



Working paper No. 5 (2000)

## WORKSHOP ON ISSUES RELATED TO ARTICLES 5, 7 AND 8 OF THE KYOTO PROTOCOL

Bonn, 14-16 March 2000

### METHODOLOGICAL ISSUES RELATED TO GUIDELINES UNDER ARTICLE 7 OF THE KYOTO PROTOCOL SUMMARY OF ISSUES

#### Working paper

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## I. INTRODUCTION

### A. Mandate

1. Article 7.1<sup>1</sup> states that each Party included in Annex I shall incorporate in its annual inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol, submitted in accordance with the relevant decisions of the Conference of the Parties, the necessary supplementary information for the purposes of ensuring compliance with Article 3. Article 7.2 states that each Party included in Annex I shall incorporate in its national communication, submitted under Article 12 of the Convention, the supplementary information necessary to demonstrate compliance with its commitments under this Protocol.
2. Article 7.4 states that the Conference of the Parties serving as the meeting of the Parties (COP/MoP) to this Protocol shall adopt at its first session, and review periodically thereafter, guidelines for the preparation of the information required under this Article, taking into account guidelines for the preparation of national communications by Parties included in Annex I adopted by the Conference of the Parties (COP).
3. At its fourth session, the COP adopted decision 8/CP.4, which, amongst others, refers to guidelines for the preparation of information under Article 7, with respect to both annual inventories and national communications from Annex I Parties, with a view to completion by COP 6 (FCCC/CP/1998/16/Add.1) and with the purpose of recommending their adoption by the first session of COP/MoP.
4. At their tenth sessions, the subsidiary bodies endorsed the work programme on methodological issues related to Articles 5, 7 and 8 (FCCC/SB/1999/2). The development of guidelines for the preparation of information under Article 7, with respect to both annual inventories and national communications from Annex I Parties, referred to below as guidelines under Article 7, is an integral part of the work programme.
5. At its tenth session, the Subsidiary Body for Scientific and Technological Advice (SBSTA) requested the secretariat to organize a workshop on national systems and issues relating to adjustments, referred to in Article 5, before its twelfth session (FCCC/SBSTA/1999/6). At its eleventh session, the SBSTA requested the secretariat to include in the agenda of this workshop the consideration of the methodological and technical aspects of guidelines under Article 7 (FCCC/SBSTA/1999/14).
6. At its eleventh session, the SBSTA also requested the secretariat to provide possible elements for inclusion in the guidelines under Article 7 for consideration by the SBSTA, at its twelfth session. To assist the secretariat to complete this task, the SBSTA invited Parties to submit initial views on supplementary information pursuant to Article 7 and methodological and technical aspects related to this article by 1 February 2000. The SBSTA also invited Parties to submit additional views on this

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<sup>1</sup> All articles referred to in this paper are those of the Kyoto Protocol, unless explicitly specified otherwise. For the sake of brevity, the Kyoto Protocol is not specified after each article.

issue, in the light of the outcome of the workshop, by 15 April 2000.

### **B. Scope**

7. This paper was prepared in order to facilitate the consideration of issues related to aspects of guidelines under Article 7 by experts and representatives of Parties at a workshop, to be held in Bonn, from 14 to 16 March 2000. On the basis of the information exchanged during the workshop, the secretariat will prepare a document with possible elements for inclusion in the guidelines under Article 7 for consideration by SBSTA at its twelfth session.

8. In preparing this paper, the secretariat drew upon the views from Parties (FCCC/SBSTA/2000/MISC.1). The secretariat also assumed that the guidelines for the preparation of national communications by Parties included in Annex I to the Convention (FCCC/CP/1997/7) provide a foundation for potential reporting requirements under the Kyoto Protocol.

9. The paper provides an overview of the existing reporting requirements under the Convention, and of the potential additional reporting requirements under the Kyoto Protocol in an attempt to identify possible elements, if any, for inclusion in the guidelines for supplementary information under Article 7.

10. The paper only addresses the issues related to the reporting of information under Article 7.1 and 7.2. It does not include information on modalities for accounting the assigned amounts that may be needed under Article 7.4.

11. The indicative subject headings in part III of this paper are only intended as an aid to the reader and not as an interpretation of the various articles of the Kyoto Protocol.

### **C. Possible action by participants attending the workshop**

12. Participants may wish to consider the information in this document and come prepared to discuss the identified issues. Participants are invited to provide their views on how draft guidelines could be structured and what they should include for fulfilling the commitments of Annex I Parties related to Article 7.

## **II. BACKGROUND**

13. At its fifth session, the COP adopted decisions 3/CP.5 and 4/CP.5 related to guidelines for the preparation of national communications by Annex I Parties. These guidelines comprise two parts: Part I: UNFCCC reporting guidelines on annual inventories and Part II: UNFCCC reporting guidelines on national communications. The COP also adopted decision 5/CP.5 related to reporting guidelines on global climate observing systems. All of these guidelines and related decisions are contained in document FCCC/CP/1999/7.

**A. UNFCCC reporting guidelines on annual inventories**

14. According to the UNFCCC reporting guidelines on annual inventories, Annex I Parties shall annually submit greenhouse gas inventories using the common reporting format for the last but one year prior to the year of submission and an inventory report for all years from the base year to the current annual inventory submissions, in order to ensure the transparency of the inventory. The guidelines for these submissions include a common reporting format for submitting disaggregated information on activity data, emission factors, information on the application of the good practice guidance and archiving of data and other information pertinent to the compilation of the inventory.

15. Decision 3/CP.5 specified a two year trial period for the use of the UNFCCC reporting guidelines on annual inventories and stated that revisions to these guidelines, particularly the common reporting format, shall be considered by the SBSTA at its fifteenth session with a view to submitting a decision on revised guidelines under the Convention for adoption by the COP at its seventh session.

**B. UNFCCC reporting guidelines on national communications**

16. In accordance with Article 12 of the Convention, Annex I Parties shall submit national communications to the COP. The timing of these submissions is determined by relevant decisions of the COP. Decision 4/CP.5 states that Annex I Parties should use the UNFCCC reporting guidelines on national communications for the preparation of their third national communications due by 31 October 2001, in accordance with decision 11/CP.4, and that subsequent reports will be prepared at intervals of 3 to 5 years.

17. The UNFCCC reporting guidelines on national communications specify the information that Annex I Parties shall report in relation to the implementation of their commitments included in Articles 2, 4, 5 and 6 of the Convention. The information to be incorporated in the national communications should cover national circumstances, greenhouse gas inventory information, policies and measures, projections and the total effect of policies and measures, vulnerability assessment, climate change impacts, adaptation measures, financial resources, transfer of technology, research and systematic observation, education, training and public awareness.

18. Decision 4/CP.5 does not specify the timing for a future revision of the UNFCCC reporting guidelines on national communications. Past practice by the SBSTA suggests that such a revision, if necessary, would only take place after the in-depth review process of the third national communications, beginning in 2002, is well underway.

### III. ISSUES FOR CONSIDERATION

#### A. Issues related to the UNFCCC reporting guidelines on annual inventories

19. The submissions of Parties indicated that the UNFCCC reporting guidelines on annual inventories should be used as the basis for the development of guidelines under Article 7.1. These guidelines were developed in order to assist Annex I Parties in meeting their commitments under Articles 4 and 12 of the Convention and in preparing to meeting possible future commitments under the Kyoto Protocol.
20. *Question: What additional elements, if any, could be identified for the reporting of greenhouse gas inventories by Annex I Parties under the Kyoto Protocol?*
21. Future revisions of the UNFCCC reporting guidelines on annual inventories could incorporate additional elements that Annex I Parties should report under the Kyoto Protocol. The additional elements in paragraph 19 above are different to the supplementary information requested under Article 7.1, as they refer specifically to the greenhouse gas data already submitted under the Convention.

#### B. Supplementary information under Article 7.1

22. Parties generally have indicated that information related to land-use change and forestry, agricultural soils (Article 3.3, 3.4 and 3.7) and transfers and acquisitions of emission reduction units, parts of an assigned amount and certified emission reductions (Article 3.10, 3.11 and 3.12) should constitute supplementary information to be reported in accordance with Article 7.1. One or more Parties have also identified other paragraphs of Article 3 for which reporting of information may have to be considered (FCCC/SBSTA/2000/MISC.1). All paragraphs of Article 3 are discussed below.

##### 1. Land-use change and forestry and agricultural soils (Article 3.3, 3.4 and 3.7)

23. *Question: Would it be appropriate to consider a target date for the development of guidelines for supplementary information in relation to Article 3.3, 3.4 and 3.7, bearing in mind that such guidelines could also be relevant to the reporting of information under the Convention?*
24. In response to a request by the SBSTA, the IPCC is preparing a special report on land-use, land-use change and forestry, which will be considered for adoption by the IPCC during its 16th plenary in May 2000. The SBSTA decided to commence the consideration of this report at its twelfth session. This report, *inter alia*, identifies areas where the land-use change and forestry module of the Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories does not facilitate reporting on Article 3.3 and 3.4 of the Kyoto Protocol. To amend this module, and in response to a request by the SBSTA, the IPCC has prepared a work programme, which will incorporate relevant conclusions and decisions of the SBSTA and/or the COP on this subject. Depending on the complexity of the work, this may take 1-4 years.
25. The COP at its fourth session decided to recommend, at the first session practicable following completion of the IPCC special report and its consideration by the SBSTA, a draft decision, for

adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, on guidelines for necessary supplementary information with respect to annual greenhouse gas inventories under the provisions of Article 7.1 and 7.4 of the Kyoto Protocol for reporting required in connection with Article 3.3 and 3.4 of the Kyoto Protocol (FCCC/CP/1998/16/Add.1, decision 9/CP.4).

## 2. Transfers and acquisitions (Article 3.10, 3.11 and 3.12)

26. *Question: When and how should supplementary information in relation to Article 3.10, 3.11 and 3.12 be incorporated into the guidelines under Article 7.1?*

27. *Question: How reporting requirements identified by the on-going work related to Articles 6, 12 and 17 should be referenced under Article 7.1?*

28. Article 3.10, 3.11 and 3.12 refers to addition to, and subtraction from, assigned amounts in accordance with Articles 6, 12 and 17. Pending action to be taken by the subsidiary bodies in relation to reporting under Articles 6, 12 and 17, the supplementary information could be incorporated in the guidelines under Articles 7.1 after the adoption of appropriate conclusions on the Kyoto mechanisms.

## 3. Other issues

### (a) Overall target and transfers to future commitment periods (Article 3.1 and 3.13)

29. *Question: What supplementary information, if any, should Annex I Parties submit in relation to Article 3.1 and 3.13? When should such information be submitted?*

30. Article 3.1 refers to the overall reduction target of all Annex I Parties and Article 3.13 refers to transfers of assigned amounts of the first commitment period to assigned amount of subsequent commitment periods. Reporting requirements under these articles may be applicable after the end of the commitment period after all Annex I Parties have provided all the necessary information to demonstrate compliance with all their commitments under Article 3.

### (b) Demonstrable progress (Article 3.2)

31. *Question: What supplementary information, if any, should Annex I Parties submit in relation to Article 3.2? When should such information be submitted?*

32. Article 3.2 refers to the demonstrable progress of Annex I Parties in relation to their commitments under the Kyoto Protocol by 2005. The submissions of two Parties indicated that information related to Article 3.2 should be reported as part of the information under Article 7.2.

### (c) Base years/period (Article 3.5 and 3.8)

33. *Question: What supplementary information, if any, should Annex I Parties submit in relation to Article 3.5 and 3.8? When should such information be submitted?*

34. The base year or period of Annex I Parties with economies in transition has been specified according to decisions 9/CP.2 and 11/CP.4. Annex I Parties with economies in transition that have not yet submitted their first national communication are requested to notify the COP of their selection for a base year or period. The common reporting format, included in the UNFCCC reporting guidelines on annual inventories, provides for the notification of the base year or period and for the base year for HFCs, PFCs and SF<sub>6</sub> (1990 or 1995) used by Annex I Parties. Participants may wish to consider the adequacy of the provisions of the UNFCCC reporting guidelines on annual inventories in relation to Article 3.5 and 3.8.

(d) Adverse impacts (Article 3.14)

35. *Question: What supplementary information, if any, should Annex I Parties submit in relation to Article 3.14? When should such information be submitted?*

36. Article 3.14 refers to the minimization of adverse social, environmental and economic impacts on developing country Parties due to the implementation of Annex I Parties commitments under Article 3.1. Decisions 5/CP.4 and 12/CP.5 identified elements that could be considered under Article 7. The latter decision requested the subsidiary bodies to continue the consideration of implementation of Article 4.8 and 4.9 of the Convention and matters relating to Article 3.14 of the Kyoto Protocol. Possible incorporation of the supplementary information related to Article 3.14 could be considered after the adoption of appropriate conclusions on the implementation of Article 4.8 and 4.9 of the Convention.

(e) Adjustments under Article 5.2

37. *Question: What supplementary information, if any, should Annex I Parties submit in relation to adjustments under Article 5.2?*

38. The issue of adjustments under Article 5.2 is addressed in Working Papers No. 3 and No. 4. Possible incorporation of the supplementary information related to adjustments could be considered once the work on defining appropriate methodologies under Article 5.2 is well underway.

### **C. Supplementary information under Article 7.2**

39. Table 1 lists the headings of the chapters of national communications, as specified in the UNFCCC reporting guidelines on national communications, and the relevant articles relating to commitments under the Convention they are intended to cover. In the last column of Table 1, the secretariat has listed relevant articles of the Kyoto Protocol that could be considered as adequately covered by the existing guidelines. It is noted that information on policies and measures is not included here but discussed separately in paragraphs 44-48 below.

40. *Question : Do the chapters identified in the UNFCCC reporting guidelines on national communications contain the necessary reporting requirements in relation to the articles of the Kyoto Protocol listed in Table 1? If not, what supplementary information needs to be reported in relation to these articles?*

Table 1. Articles relating to commitments under the Convention already reported in accordance with the UNFCCC reporting guidelines on national communications and possible coverage of commitments under the Kyoto Protocol.

	<b>Convention</b>	<b>Kyoto Protocol</b>
National Circumstances	4.6, 4.10	3.6
Projections and the total effect of policies and measures		
Vulnerability assessment, climate change impacts and adaptation measures	4.1(b), 4.1(e)	10 (b), 10(b)(i)
Financial resources and transfer of technology	12.3, 4.3, 4.4, 4.5	10 (c), 11.2(a), 11.2(b)
Research and systematic observation	12.1(b), 4.1(g), 4.1(h), 5	10 (d)
Education, training and public awareness	12.1(b), 4.1(i), 6	10 (e)

41. Parties generally agree that information related to the Kyoto Mechanisms, aside from information on transfers and acquisitions covered under Article 7.1 (paragraphs 26-28 above), should be reported as supplementary information under Article 7.2. Other articles of the Kyoto Protocol were also mentioned by one or more Parties (FCCC/SBSTA/2000/MISC.1) and are discussed below.

#### 1. Kyoto mechanisms (Articles 6, 12 and 17)

42. *Question: When and how should supplementary information in relation to the Kyoto mechanisms be incorporated into the guidelines under Article 7.2?*

43. Article 6.2 states that guidelines should be elaborated for the implementation of this article, including for verification and reporting. Article 12 does not specifically mention reporting in relation to guidelines for CDM. Article 17 mentions reporting in the coverage of the guidelines. Pending action to be taken by the subsidiary bodies in relation to reporting under Articles 6, 12 and 17, the supplementary information could be incorporated in the guidelines under Article 7.2 after the adoption of appropriate conclusions on the Kyoto mechanisms.

#### 2. Other issues

##### (a) Policies and Measures (Article 2)

44. *Question: Does the chapter on policies and measures of the UNFCCC reporting guidelines on national communications contain sufficient detailed provisions for reporting under Article 7.2? If*



*not, what supplementary information should Annex I Parties submit in relation to Article 2.1?*

45. Article 2.1 is related to the implementation and/or further elaboration of policies and measures by Annex I Parties. In accordance with Articles 4 and 12 of the Convention, Annex I Parties are requested to report on the implementation of their national programmes, which includes the elaboration of policies and measures, through their national communications. The UNFCCC reporting guidelines on national communications provide for reporting of information on policies and measures as well as on projections and the total effects of policies and measures.

46. *Question: What supplementary information, if any, should be reported in relation to Article 2.2? When should such information be submitted?*

47. Article 2.2 refers to the limitation or reduction of emissions of greenhouse gases from aviation and marine bunker fuels. Possible supplementary information could incorporate the steps taken by Annex I Parties in working through the ICAO and the IMO or the actions of these two organisation in responding to the limitation or reduction provision of this article.

48. In relation to Article 2.3, Participants may wish to consider this article together with Article 3.14 (paragraphs 35 and 36 above).

(b) Joint fulfilment of commitments (Article 4)

49. *Question: What supplementary information, if any, should Annex I Parties submit in relation to Article 4? When should such information be submitted?*

50. Article 4 refers to the joint fulfilment of Annex I Parties commitments. Article 4.2 specifies that Parties shall notify the secretariat of the terms of such an agreement on the date of deposit of their instruments of ratification, acceptance or approval of the Kyoto Protocol, or accession thereto.

(c) National Systems (Article 5.1)

51. *Question: What supplementary information, if any, should Annex I Parties submit in relation to Article 5.1?*

52. Article 5.1 refers to the development of national systems for the estimation of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol. Participants may wish to refer to Working Paper No. 2, which relates to this issue.

(d) Review of information (Article 8)

53. *Question: What supplementary information, if any, should Annex I Parties submit in relation to Article 8.4? When should such information be submitted?*

54. Article 8.4 relates to guidelines for the review of implementation of the Kyoto Protocol by expert review teams. Participant may wish to note that this issue could be covered by the discussions under Article 8.

(e) Other issues related to compliance

55. The existing reporting guidelines incorporate elements that Annex I Parties shall or should or are encouraged to report in their annual greenhouse gas inventories and national communications. In addition, Annex I Parties are requested to provide their submissions in a timely manner according to the relevant decisions adopted by the COP. Finally, the implementation of the legally binding commitments under Article 3.1 could necessitate the development of national compliance and enforcement programs.

56. Participant may wish to note that any compliance-related aspects of the issues outlined in paragraph 55 above could be considered under the agenda of the Joint Working Group on Compliance.

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