

Work programme on clarification of quantified economy-wide emission reduction targets of developed country Parties (SBSTA)

Submission by Nauru on behalf of the Alliance of Small Island States

Views on the work programme referred to in paragraph 8 of
FCCC/CP/2012/L.14/Rev.1 (decision 1/CP.18)

The Alliance of Small Island States (AOSIS) welcomes the opportunity to present its views on the work programme under the SBSTA to continue the process of clarifying the quantified economy-wide emission reduction targets of developed country Parties, as requested in paragraph 11 of the 'Outcome of the Work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention', contained in Decision 1/CP.18.

This submission builds upon the 14 March 2012 submission by Nauru on behalf of AOSIS ([FCCC/AWGLCA/2012/MISC.1/Add.2](#)), which outlined AOSIS's views on the purpose and role of the clarification exercise.

Introduction

By paragraph 8 of decision 1/CP.18, the Parties decided to establish a work programme under the SBSTA to continue the process of clarifying the quantified economy-wide emission reduction targets of developed country Parties ("QERTs"), particularly in relation to the elements contained in decision 2/CP.17, paragraph 5, with a view to:

- a) Identifying common elements for measuring the progress made towards the achievement of the quantified economy-wide emission reduction targets;
- b) Ensuring the comparability of efforts among developed country Parties, taking into account differences in their national circumstances

This SBSTA work programme is to commence in 2013 and end in 2014 and include focused expert meetings, technical briefings and submissions from Parties and observer organizations. The two-year work programme will report on its progress to COP 19 and report on its outcome at COP 20.

AOSIS believes it is of paramount importance that the SBSTA work programme result in an agreement on a set of common accounting rules that will ensure the environmental integrity of targets, as well as facilitate the comparability and accurate assessment of the aggregate impact of Annex I Party mitigation efforts on global emissions.

This new SBSTA work programme builds on previous efforts under the AWG-LCA to better understand the assumptions and conditions related to Annex I Party targets captured in document FCCC/SB/2011/INF.1/Rev.1, including in relation to the level of mitigation ambition these targets will deliver, through the development of a common template for these targets and the compilation of information in FCCC/TP/2012/5 (*Quantified economy-wide emission reduction targets by developed country Parties to the Convention: assumptions, conditions, commonalities and differences in approaches and comparison of the level of emission reduction efforts*) (August 2012).

Through activities in 2013, the SBSTA should progress its work with the aim of building on, and filling gaps in, information made available by Parties, to achieve a full and accurate picture of projected mitigation outcomes that result from the implementation of quantified economy-wide emission reduction targets for 2020. In doing so, the work programme must further clarify assumptions underpinning countries' targets in order to improve transparency and comparability, and it must identify common elements for measuring progress to enable the aggregation of current and projected mitigation effort.

Identification of common elements will assist all Parties in considering the most effective options to deliver the necessary increase in pre-2020 mitigation ambition by 2014 at the latest. These elements may also inform the development of approaches to transparency in the context of the new Protocol to be developed.

1. Purpose of the clarification exercise – transparency, confidence and understanding of the scale of the gap in mitigation ambition in order to facilitate its closure

AOSIS has previously outlined its views on the purpose of the clarification exercise in ([FCCC/AWGLCA/2012/MISC.1/Add.2](#)). The aim must be to enable the identification of **transparent, ambitious, single number, multi-year, budget-based, economy-wide emission reduction targets for all Annex I Parties for the pre-2020 period**. This will enable the international community to track progress towards global goals and assess the individual contributions of Annex I Parties to these goals. In this process, the application of common accounting rules to Annex I Party targets is essential to facilitate transparency and comparability, and contribute to an understanding of the actual scale of the mitigation ambition gap over time.

All Parties have recognized that deep cuts in global greenhouse gas emissions are required to hold the increase in global average temperature below 2°C or 1.5°C above pre-industrial levels, and that Parties should take urgent action to meet this long-term temperature goal. The IPCC's Fourth Assessment Report indicated that a **25 to 40%** reduction in GHG emissions below 1990 levels is required from Annex I Parties by 2020, together with a substantial reduction below business as usual emissions (estimated at 15-30% below BAU) from developing country Parties, in order to limit temperature increases to 2.0 to 2.4°C above pre-industrial levels.

The current emission reduction targets and pledges for 2020 were presented by Parties in the lead up to, during and following COP 15 and COP 16, and are currently in line with a 3.5°C of warming by 2100, which **will devastate small island developing states, LDCs and vulnerable countries in Africa**. The most recent UNEP Gap report (2012) found that there is an ambition gap of **8 to 13 Gt CO₂e GHG emissions**¹ between current emission trajectories (including implementation of current 2020 targets and pledges) and pathways consistent with having a 'likely' chance of holding warming to below 2°C above pre-industrial levels. In addition, global emissions need to peak before 2020 in order to have a 'likely' chance of achieving the agreed long-term temperature goal.

Despite increasingly alarming scientific evidence of the current and projected impacts of climate change, certain Annex I Parties have decided, not to take

¹ UNEP 2012. The Emissions Gap Report 2012. United Nations Environment Programme (UNEP), Nairobi

legally-binding commitments under the Kyoto Protocol's second commitment period (2013-2020), potentially compromising the Kyoto Protocol's harmonized, rules-based approach for assessing progress towards meeting emission reduction targets and for measuring aggregate Annex I ambition in terms of what the atmosphere sees.

AOSIS strongly urges those Parties not participating in the Kyoto Protocol's second commitment period, particularly those that remain Party to the Kyoto Protocol, to continue to adhere to the Kyoto Protocol's robust monitoring, reporting and verification provisions and requirements in order to maximise comparability and facilitate the best possible assessment of the individual contributions of Annex I Parties to the global mitigation effort, recognizing of course the impact of decision 1/CMP.8 (the Doha Amendment) on the availability of the flexibility mechanisms to Parties without binding column 3 commitments in the amended Annex B.

2. Ongoing information gaps that need to be filled ex ante by individual developed country Parties

Parties made considerable efforts in their work under the AWG-LCA to clarify developed country targets presented under the Convention, with much of this information captured in the very useful **Technical Paper FCCC/TP/2012/5**. However, in outlining "commonalities and differences in approaches to measure progress towards the achievement of economy-wide emission reduction targets", the Technical Paper makes clear that there are a number of important information gaps that remain to be filled.

As a first step, AOSIS urges all Annex I Parties that have not yet done so to **respond fully** to the common template for submission of information prepared by the secretariat in response to Decision 2/CP.17, para. 5(a) (see [http://unfccc.int/files/bodies/awg-lca/application/pdf/common_template_final .pdf](http://unfccc.int/files/bodies/awg-lca/application/pdf/common_template_final.pdf)), to enable an update of FCCC/TP/2012/5 with more complete information from all developed country Parties. This includes information on assumptions related to **emission trajectories** and more detailed information in connection with any anticipated reliance on carbon market units and LULUCF credits.

Where Parties have not yet presented **unconditional targets**, unconditional targets should now be presented by these Parties. Where conditional targets remain, as part of the clarification exercise, Parties should more clearly detail these conditionalities and specify which of their conditionalities have now been satisfied and which have not. This would enable an exploration and understanding of precisely what it would take for Parties to move to the top end of their pledged ranges and present new, more ambitious, single-number targets by 2014 at the latest.

AOSIS notes the adoption by Parties in Doha of the common tabular format for developed country biennial reports in 19/CP.18, and in particular tables 2(a) through 4(b). Parties should make full use of the common template, which seeks to clarify targets *ex ante*, and the common tabular format, which will provide *ex post* reporting on progress towards achieving targets, to locate information gaps to be filled, and to guide the harmonization and standardization of targets.

Some important questions for Annex I Parties to address in the context of the SBSTA work programme in June include the following:

- What distinctions did Parties anticipate ex ante between their Convention targets and their Kyoto targets in bringing forward Convention targets?
- For those Parties without a commitment for the second commitment period of the Kyoto Protocol, do these Parties' Convention targets nevertheless assume a multi-year budget approach with an emissions trajectory?
- Where Parties have presented a point year target (i.e., a reduction "by 2020"), what emissions trajectory is assumed? Do targets assume a linear decline in emissions from the base year? A peak and decline in emissions between now and 2020? If peak and decline, when is this peak anticipated to occur?
- For Parties whose original Convention targets anticipated reliance on Kyoto Protocol market units, do these Parties plan to revise their Convention targets following decision 1/CMP.8?
- For Parties whose original targets anticipated reliance on non-Kyoto Protocol units, more detail would be beneficial on: (1) the anticipated source by programme/country; (2) the scale of anticipated reliance; (3) how it was anticipated that these units would be accounted for in presenting 2020 targets.
- For Parties who noted in their responses to the common template their intention to rely on units from non-Kyoto Protocol market-based mechanisms, was it anticipated that all units would be agreed at the international level, with traceable serial numbers reflecting the year of emission reduction (vintage) and source?

Each developed country target must be fully clarified ex ante, in particular with respect to assumptions on coverage, scope, use of credits from LULUCF and market-based mechanisms, so that it is possible to determine the scale of emission reductions to be achieved individually and collectively, and so that it is possible to measure progress toward achievement of these targets.

3. Identifying common elements for measuring progress toward the achievement of the quantified economy-wide emission reduction targets

It is essential that targets and commitments be understood using **common base years, common methodologies and common accounting rules**. Use by certain Annex I Parties of different base years and accounting assumptions to express their pre-2020 quantified emission reduction targets will only complicate efforts to assess what the environment will see in terms of actual tonnes of GHG emissions reduced relative to 1990 baseline emission levels from these targets.

As noted above, AOSIS is of the view that the core objective of the two-year SBSTA work programme should be to **secure agreement on a set of common accounting rules** ("common elements", per decision 1/CP.18, para. 8) to ensure the environmental integrity of targets, facilitate comparability, and enable an accurate assessment of the aggregate impact of Annex I mitigation effort on global emissions. AOSIS believes that Annex I Party approaches to accounting cannot reflect a 'pick-and-choose' approach - Parties must ensure continuity of a multilaterally-agreed approach to measuring mitigation effort and emissions trends, and acknowledge that common accounting rules are essential to underpin and support the development of a robust global carbon market (see Part 5 of the AOSIS submission from March 2012), including through any new agreed market-based mechanisms and discussions on 'various approaches'.

AOSIS is of the view that the following components must be part of a rigorous, robust and transparent set of common rules for accounting for developed country Parties under the Convention:

- use of 1990 as the common base year for accounting for **all Annex I Party** economy-wide targets and commitments, regardless of any reference year used to express reductions for domestic purposes), unless otherwise agreed under Article 4.6 of the Convention or Article 3.5 of the Protocol;
- use of the methodologies set out in the 2006 IPCC Guidelines and relevant Convention and Kyoto Protocol decisions;
- use of the most recently reported GWP values contained in the IPCC's Fourth Assessment Report, using the figures for 100-year time horizons;
- reporting emissions of CO₂, CH₄, N₂O, HFCs, PFCs and SF₆, as well as NF₃, with families of gases to include those new HFCs and PFCs listed in the IPCC's Fourth Assessment Report;
- coverage of the energy, industrial, agriculture, LULUCF and waste sectors;
- common definitions, modalities, rules and guidelines relating to land, land-use change and forestry; and
- modalities and procedures for the establishment of market-based mechanisms under the Convention.

A core strength of the Kyoto Protocol lies in the linkage made through the Marrakech Accords between: (1) robust monitoring, reporting and review provisions, which utilise a common accounting framework designed to ensure environmental integrity; and (2) agreed consequences for non-compliance with these rules, including adjustments, automatic suspension of trades; suspension of eligibility to trade, declarations of non-compliance, and the prospect of the deduction of tonnes from subsequent commitment periods. Maintenance of this linkage will be essential to maintain the environmental integrity of Parties' quantified economy-wide emission reduction targets.

AOSIS anticipates that the SBSTA work programme will demonstrate the value of the following common elements, among others, for measuring progress toward achievement of quantified economy-wide emission reduction targets, and serve as an important reference point for later work:

- 1) mandatory common accounting rules;
- 2) a budget-based accounting approach, to enable units to be applied from market-based mechanisms toward targets;
- 3) registry systems to ensure the avoidance of double counting of units at the international level, and to avoid situations in which more than one Party counts the same allowance or emission reduction towards achievement of its target;
- 4) supplementarity criteria to ensure domestic mitigation efforts;
- 5) rules for the establishment, generation and use of units from market-based mechanisms at the international level under the Convention, regulated by the Parties acting collectively at the international level;
- 6) a compliance system to ensure that monitoring, reporting and verification take place and that there are consequences for non-compliance with these obligations.

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

AOSIS believes that the current approach under the Convention for the pre-2020 period does little to ensure a comparable level of effort among all developed country Parties. We have seen a proliferation of countries picking and choosing options that best serve their national interests. This self-selective approach results in reduced clarity and confidence, and makes it more difficult to assess comparability and aggregate mitigation effort.

The application of common accounting rules to all Parties is necessary to:

1. Facilitate comparability between economy-wide emission reduction commitments of (a) developed country Parties that are Parties to the Kyoto Protocol, and (b) developed country Parties that are not Parties to the Kyoto Protocol;
2. Enable the establishment of assigned amounts for all Annex I Parties, or proxies for assigned amounts for non-Kyoto Protocol Annex I Parties based on emissions trajectories under a multi-year carbon budget, to enable access to market-mechanisms established at the international level, access to units recognized at the international level, and enable the tracking of progress toward commitments;
3. Enable an assessment of the scale of GHG emission reductions that the environment will actually see from individual developed country mitigation efforts relative to 1990 emission levels, free of conditionalities;
4. Enable a robust, international carbon market that builds confidence among all Parties and all stakeholders and that is capable of monitoring trade in internationally-recognized units under the Kyoto Protocol as well any new units agreed under the Convention.

The closure of work under the AWG-LCA, the adoption of the Doha Amendment to the Kyoto Protocol, and agreement on an ongoing clarification exercise under the SBSTA provide an opportunity to ensure that all Annex I Parties move back in the direction of a multilaterally-agreed common accounting framework, based on the success of the robust MRV provisions under the Kyoto Protocol.

An assessment of progress toward global goals, in terms of the tonnes of emission reductions the environment will see from now through 2020, cannot be based on targets presented relative to a single year's emissions.

For comparability and for accounting purposes, each Annex I Party's target or commitment must be converted into a budget for the pre-2020 period based on the data presented in Tables 3 and 4 of FCCC/TP/2012/5 and further information to be provided by Parties in 2013. This is necessary to enable the use of Kyoto units and/or any new units that may be established under the Convention toward Party targets and commitments.

4. Outline of work programme

AOSIS is of the view that the SBSTA "clarification" exercise needs to be a very focused and specific one, designed to enhance understanding of individual Party targets so that progress toward these targets later can be assessed, and designed to

enhance understanding of aggregate Annex I mitigation ambition so that the scale of the gap in mitigation ambition can be better understood. This is a largely technical exercise that should continuously feed into regular updates of Technical Paper FCCC/TP/2012/5, and will also be an important informational input (supplemental to biennial reports) for political discussions.

AOSIS suggests that Parties consider the following possible activities for the work programme, commencing in Bonn at SBSTA38.

SBSTA work programme on the clarification of developed country targets 2013-2014

Timeline	Issue / Activity	Outcome
SBSTA 38 June 2013, Bonn	<p>Workshop on progress towards achieving 2020 QERTs (every Annex I Party to present)</p> <p>Identify information gaps (e.g. failure by some Annex I Parties to respond fully or adequately to the common template circulated after Durban)</p> <p>Confirm update of Technical Paper (ensure availability to allow its consideration well in advance of COP 19), including assessment of the scale of GHG emission reductions that the environment is expected to see from individual developed country mitigation efforts relative to 1990 emission levels, free of conditionalities.</p> <p>Background paper on accounting rules and methodologies now in place for Annex I Parties under the Convention and the KP</p> <p>Request submissions on "common elements" for accounting under the Convention</p>	<p>Understand each Annex I Party's quantified economy-wide target and its progress towards achieving its QERTs; develop understanding of emissions trajectory; assess aggregate Annex I effort</p> <p>Contribute to the understanding of scale of ambition gap</p> <p>Understand individual mitigation contributions based on common assumptions.</p> <p>Understand rules and methodologies currently in play, highlight differences b/w Convention (voluntary / pick-and-choose) and KP (binding / mandatory); demonstrate benefits of the latter approach</p>
SBSTA 39/COP 19, Nov. 2013, Warsaw	Consider "common elements" for accounting under the Convention	Compilation of common accounting principles and agreement on a common accounting framework
SBSTA 40 – 2014, Bonn	<p>Development of common accounting rules</p> <p>Workshop analysing targets based on common accounting rules</p>	Understanding of comparability of actions by Annex I Parties based on common accounting rules

SBSTA 41 /COP 20 – 2014	Agree common accounting rules	Common accounting rules comparable to those under the Kyoto Protocol established for all developed country Parties
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