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Agenda item 7 (a)

METHODOLOGICAL ISSUES

GUIDELINES UNDER ARTICLES 5, 7 AND 8 OF THE KYOTO PROTOCOL

Views from Parties on demonstrable progress under Article 3.2 of the Kyoto Protocol

Note by the secretariat

1. The Conference of the Parties, at the first part of its sixth session, recommended that Parties submit views on how information on demonstrable progress, as referred to in paragraph 5 of the draft decision submitted by the President on guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol, should be presented and evaluated (FCCC/CP/2000/5/Add.3 (Vol. III)). The deadline for the submission of this information was 1 April 2001 (FCCC/CP/2000/5/Add.2, section III, para. 8).
2. As at 25 April 2001, the secretariat has received three submissions.* In accordance with the procedure for miscellaneous documents, these submissions are reproduced in the language in which they were received and without formal editing.

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

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PAPER NO.1: AUSTRALIA

REPORTING ON “DEMONSTRABLE PROGRESS”

The Conference of the Parties at its Sixth Session (COP6) draft decision text entitled “Guidelines for the preparation of information required under Article 7 of the Kyoto Protocol” [document FCCC/CP/2000/CRP.10], invites Parties to submit views on the reporting of demonstrable progress [this invitation was reiterated in the report of the COP on COP6 Part 1 in document FCCC/CP/2000/5/Add.2]. This submission sets out Australia’s views on this issue.

The consideration of demonstrable progress in the overall context of the ongoing climate change negotiations is not, for Australia, a priority at this stage. However, as Parties have been invited to submit views, we are happy to provide input into this process, although we note that there are currently major outstanding matters and considerable uncertainties in relation to negotiations on the Kyoto Protocol. In this regard our views are preliminary only and may be supplemented at a future date.

Demonstrable Progress

Article 3.2 of the Kyoto Protocol provides:

“Each Party included in Annex 1 shall, by 2005, have made demonstrable progress in achieving its commitments under this Protocol.”

In Australia’s view, the term “demonstrable progress” refers to progress on the implementation of the domestic measures, legal and institutional steps, that each Annex 1 Party would need to take to meet its target should the Kyoto Protocol be ratified by that Party and enter into force.

Overview of Reporting

Australia considers that the reporting requirements that have been discussed to date would provide a sound basis for evaluating progress towards Kyoto Protocol targets. There would be no need for any separate report. In this respect we do not consider that paragraph 5 of draft decision -/CP.6 in document FCCC/CP/2000/CRP.10 [which has been forwarded to the resumed COP6 session by the first Part of COP6 in document FCCC/CP/2000/5/Add.3 (Vol. III)] provides a useful means to consider demonstrable progress.

A Party to the Protocol would be demonstrating progress through satisfactory reporting under the following processes, which have been proposed to have effect during the period 2004-7:

- *Inventory of greenhouse gasses*
 - The ongoing annual reporting requirements for inventories of greenhouse gas emissions agreed under the FCCC may be elaborated through rules adopted under the Protocol. These inventories will provide information to monitor and review greenhouse gas emissions.
- *National systems for the estimation of greenhouse gas emissions*

- The key elements of national systems have been elaborated in document FCCC/CP/2000/CRP.10. They include the identification of key source categories and the quality control systems underpinning the preparation of inventories.
- The draft reporting requirements for registries have been elaborated in document FCCC/CP/2000/CRP.10. They include a description of the database structure used and the security measures that might be taken to protect the integrity of a registry system.
- The current draft guidelines for national systems and the text of the Protocol require parties to have established their national system by 1 January 2007.
- *The 4th National Communication under the FCCC*
 - The current guidelines for national communications require information to be submitted on policies and measures, trends and projections.
- *Mechanisms eligibility requirements (where relevant)*
 - Reporting in relation to mechanism eligibility would be optional, as only those Parties that wished to make use of the mechanisms would be required to meet these requirements. The draft requirements are currently elaborated in document FCCC/CP/2000/CRP.3, although further work may remain to be done. The current draft requirements include the establishment of the initial assigned amounts and the submission of satisfactory inventory information.
- *Domestic legal, administrative and compliance institutions;*
 - Reportable matters might include the following aspects of domestic activity that have not been covered above:
 - (a) the development of domestic laws;
 - (b) the establishment of institutions; and
 - (c) the creation of any guidelines, rules or programs however so described.
 - Given the uncertainty related to matters that may be covered by this category, further work may in the future be required to elaborate the information that is relevant under this heading. For example, the guidelines for the 4th national communication or the requirements under Articles 5, 7 and 8 could be amended to reflect these requirements. Any such future work is not, however, appropriate at this point.

Reviewing of demonstrable progress

- Each of the above processes has an established, or proposed, process for review. Individually and collectively, these reports and reviews will provide a detailed and ongoing picture of progress made by Parties. There is no need, however, for a separate process to review article 3.2. Such a process would not add value to individual reviews, but would considerably increase workload upon Parties, review teams and the Subsidiary bodies.

PAPER NO.2: SAMOA
(ON BEHALF OF THE ALLIANCE OF SMALL ISLAND STATES (AOSIS))

METHODOLOGICAL ISSUES: DEMONSTRABLE PROGRESS

Samoa, on behalf of the Alliance of Small Islands States (AOSIS) welcomes this opportunity to submit its views on the issue of “demonstrable progress”. While this topic has not yet been fully discussed in the context of the negotiations, AOSIS is of the view that the Conference of the Parties and its subsidiary bodies should engage in a meaningful dialogue to advance this issue. AOSIS reserves the right to add further clarification and elaboration at the appropriate time.

AOSIS believes that the concept of demonstrable progress is reflected both in the Kyoto Protocol and in the objective of the UN Framework Convention on Climate Change. Each Annex I Party to the Convention should provide in a transparent, verifiable and comparable format, information that demonstrates that it is making significant progress towards reducing its emissions. Even before the Kyoto Protocol enters into force, the assigned amounts set out in Annex B provide internationally agreed benchmarks of the minimum acceptable response expected of Annex I Parties in making a good faith effort to achieve the Convention’s objective. All Annex I Parties, regardless of whether they have signed or ratified the Kyoto Protocol should be held accountable, under the Convention’s reporting provisions, for the progress they have made in relation to these benchmarks.

AOSIS supports the basic approach to elaborating guidelines for reporting on demonstrable progress contained in the unnumbered draft decision of COP-6 entitled “Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol.” The group believes that the information required by the language in para 5 of this draft decision, because it is tailored in relation to the Annex B assigned amounts, provides an essential additional element to the information required under the 4th National Communication. AOSIS also believes that this report should be a distinct and free-standing document subject to a separate review process.

Of particular importance is subparagraph (c) which will require each Annex I Party to evaluate how the domestic measures it has put in place will contribute to that Party remaining within its assigned amount. This evaluation must be carried out in light of the Party’s current trends and projections of emissions. Given the long lead time necessary for controlling greenhouse gas emissions, and the disappointing performance of many Annex I Parties thus far in putting in place effective domestic measures, this kind of early warning system will be essential for assessing and comparing Parties’ performance under the Convention, as well as under the Protocol.

Although the assessment of progress towards a future goal will be inherently subjective, AOSIS feels that this assessment is an essential element of the accountability of Annex I Parties to the international community, as well as to their domestic constituencies. Linking such progress with specific domestic policies and measures will also provide an opportunity for sharing experiences with regard to “best practices.” It will also provide an opportunity for an early assessment of the extent to which each Party may be dependent upon the Protocol’s mechanisms in order to comply with its commitments.

AOSIS believes that further work is necessary between now and COP-7 to elaborate guidelines for reporting and review on this important issue and looks forward to working with other Parties in developing these proposals further.

PAPER NO. 3: SWEDEN
(ON BEHALF OF THE EUROPEAN COMMUNITY, ITS MEMBER STATES,
HUNGARY, BULGARIA, CROATIA, CZECH REPUBLIC, ESTONIA,
LATVIA, ROMANIA, SLOVAKIA AND SLOVENIA)

**METHODOLOGICAL ISSUES
GUIDELINES UNDER ARTICLE 5, 7 AND 8 OF THE KYOTO PROTOCOL**

Sweden, on behalf of the European Community, its member states and Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Romania, Slovakia and Slovenia welcomes the opportunity to send its views on how information on demonstrable progress, as referred to in paragraph 5 of the draft COP decision on guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol should be presented and evaluated (see document FCCC/CP/2000/CRP.10, page 8, para. 6).

The EU and Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Romania, Slovakia and Slovenia stress the importance of Annex I Parties reporting demonstrable progress in accordance with Article 3.2 of the Kyoto Protocol. Reporting progress to 2005:

- enables evaluation of the overall progress of all Annex I Parties towards achieving their commitments under Article 3.1;
- enables Parties to demonstrate to themselves, the public and other stakeholders that they are on course to meet their commitments under Article 3.1 and whether supplementary effort is needed; and
- facilitates preparations for future commitment periods.

Domestic policies and measures are key to anticipating, preventing and minimising the causes of climate change. Without policies and measures specifically designed to address greenhouse gas emission reductions, Parties will not be able to meet their commitments under Article 3.1 of the Kyoto Protocol or the overall objective of the UNFCCC.

Reporting emissions levels and trends is fundamental to demonstrating progress. Additional information is however needed to because it may take many years before the effects of policies and measures on greenhouse gas emission reductions or removals becomes measurable. Consequently, evaluating demonstrable progress requires assessment of a number of criteria, including projected emissions. However, whether progress has been satisfactorily demonstrated will be a subjective judgement.

This submission provides views on the following issues:

- Information that should be included in the report on demonstrable progress submitted by Parties on the 1st of January 2006.
- How this information should be presented and evaluated.

Information included in the report on demonstrable progress

National communications provide a good basis for the report on demonstrable progress, but additional information is required to help assess and evaluate progress. The EU therefore

suggests that guidelines on national communications, part II should serve as a basis for the report on demonstrable progress and for practical reasons the reports should be submitted at approximately the same time according to co-ordinated deadlines. It is however emphasised that there are still two separate reports with two different objectives.

Information that shall be included in the report on demonstrable progress is presented in paragraph 5 of the draft COP decision on guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol evaluated (see document FCCC/CP/2000/CRP.10). The EU has the following specific views on what should be included under that paragraph.

As a minimum the information in paragraphs 8, 10, 11, 15, 28, 37, 42 and 47 of the UNFCCC guidelines on reporting and review (FCCC/CP/1999/7, part II) shall be included in the report on demonstrable progress.

In addition, Parties shall describe any legal and institutional steps they have taken to implement their commitments under the Kyoto Protocol. In this respect, reports on the existence, nature, scope and stage of implementation of national climate strategies or action plan adopted by Parties in order to meet their commitments are crucial. Likewise, Parties shall report on the preparations to implement a national system for greenhouse gas inventories and the preparations for a national registry. The description should include actions already taken, actions planned and a schedule for their implementation.

In addition, information on the use of flexible mechanisms shall be included in the report on demonstrable progress. Parties should report on their preparation for joining an international trading system under the Kyoto Protocol and the expected contribution from the use of project based mechanisms. It is also important that information on the enhancement of sinks is included in the report on demonstrable progress. Activities of Parties related to the international, bilateral or multilateral, co-operation efforts (specific methodological issues, joint preparation for the use of the flexible mechanisms with other Parties etc.) should also be presented. It is also useful to report on specific (methodological, technical etc.) problems of the Parties and measures to solve such problems.

Also information based on the tools to be developed for evaluation of Demonstrable Progress, as mentioned under the section on “ Further work”, could be included in the report on Demonstrable Progress.

How should the information on demonstrable progress be presented and evaluated?

To demonstrate progress, Parties should show that actual and projected greenhouse gas emissions are on course to fulfil their commitments under Article 3.1 of the Kyoto Protocol.

The evaluation should be a two step process:

- (1) The evaluation of *actual progress*, i.e. the measurement of past and actual performance in comparison with the Party's commitments under Article 3.1; and
- (2) the evaluation of *projected progress*, i.e. the assessment whether the Party's projected emissions in 2008-2012, taking into account implemented and adopted policies and measures, are in line with its commitments under Article 3.1.

The presentation and evaluation of actual progress

a) Emission trends

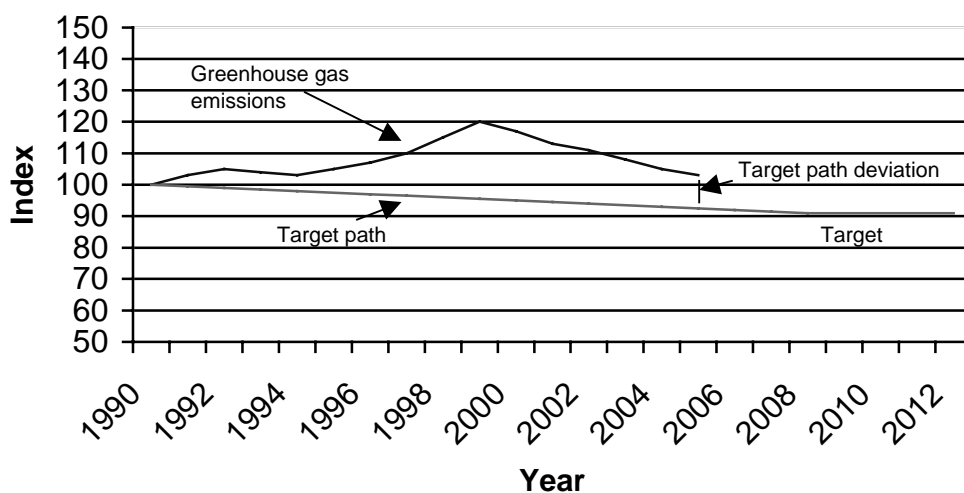
A comparison of base year emissions with annual inventory data and emission commitments under Article 3.1 of the Kyoto Protocol should help to monitor progress of the Parties in meeting their commitments. The evaluation of actual progress includes, as far as possible and on the basis of data supplied by the Parties, an assessment of emission reductions resulting from adopted policies and measures. The latest annual inventory data should be compared with the base year inventory.

Actual performance between 1990 and 2003, or latest available greenhouse gas inventory data, and projections for 2005 should be related to a hypothetical linear target path for the period between 1990 and 2008-2012. This provides an indication of progress towards the commitments under Article 3.1.

The progress assessment should consist of the following steps:

- Plotting the index of total greenhouse gas emissions (1990-2003, or latest available data, and projection to 2005) against the index of the target path.
- Calculating the hypothetical, interpolated, value on the target path index in 2005.
- Calculating the deviation of the emission index value in 2005 from the value on the target path.

This process will provide an estimate of the target path deviation in 2005 for each Party (see figure).



b) Explanatory factors

In order to better understand emission trends at a more detailed level, tables should be included that show total emissions and removals of all six greenhouse gases included in the Kyoto Protocol, disaggregated by sector (FCCC/CP/1999/7, summary table 1.A, p. 19) from the base year to 2003, or latest available data.

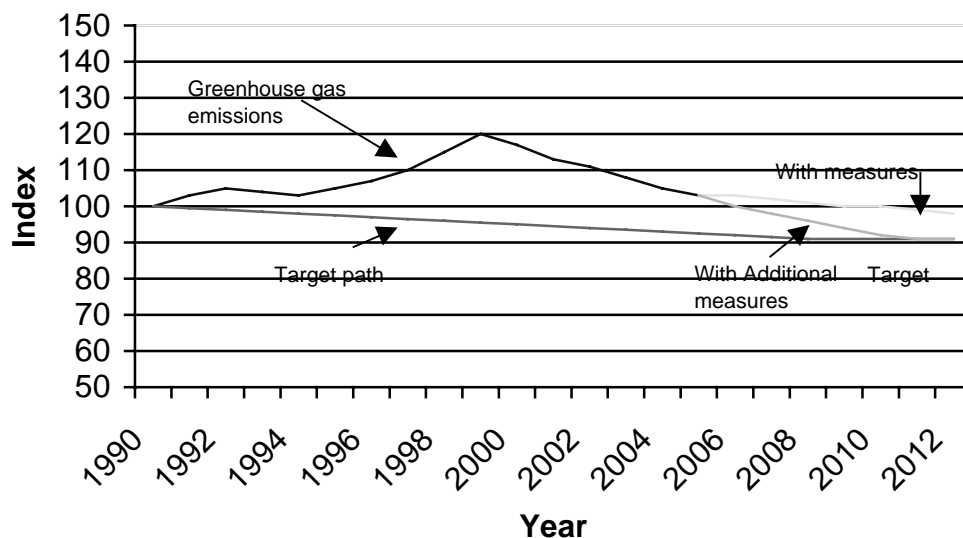
In order to highlight national circumstances, Parties should describe the major driving forces and characteristics of greenhouse gas emission trends from 1990-2005. Parties should explain the development of emission trends through quantitative parameters such as changes in GDP, changes in activity in each sector or subsector and specific carbon efficiency. An indicative list of quantitative parameters should be elaborated by SBSTA for consideration at COP8. Parties may also submit information on longer term progress to reduce greenhouse gas emissions particularly to highlight past successful actions.

The presentation and evaluation of projected progress

The exercise described above will not account for planned policies and measures, preparatory work for the implementation of policies and measures and the effects of policies and measures implemented recently from which the effects on emissions will be visible in the future. Nor will it account for Parties planned use of the flexible mechanisms or enhancement of sinks until the end of the commitment period. Consequently complementary information is needed to evaluate progress.

The evaluation of projected progress should compare the latest 'with measures' projections from Parties for 2010 with Parties commitments under Article 3.1. The comparison will be useful to verify whether there is a gap between what current policies and measures are expected to deliver and the commitments under Article 3.1. If there is a gap, Parties should report on what actions are planned, and in which sectors, to fill that projected gap, indicating what measures will be taken and what their expected contribution is.

A Party may, in addition, submit a projection to show the effect of additional measures. This should be disaggregated to show the projected contribution from domestic measures, the flexible mechanisms and enhancement of sinks. Projections with existing measures and additional measures may also be presented graphically (see figure). The evaluation of projected progress shall include an assessment of the methodology used for these projections and their key underlying assumptions and parameters in the context of National Programmes.



Further work

Further tools for evaluation of demonstrable progress could be assessed at the first workshop on good practices in policies and measures to be organised by the UNFCCC secretariat (see EU submission on terms of reference for workshop on good practices in policies and measures). The conclusion from the workshop should be compiled by the secretariat and made available to SBSTA at its fifteenth session. This will, apart from submissions made by Parties, be a basis for a decision on how the information contained in the report on demonstrable progress should be presented and evaluated at COP7.

A lot of work has already been carried out on policies and measures and indicators by e.g. UN/CSD, OECD, IEA, Energy charter secretariat and Eurostat and there is a lot to be gained by co-operation with other organisations. The EU proposes that the secretariat should ask a relevant organisation to compile all the work on policies and measures and indicators being carried out by different organisations, or indicators being reported to other organisations. This compilation might help the SBSTA to elaborate on the indicative list of quantitative parameters to be further considered by COP8.

Synthesis report

In the opinion of the EU the secretariat should compile a document from the Parties reports on demonstrable progress to be presented at the SBSTA meeting after 1 January 2006. The information should be compiled and published in a plain and transparent manner.