



# REVIEW PRACTICE GUIDANCE

## **Biennial Reports and National Communications: Review Challenges and Practice**

Background Paper for the 3rd Lead Reviewers Meeting, 3-4 March 2016, Bonn Germany

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## I. Background

1. The Conference of the Parties (COP), by decision 1/CP.16, decided that developed country Parties should, building on existing reporting and review guidelines, processes and experiences, enhance the reporting in their national communications (NCs) and submit biennial reports (BRs), which outline their progress made in achieving emission reductions, and provide information on their provision of financial, technological and capacity-building support to Parties not included in Annex I to the Convention (non-Annex I Parties).

2. The COP, by decision 2/CP.17, also decided that, in the years when the full NCs are submitted, each developed country Party should present its BR as an annex to its NC or as a separate report. By decision 19/CP.18, the COP encouraged developed country Parties to ensure consistency, to the extent possible, between the information provided in their BRs and NCs, in particular as there is a significant overlap between the reporting requirements for the NCs<sup>1</sup> and those for the BRs,<sup>2</sup> for example with regard to greenhouse gas (GHG) emissions, policies and measures (PaMs) and projections.

3. The COP, by decision 23/CP.19, adopted the “Guidelines for the technical review of information reported under the Convention related to greenhouse gas inventories, biennial reports and national communications by Parties included in Annex I to the Convention” (hereinafter referred to as the UNFCCC review guidelines). The technical review of the BRs is the first step in the international assessment and review (IAR) process. The purpose of the technical review of the BRs and NCs of Parties included in Annex I to the Convention (Annex I Parties) is to: ensure that the requirements of the reporting guidelines have been fulfilled; promote consistency among Parties’ reports; help Parties to improve their reporting; examine Parties’ progress in achieving their emission reduction targets; and ensure that the COP has reliable information on the implementation of Parties’ commitments under the Convention. The revised UNFCCC review guidelines were adopted at COP 20 by decision 13/CP.20, without any changes to the review guidelines, but with updates to the “Guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention”.

4. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), by decision 15/CMP.1, adopted the “Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol” (hereinafter referred to as the Article 7 guidelines). The decision stipulates that each Annex I Party shall include the necessary supplementary information required under those guidelines in its NC in order to demonstrate compliance with its commitments under the Kyoto Protocol. The CMP, by decision 22/CMP.1, also adopted the “Guidelines for review under Article 8 of the Kyoto Protocol”, which cover the review of information under Article 7, paragraph 2, of the Kyoto Protocol reported in the NCs of Annex I Parties.

- (a) The purpose of the review of such information and the guidelines is to:
- (b) Provide a technical assessment of the information reported;
- (c) Examine whether all quantitative and qualitative information has been submitted;
- (d) Promote consistency in the review of the information;
- (e) Assist Parties to improve their reporting;

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<sup>1</sup> FCCC/CP/1999/7, “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part II: UNFCCC reporting guidelines on national communications”.

<sup>2</sup> Decision 2/CP.17, annex I, “UNFCCC biennial reporting guidelines for developed country Parties”.

- (f) Ensure that the CMP and the Compliance Committee have reliable information on the implementation of Parties' commitments under the Kyoto Protocol.

5. The COP, by decision 9/CP.16, requested Annex I Parties to submit to the secretariat, by 1 January 2014, their sixth national communications (NC6s) and first biennial reports (BR1s). The technical review of the information reported by Parties took place in 2014. By decision 2/CP.17, the COP decided that developed country Parties shall submit their second and subsequent BRs two years after the due date of a full NC (i.e. in 2016, 2020). It also determined that Annex I Parties shall submit a full NC every four years.

## **II. Purpose and scope**

6. This background paper highlights the key review challenges faced by the expert review teams (ERTs) when reviewing the BR1s in the period 2014–2015 and also addresses some relevant issues pertaining to the reviews of the NC6s. The paper does not aim to cover an exhaustive list of questions or concerns raised by the ERTs during the reviews, but rather focuses on the difficulties encountered in reviews, as observed by the review coordinators and the ERTs, and on the practices most commonly applied in such cases by the ERTs. The paper summarizes suggested approaches to addressing the review challenges with a view to facilitating the consistency of the upcoming reviews.

7. The paper summarizes the most frequent and relevant substantive review challenges faced by the ERTs and observed by the review coordinators across 44 reviews coordinated in the period 2014–2015. It consists of four substantive sections: (a) cross-cutting issues; (b) quantified economy-wide emission reduction targets and progress in their achievement, including the effects of mitigation actions, projections and the total effect of PaMs; (c) provision of financial and technological support to developing country Parties; and (d) Article 7, paragraph 2, of the Kyoto Protocol.

8. The first three sections address issues that pertain largely to the reviews of both the BRs and the NCs, while the fourth section on the issues linked to Article 7, paragraph 2, of the Kyoto Protocol is only relevant to the review of the NCs of Annex I Parties that are also Parties to the Kyoto Protocol. Chapter 4.D on reviewing how PaMs are modifying longer-term trends in anthropogenic GHG emissions and removals and chapter 5.C on contributions to the Adaptation Fund are largely relevant to the reviews of NCs.

9. Noting that the upcoming review cycle in 2016 encompasses the second biennial report (BR2) reviews only, this paper focuses on the challenges in reviewing the BRs and approaches to overcome them. Chapter 3.C focuses on the assessment of the completeness and transparency of the BR and Chapter 4 relate to the description of quantified economy-wide emission reduction targets and progress towards achieving those targets.

10. Each section provides a textual overview of the difficulties encountered by the ERTs in reviewing the reported information along with relevant examples (e.g. examples showcasing the most common practice or examples illustrating a variety of approaches and thus a lack of consistency). In each section, suggestions are provided on how the ERTs can approach the assessment of these elements on the basis of experience from the 2014–2015 review cycle. The suggestions are complemented, as necessary, with concrete examples of how these difficulties were resolved in the reviews and reflected in the review reports. Lastly, tables contained in the Annex summarize the

most relevant issues and details on the proposed approach for the ERTs in future reviews.

11. The secretariat has prepared a summary of this paper, titled “Review Practice Guidance, 2016” (hereinafter referred to as the RPG)<sup>3</sup>, with the aim of facilitating the consistency of the reviews of BRs and NCs and the user-friendliness of the application of the approaches suggested in this background paper. The RPG includes the annex to this background paper which encompasses the list of challenges and suggested approaches to address these challenges.

12. The RPG is meant to be ‘living’ document, a tool to facilitate consistency among the reviews and across the review cycles and reflect collective, cumulative NC and BR review practice.

13. With the consent of the lead reviewers (LRs), the RPG will be updated after each BR or/ and NC review cycle. The ERTs, LRs and review coordinators will note any new challenges raised during a review cycle. The approaches used to address these challenges will be collected, analysed and reflected in the draft new version of the RPG. The draft new version of the RPG will presented, commented on and discussed at the relevant LRs meetings of the NC and BR reviewers. The comments made by the LRs will be incorporated into the new version of the RPG and used by the ERTs as a tool to facilitate consistency among the reviews.

14. For example, this version of RPG (RPG 2016) will be discussed, appraised and recommended for use by the ERTs of the BR2 reviews in 2016. Experience from the BR2 reviews will be collected and analysed by the end of 2016 and presented for the consideration of the LRs at the 4th LRs meeting in 2017. Relevant review challenges and approaches to address these in the BR2 reviews will be reflected in a draft new version of RPG (RPG, 2017). With the consent of the LRs, it will be recommended for use by the ERTs in BR3/NC7 reviews in 2018.

### **III. Cross-cutting issues in relation to reviews**

15. The review of BRs and NCs should provide an objective and comprehensive technical review of all aspects of the implementation of the Convention by individual Annex I Parties and by Annex I Parties as a whole and should ensure that the COP has accurate, consistent and relevant information in order to review the implementation of the Convention.

16. The review reports should therefore contain a consistent, comparable and transparent technical review of the information reported by Annex I Parties on all aspects of the implementation of the Convention in accordance with the “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part II: UNFCCC reporting guidelines on national communications” (hereinafter referred to as the UNFCCC reporting guidelines on NCs) and the “UNFCCC biennial reporting guidelines for developed country Parties” (hereinafter referred to as the UNFCCC reporting guidelines on BRs), and should provide an objective and transparent assessment of the quantitative and qualitative information submitted by Annex I Parties in accordance with the UNFCCC review guidelines.

17. Therefore, the cross-cutting issues encountered during the review process should be carefully considered by the ERTs as they are fundamental to achieving the objectives of the review. The information provided by Parties in their NCs and BRs should be assessed from an objective and technical standpoint. The ERT should avoid expressing

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<sup>3</sup> Available at: <[http://unfccc.int/national\\_reports/biennial\\_reports\\_and\\_iar/items/9296.php](http://unfccc.int/national_reports/biennial_reports_and_iar/items/9296.php)>.

its own opinion on the information reported, but rather critically assess it with respect to the existing reporting and review requirements.

18. The ERT should strive to ensure that the text of the review report remains factual and that the recommendations/encouragements are clearly linked to the reporting requirements and reflect the information presented by the Party. Overall, the ERT should aim at highlighting in a technical, objective and well-substantiated manner the information in such a way as to maximize the usefulness of the review reports as an input to the multilateral assessment.

#### **A. Recommendations, encouragements and other review findings**

19. One of the objectives of the review of the information reported under the Convention is to assist Annex I Parties in improving their reporting of the information contained in their NCs and BRs.

20. To that end, the recommendations and encouragements made by the ERTs in the review reports are of vital importance. Not only do they indicate to what extent a Party was able to follow the reporting requirements but, more importantly, they provide clear direction on how the Party can further improve its reporting.

21. Since recommendations and encouragements are an indication of how well a Party has followed the reporting requirements, inconsistencies in how the ERTs provide recommendations and encouragements in the review reports, or incorrect use of recommendations and encouragements, can create a distorted picture of a Party's fulfilment of the reporting requirements, may lead to inconsistent treatment of Parties and inconsistencies from one reporting year to the next and, more importantly, may lead Parties to make incorrect decisions and identify the wrong priorities for the improvement of their reporting.

##### **1. Suggested approach to choosing between recommendations and encouragements**

22. The review reports should address the requirements of the UNFCCC reporting guidelines on NCs and the UNFCCC reporting guidelines on BRs within the framework of the UNFCCC review guidelines. In practical terms, this means that there is no need to provide in the review reports extensive information on all requirements; rather, it should be made clear which requirements were fulfilled by Parties and to what extent, and which were not fulfilled. This is particularly important for mandatory requirements.

23. The UNFCCC reporting guidelines on NCs and the UNFCCC reporting guidelines on BRs both contain "shall" and "should" requirements, but also contain requirements in the form of "may", "to the extent possible" and "where feasible", or a combination thereof.

24. During the reviews, the ERTs are facing difficulties with regard to the treatment of the "shall", "should" and "may" requirements, and their approach is not always consistent in the review reports in relation to providing recommendations in the case of "shall" requirements and encouragements in the case of "should" requirements.

25. The basis for the recommendations or encouragements presented in the review reports should be the respective reporting guidelines.

26. A "shall" requirement is a mandatory requirement and, in case of any issues, needs to be addressed through a recommendation, while a "should" requirement is not a mandatory requirement and, in case of any issues, needs to be addressed through an

encouragement. A “may” requirement is also not a mandatory requirement and should therefore lead to an encouragement.

27. In more complex cases, where a “shall” reporting requirement is followed by an expression such as “where feasible” or “to the extent possible”, it is still considered to be a mandatory requirement. Therefore, the ERT should consider, in such cases, that a Party has two options for addressing this mandatory requirement: either to report the required information; or, if it cannot provide this information or can report only partial information, to clearly and concretely explain why this was not feasible or possible. If the Party has neither reported the information nor provided an explanation for not reporting or only partially reporting it, then this should lead to a recommendation being given by the ERT, which should include the language of the reporting requirement (e.g. “The ERT recommends that..., where feasible”; or “The ERT recommends that..., to the extent possible”).

**2. Suggested approach to framing individual recommendations/encouragements in the review reports**

28. In some cases, the ERTs are finding it difficult to frame the recommendations and encouragements in a clear and neutral language. In other instances, the way in which the recommendations/encouragements are framed makes it difficult, if not impossible, to trace back to the relevant reporting guidelines.

29. Recommendations and encouragements should closely reflect the language of the reporting guidelines and be concrete, factual and neutral, as well as easily traced back to the respective reporting guidelines. At the same time, they could be adapted to fit a particular finding in the context of the review of a particular Party.

**3. Suggested approach to listing recommendations in the “Conclusions and recommendations” section of the review reports**

30. In some cases, the ERTs treated inconsistently the recommendations provided in the review reports, as they did not include all of the recommendations provided in the main body of the report in the “Conclusions and recommendations” section, and/or they also included the encouragements in that section, deviating from the review report template (provided by review coordinator from the UNFCCC secretariat). This resulted in inconsistency in the treatment of the recommendations relating to completeness and transparency, not only within each of the in-depth reports of the technical review of the NCs (IDRs) and the reports of the technical review of the BRs (TRRs), but also between the IDRs and TRRs.

31. The “Conclusions and recommendations” section of the IDRs and the “Conclusions” section of the TRRs should include all of the recommendations (referred to as “shall” requirements) provided by the ERT in the main body of the report and should not include the encouragements (referred to as “should” and “may” requirements). The language of these recommendations should be consistent with and follow as closely as possible the language used in the main body of the report.

**4. Suggested approach to reflecting additional information received from the Party in the recommendations and encouragements**

32. In many cases, the ERTs request additional and/or clarifying information before or during the review, and Parties often provide this additional information. In some cases, the ERTs incorrectly provide recommendations and/or encouragements with regard to how this information should be presented in the subsequent NCs and BRs.

33. When additional information is provided during the review, the ERT should clearly distinguish between information that refers to future/anticipated developments in

relation to different aspects of a particular Party's climate change activities and information that is provided by that Party to address gaps in its reporting identified by the ERT. The ERT can take note of future developments in the review report and can provide guidance on how information thereon could be included in subsequent reports, but there should not be any recommendation or encouragement provided in that regard. The ERT should, however, provide a recommendation or an encouragement, as appropriate, for the Party to include in its subsequent NC or BR any additional information provided during the review that addresses reporting gaps or issues identified during the review.

**5. Suggested approach to reflecting the review findings indirectly linked to reporting requirements**

34. One of the objectives of the review of the information reported in the BRs is to assist Annex I Parties in improving their reporting. To this end, the recommendations ("shall") and encouragements ("should" or "may") included by the ERTs in the TRRs are of vital importance. Not only do they indicate to what extent a Party was able to follow the reporting requirements but, more importantly, they provide clear direction on how the Party can further improve its reporting.

35. However, the ERTs, when assessing the reported information and communicating with Parties, often identify information or reporting practices, which, albeit not strictly mandated by the reporting guidelines, could contribute to further improving the transparency, comparability, completeness and/or accuracy of the reports prepared by Parties.

36. When preparing the first reports of the technical review of the BRs (TRR1s), the ERTs had difficulties in presenting the findings that were indirectly linked to a specific reporting requirement in the reporting guidelines and often used different wording. In such cases, the ERTs should use the verbs "note" or "consider" to present their findings. This approach: (a) clarifies that the finding in question is not linked to a specific reporting requirement ("shall", "should" or "may"); (b) ensures the fair and equal treatment of all Parties; and (c) ensures that the TRR remains factual and neutral.

37. The reporting guidelines request Parties to report projections by sector; however, there is no specific requirement in the guidelines for Parties to report projected emissions separately for the European Union Emissions Trading System (EU ETS) and non-ETS sectors. Nevertheless, the ERTs noted in a number of TRR1s that the reporting of this information could improve the transparency of the BR. Examples:

- (a) "The ERT considers that reporting projected emissions for the EU ETS sector and the non-ETS sectors separately could facilitate the assessment by the ERT of the Party's progress towards its emission reduction target."
- (b) "The ERT noted that reporting projected emissions for the EU ETS and non-ETS sectors separately could improve the transparency of information and enable an assessment by the ERT of the Party's progress towards its emission reduction target."



## **B. Consistency between TRRs and IDRs when reviewing the biennial report and national communication in conjunction**

38. As indicated in the UNFCCC reporting guidelines on BRs, Parties should ensure the consistency of the information reported in their GHG inventories, BRs and NCs, but they should also seek to ensure the consistency of the information reported within each report as a reporting principle.

39. As there is a significant overlap in the reporting requirements for information in the NCs and BRs, Parties presented information in their NCs and BRs following two main approaches, which largely ensured the consistency of the information reported:

- (a) Parties presented the exact same information in both reports when the NC and BR reporting requirements overlapped. This ensured the consistency of the information reported, but resulted in significant repetition of the information in the reports. In some cases, information was repeated without adjusting it to fit the exact reporting requirements underpinning each report;
- (b) Parties opted to provide relevant references in one report to the other (the BR would usually reference the NC). This approach also ensured consistency; however, the information presented was not necessarily tailored to the exact reporting requirements for the BR.

40. As many of the reporting requirements for NCs and BRs are similar or even the same, the respective review findings, recommendations and encouragements in the IDR and TRR should be consistent and should not differ from each other. However, in some cases, issues identified by an ERT in the IDR were not included in the TRR and vice versa. In particular, when a Party, instead of providing textual information in the BR, provided references to the NC, the ERTs tended to highlight their findings in the IDR rather than in the TRR. The fact that the UNFCCC reporting guidelines on BRs refer, in many instances, to the UNFCCC reporting guidelines on NCs instead of detailing the relevant reporting provisions also frequently leads the ERTs to present their findings in the IDR rather than in the TRR. In a few cases, the differences between the IDR and the TRR may be justified, owing to inconsistencies or differences in the information reported by Parties in their NCs and BRs.

41. To the extent that there is a significant overlap between the information required to be reported in the NC and the BR, there should also be overlapping information in the respective review reports. However, in some cases, the ERTs replicated information in the IDR and the TRR without critically assessing the extent to which such information reflected the respective reporting requirements. For example, in the UNFCCC reporting guidelines on NCs requires Parties to report, "... where feasible, activities related to technology transfer, including success and failure stories". This is a "shall" requirement, while in the UNFCCC reporting guidelines on BRs, this is a "may" requirement. Thus, the review text should be adequately adjusted to address this difference in the reporting requirements.

### **1. Suggested approach to ensuring consistency between TRRs and IDRs**

42. For those areas where the reporting requirements are the same for the NCs and the BRs (e.g. in relation to the GHG inventory and projections), the TRR should not necessarily repeat all of the information included in the IDR; a short summary could be adequate, in addition to a clear reference to where a more detailed assessment of the reporting requirement is included in the IDR. However, the findings presented in the TRR, and in particular the recommendations in the "Conclusions" section, should be fully consistent with those in the IDR, except in cases where the Party has provided inconsistent or different information in its NC and BR.

43. Where the reporting requirements for BRs are similar to those for NCs but not the same (e.g. in relation to PaMs and financial and technological support), great care needs to be taken to ensure that the review findings and recommendations/encouragements are adequately adjusted to match the specific NC and BR reporting requirements.

44. Where the ERT recognizes inconsistencies between the information provided by a Party in its NC, BR or GHG inventory, it should flag these and recommend or encourage the Party, in the corresponding review report, to ensure consistency in its subsequent submissions. The use of a recommendation or encouragement depends on the way in which the requirements and linkages between different reporting guidelines are framed. For example, the UNFCCC reporting guidelines on NCs acknowledge that the GHG inventory information provided in the NC “should be consistent” with that provided in the annual GHG inventory; hence, this would lead to the choice of providing an encouragement.

### **C. Assessment of completeness and transparency**

45. The UNFCCC review guidelines, when defining the scope of the technical review, state that the individual review shall identify any potential issues in individual sections of the NCs and BRs as regards transparency and completeness, among other aspects. Therefore, the ERT should assess the completeness and transparency of the information provided by a Party for each particular reporting requirement. The assessments of the completeness and transparency of the reported information are not interdependent and should be based on the nature of the reported information. However, the ERTs did not always show in the review reports the same understanding as to what constitutes an issue of completeness and what constitutes an issue of transparency.

46. Unlike completeness, which is a fairly straightforward concept, transparency is more difficult to define and therefore to assess. Reported information should be considered transparent if all of the elements necessary for understanding it are provided in an open, clear and factual manner. Transparently presented information is information that does not give rise to questions and allows the reader to assess its credibility, reliability and relevance. Issues of transparency can also comprise: incorrect or irrelevant reported information; poorly cross-referenced information; the provision of general information when detailed information is requested; information not presented in the form/format requested (e.g. different years reported, different split of information than that stipulated in the reporting guidelines, highly aggregated information, etc.); missing tabular information; the provision of qualitative data instead of mandatory quantitative data; and inconsistencies within the same information without the provision of an explanation.

#### **1. Suggested approach to distinguishing between completeness and transparency**

47. The ERT should treat completeness issues independently from transparency issues and therefore always provide separate recommendations/encouragements for completeness and for transparency for each reporting requirement. Recommendations/encouragements for completeness and transparency should be treated together only in cases where the lack of transparency is directly linked to the lack of completeness.

48. The ERT should always assess the completeness and transparency of the information provided for a particular requirement in two separate steps: (a) the ERT should assess the completeness of the reported information; and (b) the ERT should

assess the transparency of the reported information. As a starting point in assessing completeness, the ERT should ask the following question: “Did the Party report fully on a particular reporting requirement of the guidelines?” Depending on the answer to this fundamental question, the ERT should take the following steps:

- (a) If the information reported by the Party corresponds fully to the particular reporting requirement of the guidelines, then this information should be considered complete;
- (b) If the information reported by the Party does not give rise to questions and allows the reader to assess its credibility, reliability and relevance, then this information should be considered transparent. Information should also be considered transparent if the elements necessary for its understanding are all provided in an open, clear and factual manner;
- (c) If an individual reporting requirement or important part of it has not been addressed by the Party in its reporting, this is an issue of completeness and generally is not an issue of transparency, even though missing information might also lead to a lack of transparency.

**2. Suggested approach to assessing the completeness and transparency of the biennial report common tabular format tables**

49. The UNFCCC reporting guidelines on BRs require Parties to report certain information both in textual and in tabular format. In some instances, in the reporting in their BRs, Parties did not provide consistent textual and tabular information, provided only textual information, or provided only tabular information (in the common tabular format (CTF) tables). In some cases, this resulted in some ERTs treating inconsistently in the review reports information that was missing from the CTF tables when substantive information was provided in the BR.

50. Providing information in the CTF tables is a mandatory reporting requirement. However, the ERT should take into account the fact that gaps identified in the CTF tables might not necessarily equate to incomplete reporting, provided that they are adequately explained by the Party as being due to national circumstances.

51. The national circumstances of a Party are to be taken into account when the ERT reviews the reported information included in the CTF tables, for example when reviewing information on the effects of individual PaMs. If a Party has not reported some information in the CTF tables, the ERT should clarify why the Party did not provide such information and, if relevant, also clarify whether any national circumstances precluded the Party from fulfilling the reporting requirement.

52. When the information provided in this context is relevant, credible and transparent, the ERT can summarize the Party’s explanation in the review report, together with a relevant recommendation for addressing the reporting gap in the next NC or BR.

**3. Suggested approach to distinguishing between the assessment of completeness as “mostly” and “partially”**

53. As indicated in the section above on completeness and transparency, the ERTs are required to assess the degree to which the information provided under each reporting requirement is complete and transparent, and, on that basis, to provide in the review report an overall assessment of completeness and transparency for each section of the BR.

54. The ERTs have the option of four gradations when assessing the completeness and transparency of the information reported by Parties: fully, mostly, partially, and not

complete or transparent.<sup>4</sup> However, in some cases, the ERTs have difficulty in consistently assessing the information as “mostly” or “partially” complete/transparent.

55. As requested by the LRs at the 2nd LRs meeting, further options to use “mostly” and “partially” in the assessment of completeness and transparency in the BRs were explored and presented in the background paper.<sup>5</sup> The analysis of the TRR1s demonstrated that although the ERTs were generally consistent in assessing the completeness and transparency of the BR1s, there were a few cases of inconsistency in the use of “mostly” and “partially” in the assessment. This was mainly due to a lack of guiding principles.

56. During the BR1 reviews, the ERTs assessed the completeness and transparency of each section of the BR based on a number of missing reporting requirements, which are reflected in recommendations provided under each section of the report and expert judgement in cases where reported information is not easily quantifiable or the reporting requirement contains a set of specific reporting elements.

57. Based on the results of the analysis, a set of guiding principles has been developed which should be applied by the ERTs during the technical review of the BRs to facilitate the consistency of the assessment of completeness and transparency. These guiding principles are as follows:

- (a) **The assessment is based on mandatory requirements:** the identification of issues and the related assessment of completeness and transparency by the ERT should be based only on mandatory (“shall”) reporting requirements contained in each section of the BR;
- (b) **All mandatory requirements are of equal importance:** all mandatory (“shall”) reporting requirements should be treated equally by the ERTs and there should not be any “weighting factor” applied by the ERT which could imply that some “shall” requirements are more important than others;
- (c) **One omitted mandatory requirement leads to one recommendation:** one “shall” requirement should trigger no more than one recommendation for completeness and/or transparency in cases where the information provided in the BR does not fulfil the mandatory reporting requirements. This principle should be applied even if a “shall” requirement contains more than one specific reporting element.<sup>6</sup> There is only one exception, in cases where the “shall” requirement contains an additional mandatory reporting requirement, as is the case for the reporting of projections. This particular mandatory reporting requirement is an “umbrella” for an additional eight mandatory requirements in the UNFCCC reporting guidelines on NCs. The ERTs should then assess the

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<sup>4</sup> See the conclusions and recommendations of the 1<sup>st</sup> and 2<sup>nd</sup> LRs meetings, available at <[http://unfccc.int/national\\_reports/biennial\\_reports\\_and\\_iar/items/7534.php](http://unfccc.int/national_reports/biennial_reports_and_iar/items/7534.php)>.

<sup>5</sup> Background paper “Analysis of further options to use ‘mostly’ or ‘partially’ in assessment of completeness and transparency in biennial reports”. Available at <[http://unfccc.int/national\\_reports/biennial\\_reports\\_and\\_iar/items/9296.php](http://unfccc.int/national_reports/biennial_reports_and_iar/items/9296.php)>.

<sup>6</sup> For example, the description of the Party’s economy-wide emission reduction target includes the following information on six elements: the base year; the gases and sectors covered; global warming potential values; the approach to counting emissions and removals from land use, land-use change and forestry; the use of international market-based measures; and any other information.

completeness and transparency of the reported information following the requirements of the UNFCCC reporting guidelines on NCs.<sup>7</sup>

58. Based on an in-depth analysis of 44 TRRs of BR1s, an empirical correlation between the number of recommendations and the assessment of the completeness and transparency for each section of the BR was established. The analysis shows that there is a large degree of consistency applied by the ERTs in using the gradations “mostly” and “partially” in relation to the number of recommendations provided, with only a few exceptions which could be considered as outliers. The results of the analysis are presented in table 1 below.

59. The “completeness and transparency assessment scoreboard” provides guidance to the ERTs based on the BR1 review practice. For the purpose of achieving consistency in the assessment across the TRRs, the ERTs are should follow the guiding principles and the assessment scoreboard. Yet the “completeness and transparency assessment scoreboard” is not prescriptive. In cases where the assessment of completeness and transparency goes beyond the suggested approach, the ERTs should substantiate their findings and rationale for the gradations used, which could in turn be further used to fine-tune the assessment scoreboard.

**Table 1**  
**Completeness and transparency assessment scoreboard**

<i>BR section</i>	<i>Number of mandatory requirements in the UNFCCC reporting guidelines on BR</i>	<i>Number of missing mandatory requirements found by the ERT<sup>a</sup></i>	<i>Assessment of the completeness and transparency of the BR section</i>
GHG emissions and removals	2	1	Mostly complete/transparent
		2	Partially complete/transparent
Assumptions, conditions and methodologies related to the emission reduction target	2	1	Mostly complete/transparent
		2	Partially complete/transparent
Progress in achievement of the emission reduction target	4	1–2	Mostly complete/transparent
		3–4	Partially complete/transparent
Projections (including the UNFCCC reporting guidelines on NCs)	9	1–2	Mostly complete/transparent
		3–9	Partially complete/transparent
Provision of support to developing country Parties	15	1–2	Mostly complete/transparent
		3–15	Partially complete/transparent

<sup>a</sup> In cases where the number of missing mandatory requirements is equal to the number of mandatory requirements from the UNFCCC reporting guidelines on BR, the ERTs should decide whether to assess the respective section of the BR as partially complete/transparent or not complete/transparent.

<sup>7</sup> See document FCCC/CP/1999/7, annex I, chapter VI, “Projections and the total effect of policies and measures”.

*Abbreviations:* BR = biennial report, ERT = expert review team, GHG = greenhouse gas, UNFCCC reporting guidelines on NCs = “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part II: UNFCCC reporting guidelines on national communications”.

60. As performed in the reviews of the BR2s, the assessment of the completeness and transparency of the entire BR should continue to be based on expert judgement, taking into account the assessment of each section.

61. When the completeness or transparency of the reported information in a specific section is particularly hard to assess or quantify under the gradations of “mostly” or “partially”, the ERT should always give the Party the benefit of the doubt and assess the information as “mostly” complete/transparent rather than “partially” complete/transparent.

#### **IV. Quantified economy-wide emission reduction target and progress in its achievement**

62. Three sections of the UNFCCC reporting guidelines on BRs focus on Parties’ quantified economy-wide emission reduction target and attempt to provide a holistic view of those targets and the progress made by Parties in achieving them. The first section requests that Parties describe their target; the second section requests that Parties discuss their progress in achieving their target, highlighting in particular the relevant mitigation actions, and the contribution of market-based mechanisms and of land use, land-use change and forestry (LULUCF) activities; and the third section requires that Parties report on their projections for 2020 and 2030.

##### **A. Greenhouse gas emissions and trends**

63. The purpose of the technical assessment of the GHG inventory information is to qualitatively assess the GHG emissions and emission trends of a Party and the extent to which they have been influenced by national circumstances, implemented PaMs, and other factors. The GHG inventory information is also used as a tool to assess the progress made by each Party towards reaching its 2020 quantified economy-wide emission reduction target. Thus, in order to fulfil one of the objectives of the review, which is to ensure that the COP has accurate, consistent and relevant information to review the implementation of the Convention (as per the UNFCCC review guidelines, decision 13/CP.20, annex, para. 5(d)), the ERTs should assess the latest available information officially submitted by each Party.

##### **1. Suggested approach to reviewing information on greenhouse gas emissions and trends**

64. To ensure the credibility and transparency of the review process and the comparability of the review findings, it is important that the ERTs assess the completeness, transparency and consistency of the GHG inventory related information and data as reported by Parties in BR CTF table 1.

65. However, as also noted above, the ERTs not only have the task of assessing Parties’ reporting performance but also of assessing the progress made by Parties in reaching their target in accordance with the latest available inventory information. In this respect, it is useful for the ERTs to reflect in the TRR the emission trends from the latest available GHG inventory submission at the time of the review.

66. Owing to the amount of time between the submission of the BRs and the IAR, a one-year difference might be observed between the GHG emission trends reported in the BR and those reported in the GHG inventory. For example, the BR2s (due by 1 January 2016) will include the GHG inventory submission of 2015 (with 2013 as the most recently reported inventory year). If the review takes place in June 2016, the latest publicly available and officially submitted GHG inventory will be the 2016 inventory (with 2014 as the most recently reported inventory year).

67. In order to ensure that the TRR contains the most recently reported information on GHG emissions, it is suggested that the ERTs refer to the latest available GHG inventory submitted by the Party to the UNFCCC. In cases where the latest available GHG submission at the time of the review is not the one reflected in the BR a note should be included in the TRR on the source of information and on whether or not the GHG inventory information has been reviewed.

- (a) **Example 1:** “Party X has provided a summary of information on GHG emission trends for the period 1990–2011 in its BR1 and CTF table 1. This information is consistent with the 2013 national GHG inventory submission. During the review, the ERT took note of the 2014 annual submission. To reflect the most recently available data, the Party’s 2014 annual inventory data have been used as the basis for discussion in this report.”
- (b) **Example 2:** “Total GHG emissions excluding emissions and removals from land use, land-use change and forestry (LULUCF) increased by 5.8 per cent between 1990 and 2012, whereas total GHG emissions including net emissions and removals from LULUCF increased by 5.2 per cent over the same period.”

## **B. Greenhouse gas emission projections**

68. The relevant reporting requirements on GHG emission projections for BRs are identical to those for NCs. The UNFCCC reporting guidelines on NCs stipulate that “projections shall be presented on a sectoral basis, to the extent possible, using the same sectoral categories used in the policies and measures section”. As the guidelines are not prescriptive with respect to projections, Parties followed a number of different approaches, reflecting their particular national circumstances. However, Parties did not always report consistent information in their BR1s and NC6s, nor did they follow the mandatory requirements on how the projections should be presented (by sector and by gas) and on how the total effect of PaMs should be presented (overall total and total by gas).

69. The projections indicate whether a Party is on track to achieve its emission reduction target or the conditions under which a Party might be able to achieve its target. As mentioned above, the UNFCCC guidelines on NCs stipulate that projections shall be presented on a sectoral basis, to the extent possible, using the same sectoral categories used in the PaMs section (e.g. energy, transport, industry, agriculture, forestry and waste management). However, an interesting case is that of the European Union (EU) target, which is split into a target for the emissions from sectors covered by the European Union Emissions Trading System (ETS sectors) and a target for the emissions from sectors covered by the EU effort-sharing decision (ESD) (non-ETS sectors). The challenge is therefore to review the information on the projections reported by EU member States in order to make a technical assessment of whether an EU member State is on track to achieve its target under the Convention or under the Kyoto Protocol on the basis of its projected GHG emissions.

70. In reviewing the information on projections, the ERT should check whether the Party closely adhered to the reporting guidelines and completed CTF tables 5 and 6. The

‘with measures’ scenario projections should encompass implemented and adopted PaMs after a cut-off period of one year;<sup>8</sup> the ‘with additional measures’ scenario projections should, in addition, include all planned PaMs after the cut-off period of one year; and the ‘without measures’ scenario projections should exclude all implemented, adopted and planned PaMs since the cut-off period of one year. The ERT should also check whether the Party has presented its projections in a consistent manner in its NC and BR.

71. The reporting guidelines suggest that the projections should be presented for the same sectoral categories as those used in the PaMs section, to the extent possible. This allows Parties the possibility of choosing a different sectoral breakdown if they consider it to be more appropriate, as long as the information provided is complete and transparent.

72. However, the manner in which many Parties have formulated their targets is not conducive to using the sectoral categories suggested in the PaMs section. One such example is the EU target which is split into a target for the ETS emissions and a target for the non-ETS emissions. This gives rise to the question of what projections information Parties should be reporting to enable a better assessment of their progress in achieving their targets. If an EU member State did not present projections for emissions from the ETS and non-ETS sectors separately, the ERT should not recommend that the Party provide this more detailed information since it is not specifically required by the reporting guidelines.

**1. Suggested approach to reviewing information on greenhouse gas emission projections for the European Union Emissions Trading System and non-Emissions Trading System sectors**

73. With regard to projected emissions, more than a third of the EU member States did not provide separate estimates for the ETS and non-ETS sectors. Given the nature of the EU target and although not specifically mandated by the reporting guidelines, in almost all the cases where separate projections were not provided, the ERTs noted that the provision of separate projections estimates would enhance transparency and would facilitate the assessment of the progress made by the EU member States in achieving their targets. In a few cases no recommendation was provided and it was unclear from the information provided in the TRR whether the EU member State had split its projected estimates of emissions between the ETS and non-ETS sectors.

74. When assessing the review approaches followed by the ERTs on this topic, some of the main inconsistencies identified are as follows:

- (a) Some ERTs noted in multiple sections of the TRR (mostly in sections II.C “Progress made towards the achievement of the quantified economy-wide emission reduction target” and II.C.3 “Projections”) the need to provide split projected estimates for the ETS and non-ETS sectors, while other ERTs only noted such need once (either in section II.C or in section II.C.3);
- (b) Although there was an overall convergence on how the specific findings were reflected by the ERTs in the TRRs, in some instances the language used to express the findings was inconsistent both in terms of the wording used (e.g.

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<sup>8</sup> Implemented PaMs are those to which one or more of the following applies: (a) national legislation is in force; (b) one or more voluntary agreements have been established; (c) financial resources have been allocated; and/or (d) human resources have been mobilized. Adopted PaMs are those for which an official government decision has been made and there is a clear commitment to proceed with implementation. Planned PaMs are options under discussion that have a realistic chance of being adopted and implemented in the future.



“facilitates” versus “enables”, or “considers” versus “notes”) and in terms of the motivation provided (e.g. “to enhance transparency” versus “to enable assessment of the progress”).

75. In addition to the ETS and non-ETS targets, the EU member States also have a set of binding targets with regard to the share of renewables in their final energy consumption by 2020. The progress made by the EU member States in achieving their renewable targets is closely linked with their progress in achieving their ETS and non-ETS targets. If the EU member States were to achieve their renewable, ETS and non-ETS targets, this could lead to an overall decrease in GHG emissions at the EU level greater than the current EU target under the Convention. Thus, in reviewing the projected information on GHG emissions, the ERTs should also duly consider in their analysis any information reported by the EU member States on their renewable targets.

76. In assessing the progress made by the EU member States in attaining their target, the ERTs should assess to what extent the EU member States provided projections for 2020 and 2030 separately for the ETS and non-ETS sectors. The separate provision of projected emission estimates for the ETS and non-ETS sectors increases the transparency of the reporting on projections, which is a mandatory reporting requirement.

77. The ERTs should also adequately consider any information provided by the EU member States on their progress in meeting their renewable targets and on how this affects future emission trends, as well as on their progress in reaching their overall national emission reduction targets. Overall, the ERTs should adequately consider all of the measures implemented by Parties and those that are projected to have a significant effect on the achievement of their quantified economy-wide emission reduction targets.

78. If an EU member State did not provide separate projections for the ETS and non-ETS sectors, and did not address the effect of its renewables target on its quantified economy-wide emission reduction target, the ERT could include the following factual statement in section II.C of the TRR:

79. “The ERT noted that the reporting of projected emissions for the EU ETS and non-ETS sectors separately, as well as the reporting of information on the progress made by Party X in reaching its renewables target, would increase transparency and would facilitate the assessment by the ERT of Party X’s progress towards its emission reduction target.”

- (a) **Example 1** (It is not clear whether the Party provided separate projected estimates for the ETS and non-ETS sectors). “The ERT noted information reported by Spain on projected emissions by 2020. According to the reported information, the projected emissions are 33.8 per cent above the base year by 2020 in the ‘with measures’ scenario and 30.8 per cent above the base year by 2020 in the ‘with additional measures’ scenario. While the EU-wide target set for the sources covered by the EU ETS (21 per cent below the 2005 level by 2020) will certainly be achieved based on the nature of the instrument, all emission projection scenarios for Spain indicate that the target set for the emission sources under the ESD (10 per cent below the 2005 level by 2020) would not be achieved, with a gap of 54,500 kt CO<sub>2</sub> eq.”
- (b) **Example 2** (The ERT did not provide a clear overview of the information reported by the Party). Denmark also reports significant reductions for sectors covered under the EU ETS as well as non-ETS sectors that are covered under the ESD for this period. Emissions covered under the ESD are projected to exceed the non-ETS target by on average approximately 2,000 kt CO<sub>2</sub> eq per year.”

- (c) **Example 3** (The ERT erroneously provides an encouragement). “The emission projections provided in the NC6/BR1 do not differentiate between the EU ETS and non-ETS sectors. In order to facilitate the assessment of the progress of the Party towards achieving its target for the non-ETS sectors by 2020 (10.0 per cent), the ERT encourages Hungary to provide emission projections for the EU ETS and non-ETS sectors separately in its next national communication/biennial report.”
- (d) **Example 4** (A good overview of the information reported by the Party). “Under the EU climate and energy package, Sweden’s target is to reduce its GHG emissions from the non-EU ETS sector by 17 per cent by 2020, or – after the EU decision on adjustments – to 36,400 kt CO<sub>2</sub> eq from the 2005 level of 45,500 kt CO<sub>2</sub> eq. According to the presented projections in the ‘with measures’ scenario, the non-EU ETS emissions are estimated to reach 35,400 kt CO<sub>2</sub> eq in 2020, corresponding to a 22.0 per cent reduction from 2005.”
- (e) **Example 5** (The ERT finding is generally well presented). “The ERT noted that the separate reporting of projected emissions for the ETS and non-ETS sectors could improve the transparency of information and enable an assessment by the ERT of Lithuania’s progress towards its emission reduction target.”

## **C. Effects of individual mitigation actions**

80. As part of their NCs and BRs, Parties have to report on the effects of their PaMs (hereinafter referred to interchangeably with mitigation actions). However, there are differences in the reporting requirements for NCs and BRs, which have led to review challenges faced by experts, potentially leading to incorrect assessments.

81. In their NCs, Parties are required to report a table including a column for information on the estimated mitigation impact of each PaM, by gas. However, the UNFCCC reporting guidelines on NCs specify that Parties’ description of each PaM should include, as appropriate, a quantitative estimate of the effects of individual PaMs, or a collection of PaMs, for particular years (e.g. 1995, 2000 and 2005). At the time when the UNFCCC reporting guidelines on NCs were adopted, this meant that Parties should report effects of individual mitigation actions for one historical year and two future years. In the BRs, Parties are required to report CTF table 3, which includes the reporting of information on mitigation actions and their effects for 2020 and for any additional year deemed relevant by the Party.

82. The challenge in reviewing the reporting of this information is therefore to reconcile some of the differences between the reporting requirements for NCs and for BRs and provide the appropriate encouragement in the case of NCs or the appropriate recommendation in the case of BRs.

### **1. Suggested approach to reviewing the effects of individual mitigation actions**

83. The case of the NCs is simpler than that of the BRs, since the reporting of information on the effects of individual PaMs is not mandatory in the NCs. Where no estimates, or unclear estimates, of the mitigation impact are reported by a Party in its NC, the ERT should encourage the Party to improve the completeness or transparency of its reporting by including or clarifying this information in its next NC. This encouragement should be reflected in the IDR and no recommendation should be included in the IDR in relation to this requirement.

84. In the case of the BRs, the lack of reported information on the effects of mitigation actions for 2020 would normally lead to a recommendation to the Party to improve the completeness of its reporting by including the effects of mitigation actions for 2020 in the next BR. However, in accordance with the conclusions of the 1st LRs meeting in 2014, the ERT should clarify, where applicable, why a Party did not report some of the information in the BR CTF tables, including on the effects of its individual mitigation actions, and should summarize the Party's explanation in the review report. Gaps in reporting identified in the BR CTF tables might not necessarily equate to incomplete reporting, provided that they are adequately explained by the Party as being based on its national circumstances. The ERT should therefore recommend in the TRR that the Party improve the transparency of its reporting by including the explanation for such gaps in its next submission of the BR and/or in the BR CTF tables. If, on the other hand, the gaps in reporting cannot be rationalized on the basis of national circumstances, the ERT should recommend that the Party improve the completeness of its reporting by including this information in its next BR.

#### **D. Reviewing how policies and measures are modifying longer-term trends in anthropogenic greenhouse gas emissions and removals**

85. In the case of NCs only, although there is no specific requirement to report on progress made in achieving the quantified economy-wide emission reduction target as such, Parties are nevertheless required to provide information on how they believe their PaMs are modifying longer-term trends in GHG emissions and removals consistent with the objective of the Convention. According to the UNFCCC reporting guidelines on NCs, information on PaMs "should be presented as an estimate for a particular year such as 1995, 2000 and 2005, not for a period of years".

86. In the case of many of the reviews of NCs, the ERTs highlighted the challenge of reviewing this mandatory information reported by Parties. Many Parties either: (a) did not report this information to fulfil this reporting requirement, which leads to a recommendation to include it in their next NC; (b) attempted to satisfy this reporting requirement by referring to the expected effects of individual PaMs or the total effect of PaMs; or (c) assumed that the reporting of projections was sufficient. However, there are issues related to all three of these reporting approaches, which resulted in challenges in reviewing the information and deciding whether a recommendation was necessary.

##### **1. Suggested approach to reviewing how policies and measures are modifying longer-term trends in anthropogenic greenhouse gas emissions and removals**

87. The effects of individual PaMs or groups of PaMs, or the total effect of PaMs are presented only for specific years, usually for one historical year (2010) and for two future years in the short to medium term (2015 or 2020, but sometimes for 2030). Since the effect of a PaM or of all PaMs is commonly estimated by comparing a situation with the PaM(s) to a situation without the PaM(s), this estimated value consists of avoided GHG emissions and does not indicate how the actual trend in anthropogenic GHG emissions and removals is expected to be modified. In fact, longer-term trends in GHG emissions could still be increasing even if a PaM is expected to result in a large amount of avoided GHG emissions. Thus, this information does not, on its own, adequately fulfil the reporting requirement and leads to a recommendation on completeness to include the relevant information. If, however, the Party reported specifically on how this PaM is or all PaMs and their resulting effects are expected to modify GHG emissions in the longer term, then this information may be complete and transparent and a careful technical assessment of the plausibility of this information needs to be performed.

88. Other methods are also used to estimate the effects of PaMs that provide the expected reduction in emissions from the level of GHG emissions for a historical year. Although the expected emission reductions as a result of the PaM(s) from a historical year allows the ERT to calculate the resulting GHG emission level in the specified year in which the reductions are expected, the ERT needs to identify the explanation provided by the Party describing how the emission trend will be modified in the longer term.

89. The projection of GHG emissions is a useful tool to assess possible GHG emissions in future years using a particular model and sets of assumptions and parameters under a specific scenario (e.g. with PaMs or without PaMs). As such, the projected GHG emission levels are determined by many factors, including the type and sophistication of the approach used to model economic and population growth, the evolution of energy prices, autonomous technological improvements and PaMs. Therefore, if a Party has only reported projections of GHG emissions without adding an explanation of the specific role played by its PaMs in determining the GHG emissions in long-term future years, the ERT should make a recommendation on completeness, since this information cannot be deduced simply from the projections. On the other hand, if information is provided on how PaMs have contributed to the changes in the GHG emission level, the ERT needs to technically assess this information.

90. If a Party has not provided any quantitative information on the effects of mitigation actions, then it should have provided the relevant qualitative descriptions of the effect of PaMs. The provision of sufficient, clear and plausible qualitative information on the likely role of PaMs in determining longer-term trends in GHG emissions would not lead to a recommendation.

91. A Party could, for example, have: discussed factors that might influence the successful implementation of a particular PaM and address the potential interactions with other PaMs; highlighted expected changes in activity levels or structural changes in a particular sector; discussed potential changes in current practices following the implementation of the PaM; and discussed how the resulting structural impacts on GHG emissions might persist in the long term. Alternatively, a Party could have reported relevant elements from its 2050 emission reduction or sustainable development strategies. Examples include PaMs that address infrastructure such as roads and buildings (e.g. energy efficiency in buildings) and PaMs linked to urban planning, including in the waste sector (e.g. recycling versus landfilling) or in the energy sector (e.g. the shift to gas and the elimination of nuclear power plants).

## **E. Information on the European Union 2020 target**

92. The UNFCCC reporting guidelines on BRs stipulate that “Each Annex I Party shall describe its quantified economy-wide emission reduction target, including any conditions or assumptions that are relevant to the attainment of that target, as communicated to the secretariat and contained in document FCCC/SB/2011/INF.1/Rev.1 or any update to that document”. Difficulties in reviewing the information on the target mostly stem from the lack of clarity for a number of Parties on reporting requirements relating to the reporting of targets under the Convention. Hence, such Parties reported on their targets under the Kyoto Protocol.

93. In addition, the UNFCCC reporting guidelines on BRs require each Party to include in the description of its quantified economy-wide emission reduction target the following information:

- (a) The base year;
- (b) The cases and sectors covered;
- (c) The global warming potential values as established by the relevant decisions adopted by the COP;
- (d) The approach used to count emissions and removals from the LULUCF sector, taking into consideration any relevant decisions adopted by the COP;
- (e) The use of international market-based mechanisms in achieving its emission reduction target, taking into consideration any relevant decisions adopted by the COP, including a description of each source of international units and/or allowances from market-based mechanisms and the possible scale of the contributions of each;
- (f) Any other information, including relevant accounting rules, taking into consideration any relevant decisions of the COP, where appropriate.

94. When discussing their approaches to using LULUCF or units from market-based mechanisms, Parties sometimes presented information that was pertinent to their Kyoto Protocol targets, which may or may not be fully consistent with their targets under the Convention. This poses a challenge to the ERT to what information should be reflected in the TRR.

95. For example, the EU target was inconsistently presented among some EU member States. The main reason for the observed inconsistency is that the EU has a unilateral target under the Convention that is to be met under different conditions from those for its target under the second commitment period of the Kyoto Protocol.

96. The ERT should ensure that the TRR reflects the target under the Convention and not the target under the Kyoto Protocol (see table 2 below for the differences between those two targets in the example of the EU).

Table 2

**European Union targets under the Convention and its Kyoto Protocol**

	<i>EU target</i>	
	<b>Convention</b>	<b>Second commitment period of the Kyoto Protocol</b>
Target	Emissions 20% below the 1990 level in 2020	Emissions 20% below the base year level throughout the commitment period
Joint agreement	Only EU member States	Includes Iceland
International aviation	Included	Not included
LULUCF	Not included	Included
NF3	Not included	Included
GWP	IPCC AR4	IPCC AR4
Base year	1990	1990, but subject to flexibility rules. 1995 or 2000 may be used as the base year for NF3

*Source:* European Union submissions.

*Abbreviations:* EU = European Union, GWP = global warming potential, IPCC AR4 = Fourth Assessment Report of the Intergovernmental Panel on Climate Change, LULUCF = land use, land-use change and forestry.

97. The EU target under the Convention allows for the use of units from market-based mechanisms. However, it is up to each EU member State to decide whether or not it will make use of this provision. Thus, in providing textual and tabular information in the TRR on this issue, the ERT should follow the suggestions provided in the relevant sections below.

**1. Suggested approach to reviewing information on the European Union 2020 target**

98. The 28 EU member States represent a special case in that they plan to fulfil jointly their target which is enshrined in EU legislation. At the heart of this legislation is the EU 2020 climate and energy package. Under EU decision 406/2009/EC, EU member States are obligated to meet this target via the EU 2020 climate and energy package. This package includes the EU ETS and the EU ESD. The ESD sets annual national emission reduction targets for all member States for the period 2013–2020 for those sectors not covered by the EU ETS. By 2020, those national targets for each member State will collectively deliver a reduction of about 10 per cent of total EU emissions from the sectors not covered by the EU ETS compared with the 2005 level. The regulation of the emissions covered by the EU ETS entered into force on 1 January 2005, and the new period started in 2013 based on a yearly reduction equal to 1.74 per cent of the average allocation in the period 2008–2012, extrapolated starting in 2010, leading to a 21 per cent GHG emission reduction by 2020 compared to the 2005 level.

99. In most cases, the EU member States have fulfilled the requirements of the UNFCCC reporting guidelines on BRs regarding the description of the target. However, in most TRRs the ERTs did not provide any information as to how the EU member States translated the EU target into their own national target for emissions not covered by the EU ETS in terms of tonnes of carbon dioxide equivalent (t CO<sub>2</sub> eq). Thus, it is unclear whether the EU member States did not report this information or whether the ERT did not reflect this information in the TRR. In only a few of the TRRs of the EU member States that did not provide this information in their BRs did the ERTs note (primarily in section II.B of the TRR (“Assumptions, conditions and methodologies related to the attainment of the quantified economy-wide emission reduction target”)) that the provision of such a description would help to enhance the transparency of the reporting on their target, even if not specifically mandated by the reporting guidelines.

100. When assessing the review approaches followed by the ERTs on this topic, some of the main inconsistencies identified are as follows:

- (a) There is no convergence among ERTs on the need for the EU member States to describe how the EU target translates into their own national target in terms of t CO<sub>2</sub> eq;
- (b) Relevant information was sometimes provided in section II.A, titled “All greenhouse gas emissions and removals related to the quantified economy-wide emission reduction target”, sometimes in section II.B, titled “Assumptions, conditions and methodologies related to the attainment of the quantified economy-wide emission reduction target”, and at other times in section II.C, titled “Progress made towards the achievement of the quantified economy-wide emission reduction target”.

101. The description of how the EU target translates into the EU member States' national non-ETS target should be part of the description of the quantified economy-wide emission reduction target, which is a mandatory reporting requirement. The ERTs should assess to what extent each EU member State has provided a description of how the EU target translates into its national target for emissions not covered by the EU ETS in terms of t CO<sub>2</sub> eq. If the EU member State did not provide such a description, the ERT should note the following in section II.C of the TRR<sup>9</sup>. The ERT noted that a description by Party X in its next BR of how the EU target translates into its national target for emissions not covered by the EU ETS in terms of t CO<sub>2</sub> eq would increase the transparency of the reporting on the target.”

- (a) **Example 1** (The ERT erroneously provides an encouragement and the ERT comment lacks clarity overall). “The ERT also encourages the Party to provide a description of its progress in the context of the EU legislation. During the review, Poland provided additional information on this subject concerning the breakdown of emissions to the EU ETS and ESD sectors.”
- (b) **Example 2** (The ERT did not provide a clear overview of the information reported by the Party). “During the review, Romania provided additional information, elaborating on emissions in the non-ETS sectors and the contribution of renewable energy sources (RES) regarding final energy consumption.”
- (c) **Example 3** (A good overview of how the EU target translates into a national target). “Under the ESD, France has to reduce its emissions not covered under the EU ETS by 14 per cent by 2020 compared with the 2005 level. In absolute terms, this means that France has to reduce emissions from sectors covered by the ESD from 422,300 kt CO<sub>2</sub> eq (2005) to 363,100 kt CO<sub>2</sub> eq in 2020.”
- (d) **Example 4** (The ERT finding is generally well presented). “The BR1 includes all of the information on the target required by the UNFCCC reporting guidelines on BRs. However, the ERT noted that a description of how the EU target translates into Belgium’s national target for emissions not covered by the EU ETS in its next BR would greatly increase the transparency of the reporting on the target.”

## **F. Revised target definition compared to that reported in the previous biennial report**

102. In the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change (IPCC), many global warming potential (GWP) values were updated and GWPs were estimated for gases<sup>9</sup> for which previously no GWPs were available. Hence, it is expected that in the BR2s many Parties will update their target definitions accordingly. It is also expected that the BR2s will include information regarding GHG emissions and removals that will be based on the newly adopted “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual greenhouse gas inventories” (decision 24/CP.19, annex) (hereinafter referred to as UNFCCC Annex I inventory reporting guidelines), leading to some differences compared with the information presented in the BR1s. Any differences observed due to updated information in the BR2 with regard to Parties’ targets and their progress in reaching

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<sup>9</sup> GWPs for new GHGs (i.e. hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), nitrogen trifluoride (NF<sub>3</sub>), fluorinated ethers, perfluoropolyethers and trifluoromethyl sulphur pentafluoride) were estimated in the IPCC AR4 (decision 24/CP.19, annex III).

such targets will need to be adequately addressed by the ERTs, clarified and factually noted in the report of the technical review of the second biennial report (TRR2).

103. A comparative analysis of previous (decision 14/CP.11) and revised (decision 24/CP.19) UNFCCC Annex I inventory reporting guidelines<sup>10</sup> shows that the changes could be grouped into two categories, namely: (i) those which are relevant to the reporting of relevant information in BRs; and (ii) those which are not directly relevant to the reporting in BRs. The most important changes relevant to BR reviews are as follows:

- (a) Use of the new GWPs from the IPCC AR4;
- (b) Inclusion of new GHGs;
- (c) Enhanced reporting on national inventory arrangements;
- (d) Inclusion of a new mandatory sector (agriculture, forestry and other land use (AFOLU)) and source and sink categories.

104. These changes have a potential impact on the reporting of GHG emissions and trends, including information on national inventory arrangements, the description of the Party's economy-wide emission reduction target and the progress made towards the achievement of the target.

105. An analysis of the common reporting format (CRF) tables of GHG inventories submitted in 2015 for selected Parties (Australia, European Union, New Zealand and Russian Federation) shows that total GHG emissions (both with and without LULUCF) increased in 1990 and 2012 when compared to the data reported in the CRF tables submitted in 2014, which were prepared according to the reporting guidelines. It could reasonably be assumed that one of the main factors which caused the increase in GHG emissions is the new GWP values for methane (CH<sub>4</sub>) (an increase by 19.0 per cent) and nitrous oxide (N<sub>2</sub>O) (a decrease by 4.0 per cent).

106. According to the UNFCCC review guidelines,<sup>11</sup> the technical review of the BR2s aims rather to examine the consistency of the BR with the annual GHG inventory and NC but not to examine in depth the GHG inventory itself or to compare GHG emissions and trends in the BR2 with those reported in the BR1. The ERTs should be aware of the methodological changes applied in the 2015 GHG inventory submission. The ERTs will qualitatively assess the GHG emissions and emission trends and the extent to which they have been influenced by national circumstances, implemented PaMs and other relevant factors.

107. It is assumed that changes in methodology, activity data, emission factors and GWPs are accurately, completely and consistently applied for the estimation of GHG emissions and removals throughout the entire time series (1990–2013) and as such are reflected in the annual GHG inventory submission and the BR2.

108. More substantial information is expected in the BR2s on national inventory arrangements and changes to these arrangements which became a mandatory reporting element from 2015 onwards. The scope of reporting almost completely replicates the requirements for national systems under the Kyoto Protocol (decision 19/CMP.1, annex).

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<sup>10</sup> The analysis is presented in the background paper titled "Implications of changes in UNFCCC reporting guidelines on annual GHG inventories on the review of second biennial reports". Available at <[http://unfccc.int/national\\_reports/biennial\\_reports\\_and\\_iar/items/9296.php](http://unfccc.int/national_reports/biennial_reports_and_iar/items/9296.php)>.

<sup>11</sup> Decision 13/CP.20.



**1. Suggested approach to reviewing the revised target definition**

109. During the review, the ERTs should compare the target description provided by the Party in the latest BR (BR2) with that provided in the Party's BR1. If any differences are observed which are not adequately addressed/substantiated in the BR, then the ERT should ask the Party for any relevant clarifications/explanations as needed.

110. In the TRR, the ERTs should clearly highlight any changes to the target definition, include any relevant clarifications provided by the Party during the review or in the BR, and provide a factual assessment of the effects of the changing target definition (e.g. how the change in GWPs affects the GHG emission levels in the base year/target year).

- (a) **Example:** "The ERT notes that Party X updated its target definition based on the GWPs included in the AR4. The ERT further notes that the change in GWPs resulted in X, Y, Z changes with regard to the Party's target. Specifically, the Party's base year GHG emissions are now equal to X t CO<sub>2</sub> eq compared to Y t CO<sub>2</sub> eq reported in the BR1, while the target year GHG emissions are estimated to be Z t CO<sub>2</sub> eq compared to W t CO<sub>2</sub> eq as previously reported in the BR1."

**G. External target-related information sources**

111. Under the Convention, there is a plethora of documents and information provided by Parties on their targets under the Kyoto Protocol and under the Convention, domestic targets, conditional targets, quantified economy-wide emission reduction targets and intended nationally determined contributions (INDCs). To ensure transparency and comparability among Parties it is of vital importance that Parties report on the target as specified in the UNFCCC reporting guidelines on BRs and that the ERTs refrain from referring to other targets. The UNFCCC reporting guidelines on BRs clearly state that: "Each Annex I Party shall describe its quantified economy-wide emission reduction target, including any conditions or assumptions that are relevant to the attainment of that target, as communicated to the secretariat and contained in document FCCC/SB/2011/INF.1/Rev.1 or any update to that document." It is clear that information on the INDCs or on any other target is not within the scope of the BRs and thus out of the scope of the respective TRRs.

**1. Suggested approach to considering external sources of target-related information**

112. Any comparison of information included in the BR on the 2020 quantified economy-wide emission reduction target with information related to the INDCs or any other target is out of the scope of the review of the BRs. The ERTs should not assess the INDCs or the progress made towards reaching that target unless the BR explicitly refers to the INDCs. The ERT should only assess the information on the quantified economy-wide emission reduction target included by Parties in their BR in accordance with the respective reporting guidelines.

113. If a Party does include information in the BR on its INDC, then the ERT can take note of this information (i.e. "The ERT notes...") without including any "encouragements" or "recommendations" with regard to that target. The ERT should also refrain from comparing the Party's INDC target to the Party's quantified economy-wide emission reduction target.

- (a) **Example:** "The ERT noted the INDC target reported by Party X in its BR which is (exact information provided by Party on its INDC target)..."

## **H. Progress made towards achieving the target**

114. As Parties were reporting on the progress made towards achieving their targets for the first time in their BR1s, some of them appear to have had difficulties with such reporting, which also poses challenges to the ERTs. Some of these difficulties in reporting stem from the fact that accounting under the Kyoto Protocol is different from measuring the progress made towards achieving the target under the Convention (assigned amount/carbon budget versus single-year target trajectory). This difference sometimes led to confusion as to what Parties should report in CTF table 4.

115. This section deals in a more general way with how to reflect the progress made towards achieving the target in the TRR. For the related challenges regarding the review of information on the contribution from LULUCF and the use of units from market-based mechanisms, see sections 4.I and 4.J below. For reviewing mitigation actions and their effects as part of the progress made towards achieving the target, please refer to section 4.C above on PaMs.

116. Although the ERTs are in a position to have access to a wealth of information with regard to a Party's climate change actions, their mandate is limited to the objective technical examination of the reported information and to ensuring that the COP is provided with reliable information (which is complete, transparent and consistent). Such information will enable the COP and the Subsidiary Body for Implementation, through the multilateral assessment process, to assess Parties' progress in achieving their targets as per the relevant guidelines. Decision 23/CP.19 clearly defines the mandate of the ERTs, stating, among other things, that the individual review will "undertake an examination of the Party's progress in achieving its economy-wide emission reduction target". The assessment during the technical review of whether a Party is making progress towards its target is essential, as this is the main focus of the subsequent multilateral assessment.

### **1. Suggested approach to reviewing the progress made towards achieving the target**

117. The ERT needs to reflect in the TRR what the Party reported, but at the same time should highlight to what extent this information is in accordance with the requirements of the respective reporting guidelines in terms of consistency, completeness and transparency.

118. The ERT should strive to ensure that the text of the TRR remains factual and reflects the information presented by the Party. Overall, the ERT should aim to highlight in a technical, objective and well-substantiated manner the information that is critical to the next steps in the IAR process.

119. To reflect a Party's progress, the ERT should include a factual statement of the main PaMs/strategies that are contributing to achieving the target, as well as reflect the emission level (including LULUCF and the use of credits from market-based mechanisms, if applicable) in the latest reported year, compared with the base year level and the target year level. The ERT should also reflect the projected emission level in the target year and whether the Party projects that it will meet the target. On the basis of this information, the ERT should assess from a technical point of view whether the Party is making progress towards achieving its target.

120. To reflect the progress in the TRR, the ERT may use the language in review report template, to be provided by the UNFCCC secretariat. The following language could be used for Parties making progress: "The ERT noted that Party X is making progress towards its emission reduction target by implementing/planning the

implementation of mitigation actions and by using units from market-based mechanisms and through the contribution of LULUCF.”

121. For Parties for which the ERT did not observe progress, the following language could be used: “The ERT noted that Party X faces challenges in achieving its target by implementing mitigation actions that deliver the necessary emission reductions in order to make progress towards its target.”

122. In addition, the ERT should reflect any challenges faced in meeting the target, on the basis of the information provided by the Party.

## **I. Contribution of units from land use, land-use change and forestry towards achieving the target**

123. For some Parties, the provision of information on the contribution of units from LULUCF in CTF table 2 and filling in the LULUCF-related information in CTF table 4 has proven to be challenging, in particular for Parties to the Kyoto Protocol, because in some cases the Parties’ targets under the Kyoto Protocol differ from their Convention targets. In particular, some Parties use different accounting approaches for LULUCF (e.g. a land-based approach under the Convention versus an activity-based approach under the Kyoto Protocol). In addition, Parties were sometimes unclear as to the values that they needed to report in the CTF tables and provided inconsistent information in the text and tables, including inconsistent information between CTF tables 2 and 4. For the TRRs to provide a solid technical basis for the multilateral assessment, it is important that the ERTs reflect the Parties’ progress in a meaningful and consistent way in the review reports, in particular in the table of the TRR on progress, and not only describe what and how a Party reported.

### **1. Suggested approach to reviewing information on the contribution of units from land use, land-use change and forestry towards achieving the target**

124. With regard to LULUCF emissions/removals, if inconsistent information is provided or if a Party erroneously reports in BR CTF table 4 the contribution from LULUCF, it is essential for the ERT to clarify this with the Party during the review and reflect the correct information in the TRR and in the TRR table on progress. This means that, if there are doubts about the reported information, the ERT should clarify first with the Party whether LULUCF is or is not included in the target and then whether the Party applies the land-based or activity-based approach to counting emissions from the LULUCF sector. The ERT should then assess whether the information on emissions/removals from the contribution from LULUCF in CTF table 4 is consistent with the approach specified for the target.

125. If a Party erroneously reports in BR CTF table 4 the contribution from LULUCF (e.g. the Party does not account for LULUCF units in its target, but reported emissions/removals; or the Party presented Kyoto Protocol data instead of Convention data), then the ERT should note in the review report the reported information, provide a conclusion as to what the correct information should be, and provide a recommendation for the Party to enhance the transparency of its reporting by providing the correct information in its next submission.

126. For all Parties that do include LULUCF in their target under the Convention, the ERT should include the information reported (either in the BR CTF tables or during the review) on “LULUCF emissions/removals” in the table of the TRR on progress. Information in the column “Emissions including LULUCF” should then be the sum of the information in the columns “Emissions excluding LULUCF” and “LULUCF emissions/removals”.

127. For all Parties that do not include LULUCF in their target under the Convention, the ERT should use the notation key “NA” (not applicable) for “LULUCF emissions/removals” and “Emissions including LULUCF” in the table of the TRR on progress (applicable to all EU member States).

## **J. Contribution of units from market-based mechanisms towards achieving the target**

128. Parties can elect to use units from market-based mechanisms to achieve their individual targets under the Convention. In some cases, Parties have reported in CTF table 2 that they plan to make use of units from market-based mechanisms. Among the Parties that elected to use units from market-based mechanisms, few have included the possible scale of contributions of those units to the achievement of their target in CTF table 2. However, they reported a “0” value in CTF table 4, either to indicate that they have not yet been able to estimate the contribution of the market-based mechanisms towards their target or that for the years reported no units were acquired.

129. There were also cases where the textual information provided indicated that the Party did not intend to use units from market-based mechanisms, but values were reported in CTF table 4. The latter indicates that reporting the use of units from market-based mechanisms under the Convention is sometimes confused with the reporting of units in the Kyoto Protocol registry, which includes the issued assigned amount units (AAUs) for Kyoto Protocol accounting. In addition, Parties to the Kyoto Protocol may have different rules for the use of units from market-based mechanisms under their targets under the Kyoto Protocol and under the Convention and/or may not intend to use the same amount of units to reach each target.

130. The above issues have in some instances resulted in unclear or inaccurate reporting of information in the BR and CTF tables and in inconsistencies between the information reported in the text and in the tables. For the TRRs to provide a solid technical basis for the multilateral assessment, it is important that the ERTs reflect the Parties’ progress in a meaningful and consistent way in the review reports, in particular in the table of the TRR on progress, and not only describe what and how a Party reported.

### **1. Suggested approach to reviewing the contribution of units from market-based mechanisms towards achieving the target**

131. With regard to the use of units from market-based mechanisms, if inconsistent information is provided or if a Party erroneously reports in BR CTF table 4 the use of units (for example, issued AAUs and not only those that were acquired to achieve the target), it is essential for the ERT to clarify this with the Party during the review and reflect the correct information in the TRR and in the table of the TRR on progress. This means that, if there are doubts, the ERT should clarify whether the Party intends to use units from market-based mechanisms to achieve its target. The ERT should then assess whether the information on the quantity of units from market-based mechanisms provided in CTF table 4 is consistent with the approach specified for the target.

132. The ERT should include information in the TRR as reported by the Party, unless it is obvious that the reported values do not correspond to the units that the Party acquired and intends to use to achieve its target. For example, the reported use of units for some Parties greatly exceeds their emissions, while some of these Parties project emissions with existing PaMs well below the target under the Convention and, hence, do not even need to use units from market-based mechanisms to achieve their target. In

such cases, the ERT should note in the review report the reported information, clarify with the Party what the actual intended use of units for achieving the target is, and provide a recommendation for the Party to enhance the transparency of its reporting by providing the correct information in its next submission.

133. Some Parties to the Kyoto Protocol plan to use units for achieving their targets under the Convention consistent with their accounting under the Kyoto Protocol, but do not report a value for units from market-based mechanisms in CTF table 4, providing the explanation that they will only know the quantity of units at the end of the Kyoto Protocol commitment period. In such cases, and where applicable, the ERT could use the annual mean value of the total units (planned to be) acquired for the Kyoto Protocol commitment period as a proxy value.

134. In the table of the TRR on progress, the ERT should use: the values reported by the Party (in the BR CTF tables or during the review) if the Party makes use of units from market-based mechanisms; the notation key “NA” when a Party does not plan to use units from market-based mechanisms; and the value “0” when the Party intends to use units from market-based mechanisms but does not report on units for particular years. In all cases, the source of the value of the units included in the table on progress should be explained in a footnote.

## **V. Provision of financial and technological support to developing country Parties**

135. The level of detail of the reporting on the provision of financial, technological and capacity-building support has increased compared with that reported by Annex I Parties previously in their fifth national communications through the introduction of BR and BR CTF reporting requirements. The review of the provision of support reported in the NCs and BRs might be challenging as, in addition to the overlapping reporting requirements, there are different reporting requirements on the same matter in the UNFCCC reporting guidelines on NCs and in the UNFCCC reporting guidelines on BRs. Therefore, when reviewing the BR and NC in conjunction, the ERTs should be very careful when cross-referencing the IDR and TRR.

136. Several challenges have been noted in reviewing information that has been reported for the first time by Parties in their BRs, leading to a lack of detail and transparency of the reported information. These challenges include: the review of the description of how the financial resources provided effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation; and the review of the description of Parties’ national approach to tracking the provision of financial, technological and capacity-building support. Some ERTs were not sure how to address the information on financial support provided by Parties with economies in transition and Parties not included in Annex II to the Convention (non-Annex II Parties), or how to assess the reporting in the NC6s on contributions to the Adaptation Fund.

137. The UNFCCC reporting guidelines on BRs stipulate that each Party included in Annex II to the Convention (Annex II Party) “shall describe, to the extent possible, how it seeks to ensure that the resources it provides effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation”. In some cases, Parties did not report on how the financial resources provided “effectively” addressed the needs of non-Annex I Parties, but instead reported on the efforts that they make to ensure that the financial resources provided take these needs into consideration. In this respect, some Parties reported, for example, on the types of cooperation agreements that they have established with non-Annex I Parties, on the structures and

arrangements that they have put in place to consult with non-Annex I Parties and on how they ensure national ownership, but not necessarily on how the financial resources “effectively” address the needs of non-Annex I Parties.

138. The UNFCCC reporting guidelines on BRs also stipulate that “each Annex II Party shall provide a description of its national approach for tracking of the provision of financial, technological and capacity-building support to non-Annex I Parties, if appropriate”. Some Parties reported tracking the provision of financial support using the Rio markers for climate change mitigation and adaptation. These markers, developed and defined by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD), are a new methodology developed a few years ago and are already used by many developed countries to track public finance dedicated to addressing climate change related issues on adaptation and mitigation. According to the existing approach for these markers, through a system of allocating points or percentages to each cooperation project, depending on whether mitigation/adaptation is a ‘primary’ or a ‘significant’ objective of the financing provided, or not an objective at all, Parties are enabled to report on the climate-related financing that they have provided to developing countries. In reviewing the information on tracing the provision of financial support through the use of the Rio markers, the ERT needs to pay particular attention to how a Party has classified the objectives of the projects, keeping in mind this approach so as to avoid the double counting of the support provided.

139. According to the UNFCCC reporting guidelines on BRs, the description of the national approach to tracking the provision of financial support “shall also include information on indicators and delivery mechanisms used and allocation channels tracked”. Allocation channels and delivery mechanisms could be understood as appropriate institutional and operational arrangements to efficiently and effectively deliver funds where they are most needed so as to enable the success of global adaptation and mitigation efforts.<sup>12</sup> A suggested approach to reviewing information on financial support provided by Parties with economies in transition is provided in paragraph 5.A below.

#### **A. Information on the provision of financial support by non-Annex II Parties**

140. When reviewing the information on provision of financial support in both the BRs and NCs, some ERTs questioned how to address the information on financial support provided by Parties with economies in transition and non-Annex II Parties. The UNFCCC reporting guidelines on BRs stipulate that “Annex II Parties shall provide information on the provision of financial, technological and capacity-building support to non-Annex I Parties”. The UNFCCC reporting guidelines on NCs stipulate that “in

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<sup>12</sup> Examples of allocation channels/delivery mechanisms are the financing mechanisms of the Convention, the Green Climate Fund, the Climate Investment Funds and the Adaptation Fund, as well as new evolving mechanisms such as performance-based payments, for example those for REDD-plus, bilateral and multilateral channels such as the Food and Agriculture Organization of the United Nations and the United Nations Development Programme, or national financial mechanisms, such as a national development bank, or a simple trust fund.

accordance with Article 12, paragraph 3, Annex II Parties shall provide details of measures taken to give effect to their commitments under Article 4, paragraphs 3, 4 and 5”. Therefore, non-Annex II Parties do not have an obligation to report on the provision on financial, technological and capacity-building support to developing country Parties.

**1. Suggested approach to reviewing information on the provision of financial support by non-Annex II Parties**

141. If information on the provision of financial support is provided by a non-Annex II Party, it should be treated as information provided on a voluntary basis.

142. The ERT should review and note the information provided by the non-Annex II Party on the provision of financial support. The ERT should not provide a recommendation or an encouragement as this information was provided on a voluntary basis. The ERT can commend the Party for reporting this information and suggest that the Party continue reporting thereon in its subsequent submissions.

**B. External information sources to fill in gaps in reporting on the provision of financial support**

143. It is a mandatory reporting requirement for Parties to fill in the CTF tables accompanying the UNFCCC reporting guidelines on BRs. Nonetheless, there are instances where not all information can be provided by the Party due to its national circumstances and this needs to be duly considered by the ERT. In this case, the Party has to provide all relevant explanations for the missing data and the ERT should fully clarify any remaining gaps/questions.

144. In the BRs, some Parties did not provide all of the information required in the CTF tables or did not provide information in the format required in the CTF tables (e.g. in the requested currency (USD)). However, the ERTs were not always consistent with regard to the type of information that they presented in the TRRs, with some ERTs making reference to outside sources of financial information, such as to the OECD, in an effort to understand reporting gaps or discrepancies in the information reported by Parties in the BRs.

**1. Suggested approach to using external information sources to fill in gaps in reporting on the provision of financial support**

145. The TRR should reflect the financial information reported by the Party in its BR and the respective CTF tables 7, 7(a) and 7(b). In case of missing information, the ERT should present in the TRR any explanations provided by the Party during the review along with any additional information/data. If no explanations are provided in the BR regarding incomplete data, the ERT should recommend that the Party provide those in its next BR to increase the transparency of its reporting. If a Party simply failed to fulfil any of the “shall” or “should” requirements of the reporting guidelines and the CTF tables, then the ERT should respectively provide a “recommendation” or an “encouragement”.

146. The provision by all Parties of financial information in the CTF tables in the same currency (USD) is important as it ensures the comparability and transparency of the information provided. If a Party does not provide financial information in the CTF tables in USD, then the ERT should, during the review, clarify why the Party did not provide that information and inform the Party about publicly available exchange rates (e.g. from the OECD). The ERT should also request the Party to provide updated financial information in USD to be taken into consideration in the TRR.

147. If a Party fails to provide financial information in USD, the ERT should reflect in the TRR the financial information in the currency reported by the Party, noting that the Party did not provide financial information in USD. The ERT should also include in the TRR any explanations provided by the Party either during the review or in the BR with regard to the currency used for reporting financial information. The ERT should include a “recommendation” that the Party either provide the requested information in the BR/CTF tables in USD or provide a duly substantiated explanation for the observed gaps/inconsistencies in the next BR/CTF tables. While seeking to fill the reporting gap, the ERT should not convert the data reported in the BR in a Party’s national currency to USD using publicly available exchange rates. The ERT should instead inform the Party as to where such information is available and view this as a capacity-building/knowledge-sharing opportunity.

### **C. Contributions provided to the Adaptation Fund**

148. When reviewing the NC6s of Parties to the Kyoto Protocol, some ERTs were not sure if reporting on contributions to the Adaptation Fund was mandatory. The Adaptation Fund is sourced by a share of proceeds from the certified emission reductions under the clean development mechanism. In addition, Parties to the Kyoto Protocol can contribute to the Adaptation Fund on a voluntary basis.<sup>13</sup> According to decision 15/CMP.1, “any Party included in Annex I that has provided funding for the Adaptation Fund...shall report on its financial contributions to this Fund”.

#### **1. Suggested approach to reviewing contributions provided to the Adaptation Fund**

149. If a Party to the Kyoto Protocol has made a contribution to the Adaptation Fund, it shall report thereon in its NC. If a Party did not report information on such a contribution, the ERT should reflect this in the review report and provide a relevant recommendation. If a Party to the Kyoto Protocol has not made any contribution to the Adaptation Fund, it cannot be expected to report on it. The ERT should not then provide a recommendation or encouragement on this issue.

### **D. Information on how the resources provided effectively address the needs of developing countries**

150. The UNFCCC reporting guidelines on BRs stipulate that: “Each Annex II Party shall describe, to the extent possible, how it seeks to ensure that the resources it provides effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation.”

151. The majority of the Annex II Parties have reported on the efforts they make to ensure that the financial resources provided take the needs of non-Annex I Parties into consideration. Parties reported, for example, on the types of cooperation agreements they have established with non-Annex I Parties, on the structures and arrangements that they have put in place to consult with non-Annex I Parties, and on how they ensure national ownership. However, most, if not all, Parties have not reported on how the financial resources provided “effectively” address these needs.

152. The majority of the TRR1s (e.g. Belgium, European Union, United States of America) provide a summary of the information included in the BRs on how Annex II Parties seek to ensure that the resources they provided address the needs of developing

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<sup>13</sup> The contributions made by Parties are available on the website of the Adaptation Fund.



countries. The main emphasis is placed on country-driven approaches, the establishment of policy dialogues, and the alignment with development aid principles and policies.

153. In about one third of the TRRs, the ERTs did not provide an overview of the information included by Parties in their BRs. In most cases where the ERTs did provide an overview, this overview failed to clearly present the relevant information reported by the Party, and to highlight missing information or information that lacked transparency.

154. In assessing how Parties seek to ensure that the needs of non-Annex I Parties are addressed, all of the ERTs implicitly accepted that the approaches presented by Parties in the BRs were “effective” in addressing the needs of developing countries. Thus, there was no separate discussion provided on the “effectiveness” of Parties’ efforts.

155. In most cases, where information was missing, the ERTs correctly provided a recommendation to the Party to fulfil this requirement in the next BR. However, in some of these cases the recommendations were not sufficiently specific. The ERTs asked for “more”, “further”, or “additional” information without any further guidance to the Party. There were also a couple of instances where the ERTs erroneously provided an encouragement.

**1. Suggested approach to reviewing information on how the resources provided effectively address the needs of developing countries**

156. The requirement to report on how the resources that Parties provide address the needs of developing countries is a mandatory requirement. As the exact requirement is “shall, to the extent possible”, the Party has two options to address this mandatory requirement: either to report the required information or, if it cannot provide this information or can report only partial information, to clearly and concretely explain why this was not “feasible” or “possible”. If the Party has neither reported the information nor provided explanations for not reporting or only partially reporting, then this should lead to a recommendation by the ERT that reflects the language of the reporting requirement (e.g. “The ERT recommends that..., to the extent possible”).

157. The ERTs should continue to focus their assessment on how Annex II Parties seek to ensure that the needs of non-Annex I Parties are addressed through the resources they provide. In assessing the information reported by Parties, the ERTs can continue to exercise flexibility with regard to the notion of “effectiveness” encompassed in the reporting requirement. Nonetheless, the ERTs should highlight any information provided by Parties which showcases, in a meaningful way, the effectiveness of the resources provided.

- (a) **Example 1:** (The ERT did not describe what information is missing or has not been transparently reported) “Austria did not provide a clear description of how the provided resources address the adaptation and mitigation needs of non-Annex I Parties.”
- (b) **Example 2:** (The ERT did not provide an overview of the information reported by the Party). “In its BR1, Finland described how its resources address the adaptation and mitigation needs of non-Annex I Parties.”
- (c) **Example 3:** (The ERT did not provide specific guidance to the Party). “The ERT recommends that Australia provide more information, to the extent possible, on how it seeks to ensure that the resources it provides effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation.”
- (d) **Example 4:** (The ERT finding is well presented). “Iceland’s BR1 does not include some of the information required by the UNFCCC reporting guidelines on BRs, namely:...how it seeks to ensure that the resources it

provides effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation...The ERT recommends that Iceland provide in its next BR information on how it seeks to ensure that the resources it provides effectively address the needs of non-Annex I Parties with regard to climate change adaptation and mitigation.”

- (e) **Example 5:** (A generally good overview of the information provided by the Party). “In its bilateral support, Belgium strongly supports a country-driven approach to aid delivery. Belgium also strives towards maximum aid effectiveness, in line with the Paris Declaration on Aid Effectiveness and the principles for good multilateral donorship. Belgium has rationalized its cooperation with multilateral organizations by aiming to provide them with maximum core funding and limiting earmarked contributions. The ERT commends Belgium for its complete and transparent reporting of this information.”

## **E. Information on how capacity-building support responds to the capacity-building needs of developing countries**

158. The UNFCCC reporting guidelines on BRs stipulate that: “Each Annex II Party shall provide information, to the extent possible, on how it has provided capacity-building support that responds to the existing and emerging capacity building needs identified by non-Annex I Parties in the areas of mitigation, adaptation, and technology development and transfer.”

159. Most Annex II Parties have reported on the capacity-building support that they provide in the areas of mitigation and development. However, approximately half of the Annex II Parties that did report on the capacity-building support they provided did not provide information in the TRRs on whether this support responds to the needs of developing countries. It is also not clear from the TRRs whether the Parties did not report this information or whether the ERTs did not assess this information. Overall, with few exceptions, the ERTs did not provide an overview of the information included by Annex II Parties in their BRs on this particular reporting requirement. In almost all cases, the ERTs correctly provided a recommendation when information was missing.

### **1. Suggested approach to reviewing information on how capacity-building support responds to the capacity-building needs of developing countries**

160. The requirement to report on how the capacity-building support that Parties provide addresses the capacity-building needs of developing countries is a mandatory requirement. As the exact requirement is “shall, to the extent possible” the Party has two options to address this mandatory requirement: either to report the required information or, if it cannot provide this information or can report only partial information, to clearly and concretely explain why this was not “feasible” or “possible”. If the Party has neither reported the information nor provided explanations for not reporting or only partially reporting, then this should lead to a recommendation by the ERT that reflects the language of the reporting requirement (e.g. “The ERT recommends that..., to the extent possible”).

- (a) **Example 1:** (The ERT did not address the reporting requirement on how the capacity-building support responds to the needs of non-Annex I Parties). “In its BR1 and CTF table 9, the United Kingdom has provided information on how it has provided capacity-building support for mitigation, adaptation and technology.”

- (b) **Example 2:** (The ERT did not provide an overview of the information reported by the Party). “In its BR1 and CTF table 9, Japan has provided information on how it has provided capacity-building support that responds to the existing and emerging capacity-building needs identified by non-Annex I Parties in the areas of mitigation, adaptation, and technology development and transfer.”
- (c) **Example 3:** (The ERT did not provide a recommendation which adequately reflects the reporting requirement). “The ERT encourages New Zealand to briefly describe, in its next BR, the process of identifying its bilateral activities with non-Annex I Parties and how those identified activities reflect their priority in capacity-building needs.”
- (d) **Example 4:** (A good overview of the information provided by the Party). “The EU also reported that it responds to the existing and emerging capacity-building needs of non-Annex I Parties by following the principles of ‘national ownership, stakeholder participation, country-driven demand, and cooperation between donors and across programmes, and impact assessment and monitoring’. The policy dialogue with partner countries is a good example of how the EU engages in regular discussions with non-Annex I Parties to discuss climate change and provide bilateral support, including capacity-building activities.”
- (e) **Example 5:** (The ERT finding is well presented). “The ERT recommends that Norway provide transparent information, to the extent possible, on how it has provided capacity-building support that responds to the existing and emerging capacity-building needs identified by non-Annex I Parties in the areas of mitigation, adaptation and technology development and transfer.”

## **F. Information on indicators, delivery mechanisms used and allocation channels tracked**

161. According to the UNFCCC reporting guidelines on BRs, the description of the national approach for tracking the provision of financial support “shall include information on indicators and delivery mechanisms used and allocation channels tracked”. Overall, it is not clear from the TRRs how this particular requirement was fulfilled by Annex II Parties and what information was provided by Parties in the BRs. The summaries provided by the ERTs were too general and failed to succinctly and accurately present and link the reported information to the reporting requirements.

### **1. Indicators**

162. As the UNFCCC reporting guidelines on BRs provide no definition or examples of potential indicators, most Parties reported in the BRs on their use of the Rio markers. The Rio markers, which indicate the policy objectives of aid (best estimate), do not enable the exact quantification of financial support targeting climate change, and activities marked as ‘principal’ can be considered as contributing to the climate objective in full.

163. Some Parties also reported on indicators that help them to: assess the achievement of the objectives of financial support; evaluate the progress of project implementation; monitor expected and actual development results; measure the results of financial support operations. The ERTs did not raise any concerns with regard to the types of indicators on which Parties reported. Some examples of how indicators were addressed in the BRs and the TRRs are provided below.

- (a) **Example 1:** (BR1 of the Netherlands). “The Rio marker data does not enable the exact quantification of financial support targeting climate change. It provides an indication of the policy objectives of aid (best estimate). Activities marked as ‘principal’ can be considered as contributing to the climate objective in full.”
- (b) **Example 2:** (BR1 of the United Kingdom of Great Britain and Northern Ireland). “In 2011 the UK Government established the International Climate Fund (ICF) to reduce poverty by helping developing countries adapt to the impacts of climate change, take up low carbon growth and address deforestation. The ICF has a comprehensive reporting framework, consisting of 15 key performance indicators, to track the effects and value for money within the ICF portfolio.”
- (c) **Example 3:** (TRR1 of Iceland). “Iceland monitors the progress of projects and conducts evaluations regularly in collaboration with its partners. A baseline is established at the start of each project, against which subsequent results are measured. Iceland uses the same indicators as used by the OECD to assess the progress of the Paris Declaration to measure the results of its financial support operations, such as percentage of allocations included in the national budgets of the partner countries.”
- (d) **Example 4:** (TRR1 of Finland). “Indicators are used to measure the achievement of the objectives of financial support and they help to monitor and evaluate the progress of project implementation. Indicators are project- or fund-specific, and there are no specific climate indicators being developed for the specific purpose of the UNFCCC.”
- (e) **Example 5:** (TRR1 of France). “France highlighted that aggregated indicators are being used to monitor expected and actual development results. Their definitions, such as reduction of CO<sub>2</sub> emissions, are standardized and harmonized within international agencies. Monitoring the contribution to the United Nations Millennium Development Goals measures the commitments of France and AFD in terms of resources and results.”

164. The majority of Annex II Parties did not provide any information on indicators used when describing their national approach to tracking the provision of financial support. The ERTs address this missing information inconsistently. In about half of the cases where Parties did report on indicators, the ERTs did not provide a relevant description in the TRR. Overall, in about one third of the TRRs there was no mention of indicators whatsoever; thus, it was unclear whether the Parties did not provide this information or whether the ERT did not assess this information. An assessment of the BRs indicates that Parties did not provide this information and the ERTs failed to highlight this in the TRRs and to provide the relevant recommendation.

165. Table 3 below provided examples of indicators reported in the first biennial reports.

Table 3

**Examples of indicators reported in the first biennial reports**

<i>Type</i>	<i>Example</i>
Rio markers	Indicate policy objectives of aid (BR1 of the Netherlands)
Performance indicators linked to climate funds	Track the effects (BR1 of the United Kingdom)

<i>Type</i>	<i>Example</i>
Indicators are the same as those used by the OECD to assess the progress of the Paris Declaration	Measure the results of financial support operations; for example, the percentage of allocations included in the national budgets of the partner countries (TRR1 of Iceland)
Project- or fund-specific indicators (not climate-specific)	Measure the achievement of the objectives of financial support/monitor and evaluate the progress of project implementation (TRR1 of Finland)
Aggregated indicators	Monitor expected and actual development results; for example, the reduction of CO <sub>2</sub> emissions (TRR1 of France)

*Abbreviations:* BR1 = first biennial report, OECD = Organisation for Economic Co-operation and Development, TRR1 = report of the technical review of the first biennial report

## 2. Allocation channels and delivery mechanisms

166. Delivery mechanisms could be understood as appropriate institutional and operational arrangements to efficiently and effectively deliver funds where they are most needed so as to enable the success of global adaptation and mitigation efforts. Examples of allocation channels/delivery mechanisms are the financing mechanisms of the Convention, the Green Climate Fund, the Climate Investment Funds and the Adaptation Fund, as well as new evolving mechanisms including performance-based payments such as those for REDD-plus<sup>14</sup>, bilateral and multilateral channels, such as the Food and Agriculture Organization of the United Nations and the United Nations Development Programme, or national financial mechanisms, such as a national development bank, a national climate fund, or a simple trust fund. The ERTs did not comment on the allocation channels or delivery mechanisms identified and reported on by Parties. Both Parties and the ERTs use the terms “allocation channels” and “delivery mechanisms” almost interchangeably and tend to refer mostly to “allocation channels”. The examples below illustrate how Parties and the ERTs referred, directly or indirectly, to allocation channels and delivery mechanisms in the BRs and TRRs.

- (a) **Example 1:** (BR1 of Iceland). “A proportion of Iceland’s core contributions to multilateral organizations may be allocated to climate change activities, the amount of which cannot be assessed reliably.”
- (b) **Example 2:** (BR1 of Belgium). “Table 7 provides a summary of the public financial support, while tables 7(a) and 7(b) give information on the public financial support through, respectively, multilateral channels and bilateral, regional and other channels. In the tables 7 and 7(a), Belgium decided not to include core/general contributions to United Nations bodies and other multilateral or international organizations and the EU, as it is impossible to know which amount flows to climate change and when.”

<sup>14</sup> In decision 1/CP.16, paragraph 70, the Conference of the Parties encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

- (c) **Example 3:** (BR1 of the European Union). “In the EU’s statistical system such support is categorized as bilateral support with multiple recipients. Thus, in the context of this biennial report it will be reported as bilateral support and included in CTF table 7(b).” “All the cooperation by the EU is considered to be bilateral, even when the EU partners with a multilateral organization as a delivery instrument (e.g. UNEP).”
- (d) **Example 4:** (BR1 of Japan). “Chapter 5.1.3, ‘Assistance through bilateral and regional frameworks and multilateral channels’.”
- (e) **Example 5:** (BR1 of Luxembourg). “As it can be seen from the tables, Luxembourg’s ODA (official development assistance) relating to climate change is essentially made of bilateral contributions as well as of co-financing and framework agreements with NGOs (non-governmental organizations).”
- (f) **Example 6:** (BR1 of Switzerland). “Switzerland has made financial contributions to the UNFCCC secretariat, to multilateral institutions such as the Global Environment Facility (GEF) and to international financial institutions (IFIs) that fund climate change adaptation, mitigation, disaster risk management and technology cooperation programmes in developing countries, such as the World Bank and other MDBs (multilateral development banks).”
- (g) **Example 7:** (BR1 of Sweden). “Roughly half of Swedish development cooperation is channelled to developing countries and countries with economies in transition, as bilateral ODA through Sida.”
- (h) **Example 8:** (TRR1 of Spain). “For tracking the bilateral support provided, Spain in 2012 used the Organisation for Economic Co-operation and Development (OECD) Rio markers, while for previous years it used the OECD creditor reporting system. In the case of multilateral support, a number of contributions are easy to identify because they are delivered to funds and programmes specific to climate change, while other general contributions delivered to multilateral organisms are very difficult to track as there is no information on how much of these contributions is intended for climate change projects.”
- (i) **Example 9:** (TRR1 of France). “Financial support for climate change activities are channelled in France through three institutions (the Ministry of Foreign Affairs, the French Development Agency (AFD) and the General Directorate of the Treasury) through a wide variety of channels: bilateral, multilateral and regional support and official development assistance, including the GEF, FFEM and other mechanisms for support. France allocates financial resources for multilateral aid through multilateral development banks, the EU and the United Nations.”
- (j) **Example 10:** (TRR1 of Luxembourg). “Luxembourg reported that its official development assistance (ODA) relating to climate change mainly consists of bilateral contributions as well as co-financing and framework agreements with non-governmental organizations (NGOs). The bilateral contributions to the Least Developed Countries Fund, the Alliance of Small Island States (AOSIS) and the category ‘other’ are managed by Luxembourg’s executing agency for development cooperation Lux-Dev, which is involved in implementing the development cooperation policy of Luxembourg.”

167. In accordance with the TRRs, several Annex II Parties did not fulfil the requirement to include information on allocation channels tracked and delivery mechanisms used. The ERTs addressed this missing information inconsistently. For several other Annex II Parties, it is unclear whether they provided this information or not as the ERTs did not address this topic at all in the TRRs. An assessment of the BRs indicates that indeed Parties did not specifically report this information in the BRs, which signifies that the ERTs should have clearly highlighted the issue in the TRRs and provided a relevant recommendation.

168. The UNFCCC reporting guidelines on BRs, in the section entitled “Finance”, stipulate that: “each Annex II Party shall provide summary information in a textual and tabular format on allocation channels”. An assessment of the BRs indicates that the Parties that failed to provide textual information did, for the most part, fill out the relevant tables (i.e. CTF tables 7, 7(a) and 7(b)). However, almost none of the ERTs made any reference to the information on allocation channels/delivery mechanisms that was reflected in those tables.

169. The ERTs provided recommendations in cases where information was missing, thereby correctly recognizing that this is a mandatory reporting requirement. However, about half of those recommendations were not appropriately presented and either went beyond the language of the reporting guidelines, were not sufficiently specific, or did not directly correspond to the findings presented in the text.

**3. Suggested approach to reviewing information on indicators, delivery mechanism used and allocation channels tracked**

170. With regard to indicators, the ERTs should first and foremost clearly state whether or not a Party provided this information. As there is no official guidance on the indicators to be reported, the ERTs can continue to accept Parties’ varied interpretations but should clearly indicate in the TRRs what these are by briefly reflecting the type(s) and/or goals of the indicators used by a Party and by including some indicative examples.

171. With respect to information on allocation channels tracked and delivery mechanisms used, the ERTs should clearly state whether Parties provided this information, together with a brief overview. If a Party has not provided textual information but has only filled in the relevant tables (i.e. CTF tables 7, 7(a) and 7(b)), the ERT should acknowledge this and recommend that a textual description be provided as well.

172. When reporting on delivery mechanisms/allocation channels, Parties do not really differentiate between the two and tend to refer in general to allocation channels. The ERTs can continue to be flexible in assessing the information provided by Parties on allocation channels and delivery mechanisms.

- (a) **Example 1:** (The ERT did not provide an overview of the information reported by the Party). “Belgium provided a description of its national approach for tracking the provision of financial, technological and capacity-building support to non-Annex I Parties, including information on indicators and delivery mechanisms used and allocation channels tracked. Belgium also used Rio markers to report to the Development Assistance Committee of the OECD about the ODA spent on activities to support the goals of the United Nations Rio Conventions (the Convention on Biological Diversity, the United Nations Convention to Combat Desertification and the UNFCCC) using data on climate change from the ODA databank of the Directorate General for Development Cooperation and Humanitarian Aid.”

- (b) **Example 2:** (It is unclear from the ERT overview whether the information reported addresses the reporting requirements: no recommendation was provided). “All the financial support amounts are reported as being provided through grants and classified as ODA. The financial contribution was allocated evenly to adaptation and mitigation. Australia reported that its climate change finance was tracked by the Australian Agency for International Development (now the Department of Foreign Affairs and Trade), using its Aidworks aid initiative. In the BR1, Australia reported on its aid activities where the principal purpose is climate change. During the reporting period, Australia’s climate finance came from distinct budget measures that were tracked, monitored and reported on.”
- (c) **Example 3:** (The ERT did not provide a recommendation which reflects the reporting requirement and the missing information). “The ERT recommends that Denmark further elaborate on its national approach for tracking the provision of financial, technological and capacity-building support to non-Annex I Parties...and provide such information in its next BR.”
- (d) **Example 4:** (A relatively good overview of the information provided by the Party). “Financial support for climate change activities are channelled in France through three institutions (the Ministry of Foreign Affairs, the French Development Agency (AFD) and the General Directorate of the Treasury) through a wide variety of channels: bilateral, multilateral and regional support and official development assistance, including the GEF, FFEM and other mechanisms for support. France allocates financial resources for multilateral aid through multilateral development banks, the EU and the United Nations. In the period 2011–2012, as in previous reporting periods, France provided financial support for climate change related programmes and projects to a large number of countries worldwide, in particular to countries in Africa and Asia. France reports the funds delivered for the international institutions and the funds committed for the bilateral institutions for every reporting year. France highlighted that aggregated indicators are being used to monitor expected and actual development results. Their definitions, such as reduction of CO<sub>2</sub> emissions, are standardized and harmonized within international agencies. Monitoring the contribution to the United Nations Millennium Development Goals measures the commitments of France and AFD in terms of resources and results. Finally, France clarified that the economic analysis of development projects goes beyond their financial sustainability. In fact, economic costs and benefits are assessed for society as a whole, including environmental goods and services. The analysis of how each stakeholder group benefits from a project guides the future choices of transfer mechanisms.”
- (e) **Example 5:** (A relatively good overview of the information provided by the Party). “The main mechanism for the United Kingdom’s financial support for climate change activities is ICF. The purpose of ICF is to support international poverty reduction by helping developing countries to adapt to climate change, take up low carbon development and tackle deforestation. In the United Kingdom, the Department of International Development compiles annual statistics and reports on financial flows to developing countries. Detailed information is also submitted to the Organisation for Economic Co-operation and Development, using the Rio markers to track the allocation of funds to biodiversity, climate change and desertification. For ICF, the United Kingdom has established a comprehensive reporting framework, consisting of 15 key



performance indicators, to track the effects and value for money of the ICF portfolio. The ERT was also informed about the greater scrutiny of climate finance by Parliament, the Independent Commission for Aid Impact and the National Audit Office. The ERT commends the United Kingdom for its reporting on the robust monitoring and evaluation plan that will allow it to monitor progress and achievement of targets and financial support commitments.”

## **G. Information on success and failure stories on the provision of technology transfer**

173. A few mandatory reporting requirements linked to technology transfer proved challenging during the reviews. Among them are the requirements for Parties to: distinguish between technology transfer activities undertaken by the public and private sectors; report on the support that they have provided for the development and enhancement of endogenous capacities and technologies in developing countries; report on success and failure stories; and report on their activities for financing access by developing countries to ‘hard’ or ‘soft’ environmentally sound technologies.

174. Many technology transfer activities are a product of the cooperation of the public with the private sector and, thus, Parties often find it difficult or impossible to make a clear distinction as required by the UNFCCC reporting guidelines on NCs. However, some Parties reported on actions taken to encourage the effective participation of the private sector in technology transfer projects or described programmes that have a strong technology transfer element, highlighting how the private sector is involved in such initiatives. Reviewing BR CTF table 8 (information on technology transfer) can help to clarify how and to what extent the private sector is expected to contribute to technology transfer efforts. BR CTF table 8 specifies the source of the funding for technology transfer as public, private or both.

175. Reviewing the support that Annex I Parties provided for the development and enhancement of endogenous capacities was challenging in some cases, as the nature of the endogenous capacities was not clear. Some Parties highlighted in the description of their technology transfer projects the relevant capacity-building elements. This was acknowledged by the ERTs and reflected in the review reports.

176. Another challenge that some ERTs faced was the review of information provided by Parties on ‘hard’ and ‘soft’ technology transfer. The technology activities transferred and developed can be ‘hard’ or ‘soft’ in nature. To understand these concepts, the ERTs may refer to the definitions provided by the IPCC.<sup>15</sup> The differences between these types of technology are not always clear, and some activities have characteristics of both; in these cases it is helpful if both ‘hard’ and ‘soft’ aspects of the activity in question are highlighted in Parties’ descriptions.

### **1. Suggested approach to reviewing information on success and failure stories on the provision of technology transfer**

177. With regard to the review of success and failure stories related to technology transfer, it is worth mentioning that the nature of the reporting requirements in the UNFCCC reporting guidelines on BRs and in the UNFCCC reporting guidelines on NCs is slightly different. While the requirement to report success and failure stories in the NC is mandatory, the BR reporting requirement is not. The UNFCCC reporting guidelines on NCs stipulate that “Parties shall, where feasible, report activities related to

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<sup>15</sup> IPCC. 2001. *Methodological and Technological Issues in Technology Transfer*. Available at <[http://www.grida.no/publications/other/ipcc\\_sr/?src=/climate/ipcc/tectran/006.htm](http://www.grida.no/publications/other/ipcc_sr/?src=/climate/ipcc/tectran/006.htm)>.

technology transfer, including success and failure stories, using table 6”. The UNFCCC reporting guidelines on BRs stipulate that “Parties may also provide information on success and failure stories”.

178. Some ERTs found that information on success and failure stories was not provided at all, or was provided only in textual format, without completing table 6 of the UNFCCC reporting guidelines on NCs. Some Parties reported in a qualitative way on factors that contributed to a particular technology transfer project being successful. For example, one Party reported such factors as being the programmatic approach and local ownership for one of its projects, and for another innovative financing and local partnerships.

179. The ERT should consider that the requirement to report success and failure stories has been fulfilled when the Party has clearly highlighted in the text and/or the relevant tables the success/failure story (ies) related to at least one project. If a Party, in its NC, has provided substantive information in textual format, but not in table 6, the ERT should recommend that the Party improve the transparency of the reported information by filling in table 6 in its next NC. If a Party, in its BR, did not report on success and failure stories, then the ERT should provide an encouragement to do so in the next BR.

## **VI. Article 7, paragraph 2, of the Kyoto Protocol**

180. The Article 7 guidelines, in section II on reporting of supplementary information under Article 7, paragraph 2, of the Kyoto Protocol, require Annex I Parties that are also Parties to the Kyoto Protocol (hereinafter referred to as Annex I Parties in this section) to report on the following aspects, among others: supplementarity relating to the mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol; PaMs in accordance with Article 2 of the Kyoto Protocol; domestic and regional programmes and/or legislative arrangements and enforcement and administrative procedures; information on Article 10 of the Kyoto Protocol; and financial resources (on the implementation of Article 11 of the Kyoto Protocol).

181. In many cases, Annex I Parties provided in their NC6s complete and transparent information on the aspects listed in paragraph 180 above; however, in some cases the information on some of these aspects or specific parts of the requirements under these aspects was either not reported or was reported in a way that was not transparent or complete. Such problems with reporting posed review challenges for the ERTs, in particular when reviewing the reporting elements discussed in the following sections.

### **A. Supplementarity relating to the mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol**

182. The Article 7 guidelines require each Annex I Party to provide information on how its use of the mechanisms is supplemental to domestic action and how its domestic action constitutes a significant element of the effort made to meet its commitments under the Kyoto Protocol. This means that supplementarity obligations under the Kyoto Protocol require any purchase or acquisition of Kyoto Protocol units through mechanisms to be supplemental to emission abatement actions taken domestically. This also means that these actions taken domestically must be a significant element of the overall effort made towards achieving the commitments by an Annex I Party in terms of GHG emission reductions compared with the amount of acquired Kyoto Protocol units.

Although the supplementarity requirement was never defined in quantitative terms in the Article 7 guidelines, a number of Annex I Parties provided a quantitative assessment of how their use of mechanisms is supplemental to domestic action. Other Annex I Parties provided only a qualitative assessment and a third group of Annex I Parties stated that they do not plan to use mechanisms to meet their commitments and that, hence, their domestic action accounts for the overall effort made to meet their commitments under the Kyoto Protocol. Accordingly, the ERTs provided a qualitative assessment of supplementarity in the review reports and, where applicable, they also provided a quantitative assessment.

**1. Suggested approach to reviewing supplementarity**

183. When assessing information on supplementarity, in particular when this information is not explicitly provided in the context of supplementarity, the ERTs should first assess whether an Annex I Party does not intend to use units from the Kyoto Protocol mechanisms to achieve its commitment under the Kyoto Protocol and if this information is clearly stated in its NC. When such information is not explicitly or clearly stated in the NC, the ERTs should request this information and/or clear information on supplementarity in accordance with the Article 7 guidelines before or during the review. In the case where an Annex I Party is not intending to use units from the Kyoto Protocol mechanisms, the requirement of supplementarity is fulfilled and the ERTs can conclude that domestic action accounts for the overall effort made to meet the commitment under the Kyoto Protocol and hence the use of mechanisms is supplemental to domestic action. The ERTs should also reflect this in the review report. If the relevant information was not provided in the NC, the ERTs should include a recommendation on the provision of the information required by the Article 7 guidelines in the next NC.

184. In all other cases, the ERTs should assess whether an Annex I Party provided information that quantifies the amount of units from the Kyoto Protocol mechanisms that it plans to use for achieving its commitment. They should also assess whether the Party compared this amount with the domestic emission reductions and assess whether the Party clearly explained/demonstrated, as a result of such a comparison, how the domestic emission reductions constitute a significant element of the effort made towards meeting its commitment compared with the amount of units from the Kyoto Protocol mechanisms used. If this relevant information was not provided in the NC, the ERTs should request this information and/or clear information on supplementarity in accordance with the Article 7 guidelines before or during the review. The ERTs should reflect this information in the review report and include a recommendation on the provision of the information required by the Article 7 guidelines.

**B. Policies and measures in accordance with Article 2 of the Kyoto Protocol: steps taken to implement the decisions of the International Civil Aviation Organization and the International Maritime Organization**

185. The Article 7 guidelines require each Annex I Party to identify the steps that it has taken to promote and/or implement any decisions made by the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) in order to limit or reduce emissions of GHGs not controlled by the Montreal Protocol from aviation and marine bunker fuels. Some Annex I Parties did not provide this information at all, while others were not clear in providing the information. For example, many Parties reported that they participate in the meetings and discussions that these organizations hold on environmental and climate-related matters, while other

Parties reported on regional actions undertaken, but not on domestic or individual actions. In these cases, the ERTs found it difficult to assess whether this information would be sufficient and/or useful to assess whether the information requirement of the Article 7 guidelines had been met.

**1. Suggested approach to reviewing the steps taken to implement the decisions of the International Civil Aviation Organization and the International Maritime Organization**

186. As a basis for the assessment of this reporting requirement, the ERTs could take into account some background information on the work undertaken by these international organizations. For example, according to decisions of the Marine Environment Protection Committee (MEPC), IMO focuses on developing technical, operational and market-based measures for reducing CO<sub>2</sub> emissions from shipping. At its 62<sup>nd</sup> meeting, MEPC approved the Energy Efficiency Design Index for new ships and the Ship Energy Efficiency Management Plan for all ships, which are now in force.

187. At the same time, ICAO has established some high-ranking working groups, such as the Group on International Aviation and Climate Change, to resolve important political issues related to the introduction of climate protection instruments. On the basis of the work of that group, the 37th ICAO Assembly, held in 2010, approved a plan of measures that included an annual 2 per cent increase in technical efficiency, technical and operational measures, and market-based instruments, including the possible introduction of biofuels. The 38th ICAO Assembly decided in its resolution to introduce a global market-based measure to limit CO<sub>2</sub> emissions from air transport, on which a decision is to be made at the 39th ICAO Assembly in 2016 and which is to enter into force in 2020.

188. Therefore, the ERTs should assess whether Parties report in their NCs on the steps that they have taken to implement any relevant decisions made by ICAO and IMO, for example those listed in paragraphs 186 and 187 above, and/or how Parties helped to shape some of those decisions. In this context, the following could be of relevance to the reviews: any references to studies that Annex I Parties undertook to support the deliberations; meetings in which they participated; and proposals that they submitted to ICAO and IMO. Also relevant could be any reports produced by Annex I Parties on measures that they have taken following the IMO and ICAO decisions, for example: information on voluntary agreements between ship owners, ship operators, the ship-building industry and relevant ministries concerning the reduction of GHG emissions by the maritime sector; or the adoption of measures, such as the simplification and optimization of the airspace and procedures for its use, performance-based navigation road maps and aeronautical information management road maps.

189. If relevant information on the steps taken to implement any relevant decisions made by ICAO and IMO was not provided by a Party in its NC, the ERT should request this information before or during the review. In all cases, the ERT should assess the information, reflect its findings in the review report and include a recommendation on the provision of the information required by the Article 7 guidelines if this information was not included in the NC.

**C. Domestic and regional programmes and/or legislative arrangements and enforcement and administrative procedures**

190. In accordance with the Article 7 guidelines, reporting on these aspects should address three main issues: (a) legislative arrangements and enforcement and

administrative procedures to ensure that commitments under the Kyoto Protocol will be met, along with information on how these arrangements and procedures are made publicly accessible, and legal procedures for addressing cases of non-compliance; (b) institutional arrangements and decision-making procedures for the coordination of activities to participate in the mechanisms under Articles 6, 12 and 17 of the Kyoto Protocol; and (c) legislative arrangements and administrative procedures to ensure that the implementation of activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol contributes to the conservation of biodiversity and the sustainable use of natural resources.

191. The level and detail of the information reported on domestic and regional programmes, arrangements and procedures indicated in paragraph 190 above varies significantly, probably because it is not always clear to Parties what information should be provided to fulfil the reporting requirements. Therefore, the ERTs also found it difficult, on occasion, to assess the completeness and transparency of the reported information while striving to maintain consistency in the review approach across Parties. The requirement that proved the most difficult to address in this context was the one concerning the conservation of biodiversity and the sustainable use of natural resources.

**1. Suggested approach to reviewing domestic and regional programmes and/or legislative arrangements and enforcement and administrative procedures**

192. For all three of the issues listed in paragraph 190 above, the ERTs should assess whether Parties provided a description of the legislation that they have in place, how it is being implemented and enforced, what institutions are involved and, where applicable, what coordination arrangements have been established with regard to participation in the mechanisms under Articles 6, 12 and 17 of the Kyoto Protocol. For these issues, the assessment of transparency is more difficult, while the assessment of completeness has proven to be relatively easier given the language of the reporting requirements. If this information was not provided in the NC, the ERT should request it before or during the review. The ERT should provide its assessment of the information in the review report and include a recommendation on the provision of the information required by the Article 7 guidelines if this information was not included in the NC.

193. In its assessment of these reporting requirements, the ERT can take into account whether, for example, the descriptions contain the following types of information and their level of detail:

- (a) Legislative arrangements, enforcement and administrative procedures and provisions for their public accessibility, and non-compliance procedures: overarching national PaMs relevant to climate change; decrees, regulations and governmental decisions on the implementation of the Kyoto Protocol; procedures for monitoring annually or periodically the progress of the mitigation actions; regulations for emissions trading and/or participation in the Kyoto Protocol mechanisms; PaMs and legal arrangements addressing important sectors of the economy; administrative procedures in place to ensure compliance with environmental rules and regulations; environmental laws, acts and regulations and their relation to climate change actions; enforcement regulations, agreements and legal measures for monitoring compliance and sanctions; information on and references to official government bulletins and government websites, which provide public access to information regarding these arrangements and procedures; and the legal provisions that make mandatory the public access to such information (e.g. freedom of information acts or laws);

- (b) Institutional arrangements and procedures for participation in the mechanisms: an administrative framework for participating in the Kyoto Protocol mechanisms and related acts and regulations; decrees and regulations with guidance on the content of the applications for project approvals, approval procedures and authorization for entities to participate in the mechanisms; and detailed regulations with provisions on the monitoring of emissions, the evaluation of approval criteria and the implementation of verification processes;
- (c) Legislative arrangements and procedures to ensure that activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol contribute to the conservation of biodiversity and the sustainable use of natural resources: forest policies and legislation and their contribution to sustainable forestry; provisions and environmental legislation on nature reserves and habitat protection areas; supplementary legislation and programmes to conserve biodiversity and use of natural resources (e.g. forest biodiversity programmes and national forest programmes); and information on the Party's activities under the Convention on Biological Diversity.

## Annex Review challenges and suggested approaches

Table 1  
Review challenges and suggested approaches in relation to cross-cutting issues

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*Review challenge*

*Suggested approach*

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### A. Recommendations, encouragements and other review findings

1. How to choose between a recommendation and an encouragement?

- The basis for the recommendations or encouragements presented in the review reports should be the respective reporting guidelines:
  - (a) A “shall” requirement is a mandatory requirement and, in case of problems, needs to be addressed through a recommendation
  - (b) A “should” requirement is not a mandatory requirement and, in case of problems, needs to be addressed through an encouragement
  - (c) A “may” requirement is also not a mandatory requirement and leads to an encouragement
  - (d) A “shall” requirement followed by an expression such as “where feasible” or “to the extent possible” is also a mandatory requirement. If the Party has neither reported the information nor provided an explanation for not reporting or only partially reporting it, then this should lead to a recommendation provided by the ERT, which should include the language of the reporting requirement (e.g. “The ERT recommends that..., where feasible”; or “The ERT recommends that..., to the extent possible”)

2. How to frame individual recommendations/ encouragements in the review reports?

- Recommendations and encouragements should closely reflect the language of the reporting guidelines and be concrete, factual and neutral, as well as easily traced back to the respective reporting guidelines. At the same time, they could be adapted to fit a particular finding in the context of the review of a particular Party.

3. How to compile recommendations in the “Conclusions and recommendations” section of the review reports?

- The “Conclusions and recommendations” section should include all of the recommendations (referred to as “shall” requirements) that were provided by the ERT in the main body of the report.
- The “Conclusions and recommendations” section should not include the encouragements (referred to as “should” and “may” requirements) that were provided by the ERT in the main body of the report.

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<i>Review challenge</i>	<i>Suggested approach</i>
4. How to reflect additional information received from the Party in the recommendations and encouragements?	<ul style="list-style-type: none"> <li>• Two types of additional information should be reflected in the recommendations and encouragements:               <ul style="list-style-type: none"> <li>(a) Information that refers to future/anticipated developments;</li> <li>(b) Information that is provided by a Party to address gaps in its reporting.</li> </ul> </li> <li>• The ERT can take note of future developments in the review report and can provide guidance on how information thereon could be included in subsequent submissions, but there should not be any recommendation or encouragement provided in this regard.</li> <li>• The ERT should provide a recommendation or an encouragement, as appropriate, for the Party to include in its subsequent NC or BR any additional information provided during the review that addresses reporting gaps or issues identified during the review.</li> </ul>
5. How to reflect findings on reported information that is indirectly linked to the reporting requirements?	<ul style="list-style-type: none"> <li>• For “shall” requirements, the ERT should provide a recommendation, and for “should” or “may” requirements the ERT should provide an encouragement.</li> <li>• For all other findings not linked to a specific requirement of the reporting guidelines, the ERT should use the verbs “note” or “consider”; for example: “The ERT considers that Party X...”; or “The ERT notes that Party Y...”</li> </ul>

**B. Consistency between TRRs and IDRs when reviewing the BR and NC in conjunction**

How to ensure the consistency of recommendations and encouragements when reviewing the BR and NC in conjunction?	<ul style="list-style-type: none"> <li>• Where the reporting requirements are the same for the NCs and the BRs (e.g. the GHG inventory and projections), the TRR should not necessarily repeat all of the information included in the IDR; a short summary could be adequate.</li> <li>• Where the reporting requirements are the same for the NCs and the BRs (e.g. the GHG inventory and projections), the findings presented in the TRR, and in particular in the “Recommendations and conclusions” section, should be fully consistent with those in the IDR, except for cases where the Party has provided inconsistent information in its NC and BR.</li> <li>• Where the reporting requirements for BRs are similar to those for NCs but not the same (e.g. PaMs and financial and technological support), the language used for the recommendations/encouragements should be fully aligned with the respective reporting guidelines.</li> </ul>
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**C. Assessment of completeness and transparency**

1. How to distinguish between completeness and transparency?	<ul style="list-style-type: none"> <li>• The ERT should treat completeness issues independently from transparency issues and should therefore always provide separate recommendations/encouragements for completeness and for transparency in relation to each reporting requirement.</li> <li>• If a requirement has not been addressed, this is an issue of completeness and not of transparency (even though missing information might also lead to a lack of transparency).</li> <li>• The ERT should always assess the completeness and transparency of the information provided for a particular requirement in two</li> </ul>
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## Review Practice Guidance. Biennial Reports and National Communications: Review Challenges and Practice

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### *Review challenge*

### *Suggested approach*

<i>Review challenge</i>	<i>Suggested approach</i>
	<p>separate steps:</p> <ul style="list-style-type: none"> <li>(a) The ERT should assess the completeness of the reported information;</li> <li>(b) The ERT should assess the transparency of the reported information.</li> </ul> <ul style="list-style-type: none"> <li>• To assess whether information is complete and/or transparent, the ERT may follow these steps: <ul style="list-style-type: none"> <li>(a) If the information reported by the Party corresponds fully to the particular reporting requirement of the guidelines, then this information should be considered complete;</li> <li>(b) If the information reported by the Party does not give rise to questions and allows the reader to assess its credibility, reliability and relevance, then this information should be considered transparent. Information should also be considered transparent if the elements necessary for its understanding are all provided in an open, clear and factual manner.</li> </ul> </li> </ul>
2. How to assess the completeness and transparency of the BR CTF tables	<ul style="list-style-type: none"> <li>• Providing information in the BR CTF tables is a mandatory reporting requirement.</li> <li>• Gaps identified in the BR CTF tables might not necessarily signify incomplete reporting, provided that they are adequately explained by the Party as being due to national circumstances.</li> <li>• When a Party has not reported some information in the CTF tables, the ERT should clarify why the Party did not provide such information and, if relevant, clarify whether any national circumstances precluded the Party from fulfilling the reporting requirement.</li> <li>• When the information provided in this context is relevant, credible and transparent, the ERT can summarize the Party's explanation in the review report, together with a relevant recommendation for addressing the reporting gap in its next NC or BR.</li> </ul>
3. How to assess completeness and transparency as "mostly" and "partially"	<ul style="list-style-type: none"> <li>• The ERT's assessment of completeness and transparency should be based on four gradations: fully; mostly; partially; and not complete or transparent.</li> <li>• The ERT should use the checklist (provided by the review coordinator from the UNFCCC secretariat) to ensure that all requirements have been addressed.</li> <li>• The identification of issues and the related assessment of completeness and transparency by the ERT should be based only on the "shall" reporting requirements contained in each section of the NC or BR.</li> <li>• All mandatory ("shall") reporting requirements should be treated equally by the ERTs and an "expert's weighting factor" should not be applied, which could imply that some "shall" requirements are more important than others.</li> <li>• One "shall" requirement should trigger not more than one recommendation for completeness and/or one recommendation for</li> </ul>

## Review Practice Guidance. Biennial Reports and National Communications: Review Challenges and Practice

### Review challenge

### Suggested approach

transparency. This principle should be applied even if the “shall” requirement contains more than one specific reporting element. There is only one exception, in cases where one “shall” requirement contains an additional mandatory reporting requirement, which is a case in the reporting of projections.

- To ensure consistency across the TRRs and across the subsequent review cycles, the ERTs are encouraged to follow the completeness and transparency assessment scoreboard to distinguish between an assessment of “mostly” or “partially”, as presented in the table below.
- In cases where the assessment of completeness and transparency goes beyond the suggested approach, the ERTs should substantiate their findings and rationale for the gradations used, which could in turn be further used to fine-tune the assessment scoreboard.
- The assessment of the completeness and transparency of the entire BR should continue to be based on expert judgement, taking into account the assessment of each section.

### Completeness and transparency assessment scoreboard

<i>BR section</i>	<i>Number of mandatory requirements in the UNFCCC reporting guidelines on BR</i>	<i>Number of missing mandatory requirements found by the ERT1</i>	<i>Assessment of the completeness and transparency of the BR section</i>
GHG emissions and removals	2	1	Mostly complete/transparent
		2	Partially complete/transparent
Assumptions, conditions and methodologies related to the emission reduction target	2	1	Mostly complete/transparent
		2	Partially complete/transparent
Progress in achievement of the emission reduction target	4	1–2	Mostly complete/transparent
		3–4	Partially complete/transparent
Projections (including the UNFCCC reporting guidelines on NCs)	9	1–2	Mostly complete/transparent
		3–9	Partially complete/transparent
Provision of support to developing country Parties	15	1–2	Mostly complete/transparent
		3–15	Partially complete/transparent

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*Review challenge*

*Suggested approach*

*Note:* In cases where the number of missing mandatory requirements is equal to the number of mandatory requirements from the UNFCCC reporting guidelines on BR, the ERTs should decide whether to assess the respective section of the BR as partially complete/transparent or not complete/transparent. *Abbreviations:* BR = biennial report, ERT = expert review team, GHG = greenhouse gas, UNFCCC reporting guidelines on NCs = “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part II: UNFCCC reporting guidelines on national communications”.

Table 2

### Review challenges and suggested approaches in relation to quantified economy-wide emission reduction targets and progress in their achievement

*Review challenge*

*Suggested approach*

#### A. GHG emissions and trends

Which GHG inventory data set should be reflected in the TRR/IDR: that reported in the BR/CTF tables or the latest available GHG inventory submission from the Party?

- The ERTs should base the assessment of the completeness, transparency and consistency of the information reported in the BR/CTF tables on the GHG inventory data included in the BR/CTF tables.
- The ERTs should reflect in the TRRs the emission trends from the latest available GHG inventory submission (table on the GHG emission trends and changes in the trend).

#### B. GHG emission projections

How to review GHG emissions projections for the EU ETS and non-ETS sectors?

- The EU member States mostly present their projections in accordance with the sectoral categories identified in the UNFCCC reporting guidelines on NCs.
- As per the reporting guidelines, the ERT cannot recommend/encourage that the EU member States report separate projections for emissions covered by the ETS and ESD sectors.

**Example:** the ERT could state in the review report: “Party Z’s reporting on GHG emission projections is complete and transparent. The ERT notes that presenting separate projections for emissions from sectors covered by the ETS and the ESD would further facilitate the assessment of whether Party Z is on track to achieving its target.”

- The ERT should reflect in sections II.C and II.C.3 of the TRR whether the Party provided projections for 2020 and 2030 separately for the ETS and non-ETS sectors.
- The ERTs should consider and analyse the information provided on the progress in meeting the renewables target and reflect how this affects future emission trends and the progress of the EU member States in reaching their overall national emission

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### *Review challenge*

### *Suggested approach*

reduction targets.

- If the BR does not include such a description, the ERT could state in section II.C of the TRR: “The ERT noted that the reporting of projected emissions for the EU ETS and non-ETS sectors separately, as well as the reporting of information on the progress made by Party X in reaching its renewables target, would increase transparency and would facilitate the assessment by the ERT of Party X’s progress towards its emission reduction target.”

### **C. Effects of individual mitigation actions**

How should the ERT formulate its findings when effects of mitigation actions are not reported?

- The ERT should reflect in the TRR what the Party reported, as appropriate, and what information is missing.
- The ERT should include any explanation provided in the BR or during the review, especially information on national circumstances that may have prevented/hindered the Party from reporting on this requirement.
- The ERT should reflect any challenges in estimating the effects of mitigation actions faced by the Party.
- On the basis of this information, the ERT should assess whether the gap in reporting is one of transparency (if the gap can be adequately explained by the Party as being due to national circumstances) or of completeness (where the gap in reporting cannot be explained by national circumstances).

**Example:** “In its BR1 and CTF table 3, Party X has not reported on the effects of its individual mitigation actions for 2020. However, during the review, Party X explained that the building hosting its highly sophisticated server CPUs used to compute the individual and total effects of its 567 mitigation actions burned down after it was struck by lightning during Hurricane Zwedna. Party X further explained that, as a result, it will not be able to provide estimates before its next BR submission. The ERT therefore recommends that Party X improve the transparency of its reporting by including this explanation in its next BR.”

### **D. Reporting on how Parties believe their PaMs are modifying longer-term trends in GHG emissions and removals**

When should this requirement be considered fulfilled? Is the provision of estimates of the effects of PaMs for particular years (e.g. 2015, 2020 and 2030) sufficient to substantiate how PaMs are modifying longer-term emission trends?

- The provision of estimates for the effects of individual or all PaMs for particular years cannot adequately capture the general direction in which national emissions are developing or changing and the ERT should recommend that the Party provide further information in its next NC.
- The ERT should consider the reported information complete if the Party complemented the quantitative information on the effects of PaMs with textual information and further explanations based on its national circumstances, overall climate strategy and planned actions. The textual information can, for example, include relevant elements from a Party’s 2050 emission reduction or sustainable development strategy, and a discussion of policies that have structural effects, affect common practices and have long-term impacts, such as PaMs that address infrastructure (e.g. energy efficiency in buildings) and PaMs linked to urban planning, including in the waste sector (e.g. recycling versus landfilling) or in the energy sector

*Review challenge*

*Suggested approach*

(e.g. the shift to gas and the elimination of nuclear power plants).

- If the NC does not include a specific discussion on longer-term trends as indicated above, the ERT should provide a recommendation to this effect.

**Example:** “The ERT noted that, while Party Y did not explicitly state in its NC6 how it believes its PaMs are modifying longer-term trends in GHG emissions, many of the PaMs reported are expected to have lasting effects on such trends, as suggested in the projections for 2050. The ERT recommends that Party Y explain specifically how its PaMs are expected to modify GHG emissions in the longer term in its next NC.”

**E. Information on the EU 2020 target**

How should the EU 2020 target be described? If the target is not clearly presented, is it an issue of transparency?

- The ERT should reflect in the TRR whether the Party provided a description of how the EU target translates into its national target for emissions not covered by the EU ETS in terms of tonnes of carbon dioxide equivalent (t CO<sub>2</sub> eq).
- If the BR does not include such a description, the ERT could state in section II.C of the TRR: “The ERT noted that a description by Party X in its next BR of how the EU target translates into its national target for emissions not covered by the EU ETS in terms of t CO<sub>2</sub> eq would increase the transparency of the reporting on the target.”

**F. Revised target definition compared to that reported in the previous BR**

How to compare the target definitions reported in the current and previous BR?

During the review:

- (a) The ERT should compare the information reported in the BR with that reported in the previous BR submission (BR1);
- (b) If the ERT observes any discrepancies or has any questions, it should consult and clarify these with the Party.
- In the TRR, the ERT should:
  - (a) Clearly highlight any changes to the target definition;
  - (b) Include any clarifications provided by the Party during the review or in the BR;
  - (c) Provide a factual assessment of the effects of the changing target definition (e.g. how the change in GWPs affects the GHG emission levels in the base year/target year; for example: “The ERT notes that the change in GWPs resulted in...”).

*Review challenge*

*Suggested approach*

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### **G. External target-related information sources**

Should the ERTs assess information from the INDCs and compare it to the information reported in the BR?

- The ERT should only assess the information on the 2020 quantified economy-wide emission reduction target included by each Party in the BR.
- The ERT should not refer to the INDC target or the progress made towards reaching that target unless the BR explicitly refers to the INDC target.
- If a Party does include information in the BR on its INDC target, then the ERT can take note of this information as follows: “The ERT noted the INDC target reported by Party X in its BR which is...(exact information provided by Party X on its INDC target)”.
- The ERT should not include in the TRR any encouragements or recommendations with regard to the INDC target.

### **H. Progress made towards achieving the target**

How should the ERT formulate its findings with regard to the progress made by Parties towards achieving their emission reduction target?

- The ERT should reflect in the TRR what the Party reported, but at the same time highlight to what extent this information is in accordance with the requirements of the respective reporting guidelines in terms of consistency, completeness and transparency.
- The ERT should include a factual statement of the main PaMs/strategies that are contributing to achieving the target, as well as reflect the emission level (including LULUCF and use of credits from market-based mechanisms, if applicable) in the latest reported year and the projected emission level in the target year, compared with the base year level and target year level.
- On the basis of this information, the ERT should assess from a technical point of view whether the Party is making progress towards achieving the target.
- The ERT should reflect any challenges faced by the Party in meeting the target, on the basis of the information provided by the Party.

### **I. Contribution of LULUCF towards achieving the target**

How should the ERT reflect in the TRR the information reported by a Party on the contribution of LULUCF units towards achieving its target?

- If inconsistent information is provided, or if a Party erroneously reports in BR CTF table 4 the contribution from LULUCF (e.g. the Party does not account for LULUCF units in its target, or the Party presented Kyoto Protocol data instead of Convention data), it is essential for the ERT to clarify this with the Party during the review and reflect the correct information in the TRR and in the table of the TRR on progress. The ERT should:
  - (a) Note in the review report the reported information;

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### *Review challenge*

### *Suggested approach*

- (b) Decide what the correct information should be;
- (c) Provide a recommendation for the Party to enhance the transparency of its reporting by providing the correct information in its next submission.

- For all Parties that include LULUCF in their target under the Convention, the ERT should include the information reported (either in the BR CTF tables or during the review) on “LULUCF emissions/removals” in the table of the TRR on progress. “Emissions including LULUCF” should be the sum of “Emissions excluding LULUCF” and “LULUCF emissions/removals”.
- For all Parties that do not include LULUCF in their target under the Convention, the ERT should use the notation key “NA” (not applicable) for “LULUCF emissions/removals” and “Emissions including LULUCF” in the table of the TRR on progress (this applies to all EU member States).

### **J. Contribution of units from market-based mechanisms towards achieving the target**

How should the ERT reflect in the TRR the information reported by a Party on the contribution of units from market-based mechanisms towards achieving its target?

- If inconsistent information is provided, or if a Party erroneously reports in BR CTF table 4 the use of units (i.e. the reported information does not correspond to the units that the Party acquired and intends to use to achieve the target), it is essential for the ERT to clarify this with the Party during the review and reflect the correct information in the TRR and in the table of the TRR on progress. The ERT should:
  - (a) Note in the review report the reported information;
  - (b) Clarify with the Party what the actual intended use of units for achieving the target is;
  - (c) Provide a recommendation for the Party to enhance the transparency of its reporting by providing the correct information in its next submission.
- In the table of the TRR on progress, the ERT should use: the value reported by the Party (in the BR CTF tables or during the review) if the Party makes use of units from market-based mechanisms; the notation key “NA” when a Party does not plan to use units from market-based mechanisms; and the value “0” when the Party intends to use units from market-based mechanisms but does not use units for these particular years. In all cases, the origin of the value included in the table on progress should be explained in a footnote.

Table 3

**Review challenges and suggested approaches in relation to the provision of financial and technological support to developing country Parties**

*Review challenge*

*Suggested approach*

**A. Information on the provision of financial support by non-Annex II Parties**

How to review information on financial support provided by non-Annex II Parties?

- The ERT cannot provide a recommendation or an encouragement as there is no requirement for non-Annex II Parties to report on the financial support that they have provided to developing countries.
- The ERT can commend the Party for reporting this information and suggest that the Party continue including it in its subsequent submissions.

**B. External information sources to fill in gaps in reporting on provision of financial support**

Can external sources be used to fill in the gaps in reporting of financial information?

**General:**

- If a Party failed to report all of the financial information requested in the CTF tables, the ERT should:
  - (a) Request that the Party explain the reasons for not including this mandatory information (if these explanations are not provided in the BR);
  - (b) Include in the TRR an explanation for any missing financial information, if provided by the Party;
  - (c) “Recommend” that the Party provide complete financial information or a duly substantiated explanation for the gaps in the next BR/CTF tables.

**Data in other currencies:**

- If a Party does not provide financial information in USD, the ERT should, during the review:
  - (a) Clarify why the Party did not provide that information in the CTF tables;
  - (b) Make the Party aware of publicly available exchange rates (e.g. from the OECD);
  - (c) Explain to the Party the importance of comparable financial information;
  - (d) Request that the Party provide updated information in USD.
- In the TRR, the ERT should, as applicable:
  - (a) Reflect the financial information in the currency reported by the Party;
  - (b) Note that the Party failed to provide financial information in USD as requested during the review;



<i>Review challenge</i>	<i>Suggested approach</i>
	<ul style="list-style-type: none"> <li>(c) Include any explanations provided by the Party with regard to the currency used for reporting financial information;</li> <li>(d) “Recommend” that the Party provide the requested information in USD or a duly substantiated explanation for the gaps/inconsistencies in the next BR/CTF tables.</li> </ul>
	<ul style="list-style-type: none"> <li>• If a Party provided financial information in USD, the ERT should reflect that in the TRR.</li> </ul>

**C. Contributions provided to the Adaptation Fund**

How should the ERT formulate its findings if a Party does not report on its contribution to the Adaptation Fund?	<ul style="list-style-type: none"> <li>• The Adaptation Fund is sourced by a share of proceeds from the certified emission reductions under the clean development mechanism.</li> <li>• In addition, Parties to the Kyoto Protocol can contribute to the Adaptation Fund on a voluntary basis.</li> <li>• If a Party to the Kyoto Protocol has made a contribution to the Adaptation Fund, it shall report thereon in its NC (decision 15/CMP.1, para. 43). If a Party did not report information on such a contribution, the ERT should reflect this in the review report and provide a relevant recommendation.</li> <li>• If a Party to the Kyoto Protocol has not made any contribution to the Adaptation Fund on a voluntary basis, it cannot be expected to report on it. The ERT should therefore not provide a recommendation on this issue.</li> </ul>
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**D. Information on how the resources provided effectively address the needs of developing countries**

How to assess effectiveness of the provision of resources?	<ul style="list-style-type: none"> <li>• The requirement to report on how the resources that Parties provide address the needs of developing countries is a mandatory requirement. As the exact requirement is “shall, to the extent possible” the Party has two options to address this mandatory requirement: either to report the required information or, if it cannot provide this information or can report only partial information, to clearly and concretely explain why this was not “feasible” or “possible”.</li> <li>• If the Party has neither reported the information nor provided explanations for not reporting or only partially reporting the information, then this should lead to a recommendation by the ERT that reflects the language of the reporting requirement (e.g. “The ERT recommends that..., to the extent possible”).</li> <li>• The ERTs should continue to focus their assessment on how Annex II Parties seek to ensure that the needs of non-Annex I Parties are addressed through the resources they provide.</li> <li>• The ERTs can continue to exercise flexibility with regard to the notion of “effectiveness” encompassed in the reporting requirement.</li> <li>• The ERTs can continue to highlight any information provided by the Parties which showcases, in a meaningful way, the</li> </ul>
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*Review challenge*

*Suggested approach*

effectiveness of the resources provided in addressing developing countries' needs.

**E. Information on how the capacity-building support provided responds to the capacity-building needs of developing countries**

How to review the correspondence of capacity-building needs to the support provided?

- The requirement to report on how the capacity-building support that Parties provide addresses the capacity-building needs of developing countries is a mandatory requirement. As the exact requirement is “shall, to the extent possible” the Party has two options to address this mandatory requirement: either to report the required information or, if it cannot provide this information or can report only partial information, to clearly and concretely explain why this was not “feasible” or “possible”.
- If the Party has neither reported the information nor provided explanations for not reporting or only partially reporting the information, then this should lead to a recommendation by the ERT that reflects the language of the reporting requirement (e.g. “The ERT recommends that..., to the extent possible”).

**F. Information on indicators, delivery mechanisms used and allocation channels tracked**

How to review indicators, delivery mechanisms and allocation channels tracked?

**Indicators**

- The ERTs can continue to accept Parties' varied definitions of indicators.
- The ERTs should reflect in the TRRs the type(s) and/or goals of the indicators reported by each Party and include some indicative examples.

**Allocation channels/delivery mechanisms**

- If a Party has not provided textual information but has only filled in the relevant tables (i.e. CTF tables 7, 7(a) and 7(b)), the ERT should acknowledge this and recommend that the Party provide a textual description as well.
- The ERTs can continue to be flexible when Parties do not differentiate between allocation channels and delivery mechanisms.

**G. Information on success and failure stories on the provision of technology transfer**

How to review success and failure stories with regard to technology transfer in cases where table 6 of the UNFCCC reporting guidelines on NCs is not

- The ERT should consider that this requirement has been fulfilled when the Party has clearly highlighted in the text and in the relevant tables the success/failure story(ies) related to at least one project.
- In the IDR: if a Party provided substantive information in textual format, but not in table 6 of its NC, the ERT should recommend that the Party improve the transparency of its reporting by filling in table 6 in its next NC.
- In the TRR: if a Party did not report on success and failure stories in its BR, the ERT should encourage the Party to

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<i>Review challenge</i>	<i>Suggested approach</i>
provided?	report this information in its next BR.

*Abbreviations:* BR = biennial report, CTF = common tabular format, ERT = expert review team, IDR = report of the technical review of the national communication, NC = national communication, non-Annex II Parties = Parties not included in Annex II to the Convention, OECD = Organisation for Economic Co-operation and Development, TRR = report of the technical review of the biennial report, UNFCCC reporting guidelines on NCs = “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part II: UNFCCC reporting guidelines on national communications”.

Table 4

**Review challenges and suggested approaches in relation to information reported under Article 7, paragraph 2, of the Kyoto Protocol**

<i>Review challenge</i>	<i>Suggested approach</i>
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**A. Supplementarity relating to the mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol**

<p>How to reflect the finding that a Party did not report on supplementarity with regard to the use of market-based mechanisms?</p>	<ul style="list-style-type: none"> <li>• The ERT should assess whether the Party reported on how its use of the mechanisms under Articles 6, 12 and 17 of the Kyoto Protocol is supplemental to domestic action.</li> <li>• When this information is not explicitly or clearly provided in the NC, the ERT should request the Party under review to provide, either before or during the review, clear information on supplementarity in accordance with the Article 7 guidelines.</li> <li>• The ERT should assess whether the Party does not intend to use units from the Kyoto Protocol mechanisms to achieve its commitment under the Kyoto Protocol and whether this information is clearly stated in its NC.</li> <li>• If the Party clearly indicates that it does not plan to make use of units from the Kyoto Protocol mechanisms to achieve its commitment under the Kyoto Protocol, but does not specifically elaborate on supplementarity, then the ERT should consider this information to be complete and can conclude that domestic action alone accounts for the overall effort made to meet the Party’s commitments under the Kyoto Protocol, and hence the use of mechanisms is supplemental to domestic action.</li> <li>• In all other cases, the ERT should assess whether the Party:               <ul style="list-style-type: none"> <li>(a) Provided information that quantifies the amount of units from the Kyoto Protocol mechanisms that it plans to use to achieve its commitment;</li> <li>(b) Compared this amount with its domestic emission reductions and clearly explained/demonstrated how the domestic emission reductions are more significant than the amount of units from the Kyoto Protocol mechanisms used.</li> </ul> </li> <li>• In all cases where information on supplementarity was not provided in the NC, the ERT should include a recommendation on the provision of the information required by the Article 7 guidelines.</li> </ul>
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<i>Review challenge</i>	<i>Suggested approach</i>
	<ul style="list-style-type: none"> <li>• The ERT should use the standard language available in the review report template and provide a factual statement on whether the Party reported on how its use of the mechanisms under Articles 6, 12 and 17 of the Kyoto Protocol is supplemental to domestic action and on whether or not it elaborated on supplementarity.</li> </ul>
<p><b>B. Policies and measures in accordance with Article 2 of the Kyoto Protocol: steps taken to implement the decisions of ICAO and IMO</b></p>	
How to review steps taken to implement the decisions of ICAO and IMO?	<ul style="list-style-type: none"> <li>• The ERTs should assess whether Parties reported in their NCs on the steps that they have taken to implement any relevant decisions made by ICAO and IMO and/or how Parties helped to shape some of those decisions.</li> <li>• In this context, the following could be of relevance to the reviews: any references to studies that Annex I Parties undertook to support the deliberations; meetings in which they participated; and proposals that they submitted to ICAO and IMO. Also relevant could be any reports produced by Annex I Parties on measures that they have taken following the IMO and ICAO decisions; for example: information on voluntary agreements between ship owners, ship operators, the ship-building industry and relevant ministries concerning the reduction of GHG emissions by the maritime sector; or the adoption of measures, such as the simplification and optimization of the airspace and procedures for its use, performance-based navigation road maps and aeronautical information management road maps.</li> <li>• If relevant information on the steps taken to implement any relevant decisions made by ICAO and IMO was not provided by a Party in its NC, the ERT should request this information before or during the review. In all cases, the ERT should assess the information, reflect its findings in the review report and include a recommendation on the provision of the information required by the Article 7 guidelines if this information was not included in the NC.</li> </ul>
<p><b>C. Domestic and regional programmes and/or legislative arrangements and enforcement and administrative procedures</b></p>	
How to review domestic and regional programmes and/or legislative arrangements and enforcement and administrative procedures	<ul style="list-style-type: none"> <li>• The ERT should assess:               <ol style="list-style-type: none"> <li>(a) Legislative arrangements and enforcement and administrative procedures to ensure that Parties' commitments under the Kyoto Protocol will be met, along with information on how these arrangements and procedures are made publicly accessible, and legal procedures for addressing cases of non-compliance;</li> <li>(b) Institutional arrangements and decision-making procedures for the coordination of activities to participate in the mechanisms under Articles 6, 12 and 17 of the Kyoto Protocol;</li> <li>(c) Legislative arrangements and administrative procedures to ensure that the implementation of activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol contributes to the conservation of biodiversity and the sustainable use of natural resources.</li> </ol> </li> <li>• If this information was not provided in the NC, the ERT should request it before or during the review. The ERT should provide its assessment of the information in the review report and include a recommendation on the provision of the information</li> </ul>

## Review Practice Guidance. Biennial Reports and National Communications: Review Challenges and Practice

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*Review challenge*

*Suggested approach*

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required by the Article 7 guidelines if this information was not included in the NC.

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*Abbreviations:* Annex I Parties = Parties included in Annex I to the Convention, Article 7 guidelines = “Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol”, BR = biennial report, ERT = expert review team, ICAO = International Civil Aviation Organization, IMO = International Maritime Organization, NC = national communication.” \_\_\_\_\_