Chairs;
- Expert presentations:
 - Mr. Nalin Srivastava (Intergovernmental Panel on Climate Change) – Latest developments regarding methodological guidance for reporting;
 - Ms. Maria Sanz Sanchez (Food and Agriculture Organization of the United Nations) – Overview on reporting of land use, land-use change and forestry (LULUCF) under the Convention and its Kyoto Protocol;
- Questions and answers;
- Discussion.

In-session event – land use, land-use change and forestry reporting and the use of market-based mechanisms relating to developed country Party targets

SBSTA 40, Sunday, 8 June 2014 at 4:00 p.m. and Wednesday, 11 June 2014 at 6:00 p.m.

Arrangements:

LULUCF discussion:

- Introduction by the Co-Chairs;
- Short summary of presentations and Party discussions during the LULUCF technical briefing at SBSTA 39;
- Discussion;

Market-based mechanisms technical briefing and discussion:

- Short introduction by the Co-Chairs;
- Mr. Peer Stiansen, co-facilitator of the SBSTA agenda item on market and non-market mechanisms under the Convention – Status of the discussions on accounting rules for the market and non-market mechanisms;
 - Questions and answers;
- Ms. Christina Hood (International Energy Agency) – Addressing double counting of mitigation for diverse contribution types;
 - Questions and answers;
- Discussion.

Annex II

Questions for discussion

Session 1: Land use, land-use change and forestry reporting

- In relation to the role of land use, land-use change and forestry (LULUCF), what aspects of the assumptions and conditions related to individual Party targets should be discussed under this work programme (taking into account the work of Intergovernmental Panel on Climate Change, the Food and Agriculture Organization of the United Nations and other observer organizations)?
- What, if any, additional information would be needed regarding the clarification of assumptions and conditions related to the role of LULUCF in individual developed country Party targets?
- Regarding the role of LULUCF, what could be the next steps to enhance the understanding of the targets, to identify common elements for measuring the progress made towards the achievement of the targets, and to ensure the comparability of mitigation efforts?

Session 2: Use of market-based mechanisms

- In relation to the use of carbon credits from market-based mechanisms, what aspects of the assumptions and conditions related to individual Party targets should be discussed under this work programme (without duplication of work with ongoing discussions under the Subsidiary Body for Scientific and Technological Advice)?
 - What, if any, additional information would be needed regarding the clarification of assumptions and conditions related to the use of carbon credits from market-based mechanisms in individual developed country Party targets?
 - Regarding the role of carbon credits from market-based mechanisms, what could be the next steps to enhance the understanding of the targets, to identify common elements for measuring the progress made towards the achievement of the targets, and to ensure the comparability of mitigation efforts?
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