

Submission by the United States of America
Appendix I
Views on items in paragraph 46 of Decision 1/CP.16

Reporting by Annex I Parties - Paragraph 46(a)

With regard to enhanced reporting by Annex I Parties, the United States believes that our most fruitful work this year would be to begin building upon the framework decided on in Cancun. Paragraph 46(a) of Decision 1/CP.16 states that the Parties have agreed on a work program “for the revision of guidelines, as necessary, on the reporting of national communications, including the biennial report.”

The elements of enhanced reporting are outlined in Decision 1/CP.16, paragraphs 40-41. According to these paragraphs, developed countries will, through enhanced reporting in national communications:

- Continue to submit annual GHG inventories and national communications (40(a))
- Submit biennial reports on progress in achieving emissions reductions, including information on mitigation actions to achieve their quantified economy-wide emission targets and emission reductions achieved, and projected emissions (40(a) and (b))
- Improve reporting of information on the provision of financial, technology and capacity-building support to developing country Parties (40(c)) including common reporting formats and methodologies for finance in order to ensure that information is complete, comparable, transparent, and accurate (41).

There is extensive experience with reporting through national communications and greenhouse gas inventories under Article 12.1 of the Convention. Annex I Parties have considerable experience with reporting under the UNFCCC. Annex I Parties have submitted annual GHG inventories for over 15 years, with inventory data for all years going back over 20 years. Nearly all Annex I Parties have submitted their 5th national communication. With the benefit of in-depth expert review to provide feedback for improving communications, capacity and quality have improved considerably over time.

Decision 1/CP.16 calls for enhanced reporting in two respects:

1. Enhanced content and transparency, both for progress in implementing economy-wide mitigation targets and for provision of support to developing countries; and
2. Enhanced frequency of this focused information through biennial reports.

The U.S. believes that our focus this year should be elaborating guidelines for biennial reports and revising, as necessary, the national communication guidelines in relevant sections.

The U.S. views the biennial reports as an important supplement to the full national communications to be submitted every 4 years (in accordance with 1/CP.16 paragraph 60(b)). The U.S. envisions that the biennial report would be submitted every second year, with submission every fourth year as a sub-section of the full national communication. This would mean only one report would be submitted every fourth year, reducing the reporting burden and avoiding a situation where content was repeated in biennial reports and full national communications.

Decision 1/CP.16 calls for revision of the national communication guidelines and biennial report guidelines to address the same sub-set of issues: mitigation targets and provision of support. This corresponds to the following sections of the current Annex I national communication reporting guidelines: Chapter 5 (Policies and measures); Chapter 6 (Projections); and Chapter 8 (Finance resources and transfer of technology). The draft guidelines for biennial reports could provide for streamlined coverage of the content of these three chapters and could inform revision of the 4-year national communication guidelines. Therefore, this submission primarily addresses the content of the biennial reports. Below, we offer some thoughts on the various elements for biennial report guidelines that the Parties will need to develop this year.

Inventories and National Inventory Arrangements

Because Annex I Parties will continue to submit annual GHG inventories, including national inventory reports (NIR) and common reporting formats (CRF), there is no need to repeat this content in the biennial report itself. The U.S. believes that the two submissions should remain separate, though the biennial report could contain summary tables and additional information on national inventory arrangements.

Mitigation

Decision 1/CP.16 calls for biennial reports on “progress in achieving emission reductions, including information on mitigation actions to achieve their quantified economy-wide emissions targets and emission reductions achieved” (40(a)).

In our view, biennial reports should include the following:

- A thorough description of the mitigation target listed in the INF.1 document referenced in paragraph 36, including descriptions of any major policies and measures used in implementation, and progress in implementation;
- An update on the results of implementation of actions toward achievement of the economy-wide target, including the estimated emission reductions or removals achieved, as well as any significant changes from previous estimates;
- Any updates to emission projections, with and without actions;
- Thorough information on the use of international or domestic emission reduction credits (e.g. offsets) or allowances, as well as information on any rules established to regulate such units, including mechanisms to verify their uniqueness. Reporting should include information for the following types of market mechanisms:
 1. UNFCCC mechanisms (including use of any new market mechanisms agreed per Cancun). This would require a reference to the relevant serial numbers of units acquired.
 2. Offset mechanisms undertaken bilaterally and plurilaterally.
 3. Emissions trading linkages agreed among parties bilaterally and plurilaterally. Parties would report on the quantity of emission allowances “exported” (transferred) and “imported” (acquired), along with means to facilitate tracking international transfers in a way that prevents double-counting.

Support provided

The U.S. believes transparency and flexibility should be the guiding principles for UNFCCC reporting guidelines on support provided. The guidelines should encourage Annex I Parties to report clearly on:

- Climate finance channeled through bilateral and regional assistance programs, broken down by recipient country, thematic area (e.g. mitigation and adaptation), and sector
- Climate finance channeled through bilateral development finance and export finance agencies
- Contributions to multilateral institutions delivering climate finance to developing countries, including but not limited to the Global Environment Facility, the Climate Investment Funds, the Least Developed Countries Fund, the Special Climate Change Fund, other new multilateral climate finance channels that may be established, as well as contributions to programs focused on mitigation and adaptation at the multilateral development banks and regional development banks.

As appropriate, Annex I parties should clearly state the assumptions and methodologies underlying the numbers provided, so as to facilitate stakeholder analysis of the information provided. For example, Parties should indicate where possible the use of grants, loans, or other financial instruments.

However, the reporting guidelines should acknowledge and accommodate the diversity in Annex I Parties' budgeting processes, programmatic approaches, and institutional arrangements for delivering climate finance. We note the flexibility available under decision 1/CP.16 to supply information on "fast start" finance in formats appropriate to Annex I Parties' national circumstances. This played a key role in encouraging greater transparency, as evidenced in the enhanced level of detail provided by Annex I Parties in their fast start progress reports.

Per decision 1/CP.16 (paragraph 99), private sources of finance will contribute to the goal of mobilizing \$100 billion per year by 2020, and it will therefore be important for Parties to track climate-relevant private sector flows.

Revision of guidelines for review of Annex I Communications and International Assessment of Emissions and Removals – Paragraph 46(b), (d)

Decision 1/CP.16 decides to "enhance guidelines for the review of information in national communications with respect to a) progress made in achieving emission reductions; and b) provision of financial, technology and capacity building support to developing country Parties" (paragraph 42). The COP further decided that the revision of guidelines would take place as part of this year's work program (46(b)).

Each Annex I national communication is currently subject to an "in-depth" review. Under this system, Annex I in-depth review:

- is conducted by an international team of experts;
- is coordinated by the UNFCCC secretariat;
- includes both an in-country visit and a desk-based study;
- follows the purposes and procedures laid out in Decisions 2/CP.1, 9/CP.2, 6/CP.3 and 33/CP.7;

- is made public through publication of the results of the in-depth review on the UNFCCC website.

As stated in Decision 2/CP.1, the purpose of review is to provide a comprehensive, technical assessment of a Party's implementation of its obligations under the Convention and to facilitate improved reporting over time. Its purpose is to review, in a facilitative, non-confrontational, open and transparent manner, the information contained in the communications and to ensure that the COP has accurate, consistent and relevant information at its disposal. In the future, the review report and the communication itself would form the basis for international assessment to be conducted in the SBI.

While there is long-standing COP guidance on the in-depth review process, there are no stand-alone or consolidated "guidelines" for review; the mandate and updated general guidance is scattered throughout Decisions taken over the past decade. Decisions 2/CP.1, 9/CP.2, 6/CP.3 and 33/CP.7 form the basis for current guidance for review and should be used as the fundamental basis for any revision of review guidelines as mandated by Decision 1/CP.16.

The U.S. is of the view that there should be two objectives for the work program this year with regard to revision of national communication review guidelines:

1. Bring the current guidance contained in COP decisions together into one document that provides a comprehensive set of guidelines for review of national communications and biennial reports.
2. Revise the existing guidance to include the additional reporting content required by 1/CP.16 (progress on emission reductions and provision of support).

Experience with the current in-depth review system proves it to be robust and transparent. Expanding the review to cover additional reported information on emission reductions and provision of support will significantly enhance the utility and relevance of the review. While review will be expanded to include additional content, there should be no fundamental shift in the purpose of review, the tasks set out for the review team, or for the format for summary reports once the review has been conducted.

In addition to an in-depth review, paragraph 46(d) also envisions international assessment. Assuming a similar SBI framework for non-Annex I Parties, international assessment for Annex I Parties should include:

- Consideration of the biennial reports and the in-depth review summary report as the basis for consideration in the SBI.
- Assessment would be conducted in an SBI working group session, open to all, of one to three hours in duration, convened at the SBI meeting following completion of the in-depth review report. The session would include a brief Party presentation, followed by oral questions by regional representatives and Party responses. The tenor of the session is to be a facilitative sharing of views – respectful, non-confrontational, confidence-building, and focused on the content of the biennial report and the in-depth review.
- Parties would be invited to submit written follow-up questions within a specified time period (e.g. two weeks), to be answered by the Party shortly thereafter (e.g. two months).
- A summary report would be issued to include the in-depth review report, a summary of the oral consultations, the results of the written questions and answers, and any observations the Party concerned wishes to include.

Guidelines for National Inventory Arrangements – Paragraph 46(c)

Parties' national inventory arrangements may differ according to national circumstances and priorities, but any robust and rigorous system should ensure transparency, consistency, comparability, completeness and accuracy of greenhouse gas inventories. All Annex I Parties have in place such arrangements, whether to satisfy international or domestic requirements, and are already required to report on such arrangements in their annual National Inventory Report. The U.S. has in place a robust system for coordinating preparation of our annual national inventory, led by the U.S. Environmental Protection Agency (EPA). The U.S. seeks to continually improve the quality, transparency, and credibility of our inventory and has implemented a systematic approach to planning, preparation and management of our inventory activities, including rigorous quality assurance and quality control, and domestic and international review.

Any new international guidelines for national inventory arrangements should take into account the maturity and robustness of arrangements currently in place and should not lead to significant changes in existing procedures and systems of Parties. In the U.S. perspective, this work could contribute to further elaborating the existing system for Annex I MRV, but would not be a priority for the AWG-LCA to take up this year. Given the inherent link to work underway in SBSTA on revisions to the Annex I greenhouse gas inventory reporting guidelines and the need to draw on the same technical experts, we would suggest that guidelines for national inventory arrangements be taken under the ongoing SBSTA work program.

Submission by the United States of America
Appendix II
Views on items in paragraph 66 of Decision 1/CP.16

Reporting by non-Annex I Parties – Paragraphs 60, 63, 64, and 66

With regard to enhanced reporting by non-Annex I Parties, the United States believes that our most fruitful work this year would be to begin building upon the framework decided on in Cancun. The elements of enhanced reporting are outlined in Decision 1/CP.16, paragraphs 60 with discussion of how such reports would be considered in paragraphs 63, 64.

There is extensive experience with reporting through national communications and GHG inventories under Article 12.1 of the Convention. Decision 1/CP.16 calls for enhanced reporting through more frequent and focused biennial reports to provide a better understanding of mitigation actions, effects on emissions through regular inventories, and finance, technology and capacity building support to enable such actions.

According to Decision 1/CP.16, paragraphs 60(c) and 64, biennial update reports, as the basis for international consultations and analysis, should include the following elements:

- National GHG Inventory
- Description of mitigation actions
- Progress in implementation and analysis of impacts
- Discussion of associated methodologies and assumptions
- Information on domestic MRV
- Information on support received

We recognize that some countries (particularly those with limited capacity) may seek additional flexibility as they work to increase the frequency and improve the content of reporting under these new guidelines. Clearly, the commitment to provide scaled up support for developing countries to prepare reports will be an essential element in helping countries follow the guidance. In addition, we note that the IPCC guidelines (already applied by all Parties) use a tiered approach to accommodate different levels of capability and provide flexibility where needed. Given the global community's interest in making the process not only sustainable and effective, but also attuned to the needs of individual countries and not overly burdensome, we would be willing to consider what additional flexibility might be provided that would still ensure environmental integrity.

Recognizing this, we envision that the standard for biennial reports would be submissions every two years, as an interim update to the 4-year full national communications. We also envision that biennial reports would be submitted every fourth year as a section of the full national communication (or as a separate chapter). This would mean only one report is submitted every fourth year, reducing the reporting burden and avoiding a situation where content was repeated in biennial reports and full national communications.

We consider that our focus this year should be on developing guidelines for biennial reports, including a specific focus on GHG inventories. Below, we offer some thoughts on the various elements for biennial report guidelines that the Parties will need to develop this year in order to have a functioning system.

Inventories

Decision 1/CP.16 calls for biennial reports to contain an update of national GHG inventories including a National Inventory Report (NIR) with a description of the methodologies and data sources. It is our view that this element deserves specific focus this year taking into account the existing IPCC methodological

guidelines and the existing experience with inventory reporting over the past few decades. In preparing biennial national greenhouse gas inventories, we see that non-Annex I Parties should:

- Move toward application of the 2006 IPCC Guidelines, which consolidates and updates the 1996 Guidelines, providing a more user-friendly and streamlined approach. IPCC Guidelines provide substantial flexibility through tiering, allowing for variations in country capacity and data availability.
- Include all greenhouse gases not regulated by the Montreal Protocol and all sectors, noting the need for accommodation in a tiered system according to capability.
- Submit an NIR, including time series data for all years reported to the UNFCCC, any subsequent years reported, and any relevant base year and a description of methodologies and assumptions and IPCC tiers applied.

Mitigation actions

Decision 1/CP.16 calls for enhanced reporting on mitigation actions and their effects (60) and that ICA of biennial reports should consider the following information contained in those reports (64). Below we outline the core elements for biennial report guidelines on mitigation actions:

- **Description of mitigation actions:** for each action or suite of actions, a thorough description of mitigation actions, including information on the nature of the action, timescale, and coverage.
- **Implementation and impacts:** Information on the progress of implementation of mitigation actions, and the results, including to the extent possible the estimated emission reductions.
- **Methodologies and assumptions:** a thorough description including information needed to understand implementation (such as BAU or GDP).
- **Domestic MRV:** A description of the Party's system of domestic MRV would be reported in the first biennial report with subsequent updates in future reports.
- **Tradable emission units:** information on the acquisition, use or transfer of emission reductions, removals, or allowances, including means to verify their uniqueness.
- **Support received:** Information on finance, technology, and capacity building support received for mitigation actions and the enhanced mitigation outcomes attributable to such support.

There are many ways to build in flexibility in reporting on mitigation actions and we are open to consider any number of approaches. Just as national inventory reporting allows for tiered methods and reporting, reporting on mitigation actions may also differ based on the types of mitigation actions taken, and the unique circumstances and capabilities of the Party in question. We understand that, just as for Annex I Parties, there is a wide range of capabilities among non-Annex I Parties, and that this may be taken into account in both the frequency and content of reporting.

International Consultations and Analysis – Paragraphs 63, 64, and 66

Paragraph 66 of Decision 1/CP.16 establishes a work program to develop modalities and guidelines for international consultations and analysis (ICA), the core elements of which are outlined in paragraphs 63 and 64:

- Analysis of biennial reports by technical experts in consultation with the Party concerned (63)
- International consultations of biennial reports via a facilitative sharing of views (63)
- The process is to take place in the SBI (63)

- The process should be non-intrusive, non-punitive, respectful of national sovereignty, aim to increase transparency of mitigation actions and their effects (63), not include discussion about the appropriateness of such domestic policies and measures, and provide transparency on information related to unsupported actions (64)
- The process should result in a summary report (63)
- Information considered should include: inventories, information on mitigation actions, including a description, analysis of the impacts and methodologies and assumptions, progress in implementation and information on domestic MRV and support received (64)

So long as we are able to flesh these elements out to create a workable system, we are open to a number of different approaches. We come to this exercise with considerable flexibility, and are open to finding means to address capability concerns that do not cross other countries' redlines.

Below, with respect to the two elements that the Parties will need to develop this year in order to have a functioning system, we would propose:

Technical analysis

- A group of five to eight **technical experts** would be selected by the Secretariat, drawing from Party-nominated experts and professional Secretariat staff, balanced for expertise and developed/developing country diversity. Two to three experts would focus on the inventory alone.
- The expert group would conduct an **analysis of the biennial report**, focusing primarily on three areas: (1) inventories; (2) whether the information required has been submitted and has a solid foundation; and (3) for those countries that have listed actions, whether those actions have been implemented. The experts would also consider a Party's full suite of actions and the emissions benefits gained, analyze the methodologies and assumptions used in the biennial report, and the Party's domestic MRV process and support received. The experts will aim to provide transparency within the UNFCCC system, and will be instructed not to analyze the appropriateness of a Party's choice of domestic policies and measures or their consistency with other international frameworks. The experts would be authorized to meet directly with Party representatives, request additional documentation or information from the Party, conduct in-country visits as necessary, and solicit information from other Parties or stakeholders.
- The technical experts would produce a draft **analysis report**, shared with the Party for review and comment, and should respond to or incorporate Party comments. The final analysis report should be made available at least two, and preferably four, weeks before the next COP.

International consultations

- We propose that an SBI working group session, open to all, of one to three hours in length, be convened at the SBI meeting following completion of the analysis report. Parties with commonalities and anticipating fewer questions may request to join into a single session. The session would include a brief Party presentation, followed by oral questions by regional representatives and Party responses. The tenor of the session is to be a facilitative sharing of views – respectful, non-confrontational, confidence-building, and focused on the content mentioned in Cancun paragraph 64, the biennial report(s), and the experts' analysis. We envision that Parties may submit written follow-up questions within a specified time period (e.g. two weeks), to be answered by the Party shortly thereafter (e.g. within two months).
- After consultations, a **summary report** would be issued to include the technical expert analysis report, a summary of the oral consultations, the results of the written questions and answers, and any observations the Party concerned wishes to include.

Domestic MRV of mitigation actions undertaken with domestic resources – Paragraph 62, 66

Decision 1/CP.16 calls for mitigation actions taken by developing country Parties, whether supported domestically or internationally, to be measured, reported and verified domestically. Just as diverse national circumstances and capacities among Parties lead to a wide range of potential mitigation actions, so the nature and extent of domestic MRV will vary. There is, however, best practice to draw from to help Parties to establish or improve domestic MRV procedures, including:

- Clear identification of an entity or entities responsible for implementing, measuring, reporting and verifying mitigation actions, and clarification of the appropriate roles and responsibilities.
- Establishment of a system for collection of all relevant data, sources, and methodologies, including any models used for projections or extrapolation.
- Appropriate selection of performance indicators to measure progress in implementation of mitigation actions, and procedures for reporting and collecting performance indicator data.
- A system of quality assurance and control to ensure reliability of data and performance indicators.
- A process for verifying implementation of actions and the relevant performance indicators, including through some form of independent, expert third party review or audit.
- A process for reporting information in a way that is transparent, consistent, comparable, and complete, and made available to the public.

We consider that any general guidelines developed by the COP would be just that, general. We do not consider that such guidelines would be in any way intrusive with respect to domestic policy. Instead, we believe that concise, general guidelines could lay out the basic features that would contribute to a robust and reliable system for domestic MRV, as highlighted above.

MRV of Supported Actions and Support Received – Paragraphs 60, 61, 66

Decision 1/CP.16 calls for developing country Parties to enhance reporting on support received for mitigation actions, both in national communications and in biennial update reports. Additionally, under paragraph 61, internationally supported actions are “subject to international measurement, reporting, and verification in accordance with guidelines to be developed under the Convention.”

The credibility of the climate finance system depends not only on the provision of finance, but also on the transparent accounting of what is done with it and the results achieved. Current information from recipient countries on the impact of support received is very limited, due to the infrequency of developing country national communications and the lack of clear reporting guidelines. The limited information reported by recipient countries makes it difficult to demonstrate to donor country taxpayers the concrete benefits of public climate finance, and to show that support was utilized in a cost-effective, efficient, and transparent manner.

Accordingly, revised reporting guidelines should require recipient countries to provide more detailed and frequent information on how international support led to enhanced mitigation and adaptation outcomes. In addition, arrangements made between finance channels and recipient countries should incorporate requirements for joint measurement and reporting of the mitigation and adaptation outcomes associated with the support provided. We view international MRV to consist of two elements: 1) international consultations and analysis; and 2) additional provisions for finance and information on outcomes for support provided.

Facilitation of Support through a Registry – Paragraph 56, 66

The registry can serve as a useful tool to facilitate the matching of actions and support, as noted in paragraph 57 of decision 1/CP.16. In implementing the registry as an online resource, the Secretariat can present information about the range of support channels available to developing countries. In particular, information provided by developed country Parties on support should be organized and presented to create a useful resource describing climate finance channels according to the thematic areas and geographic areas they support, links to their eligibility criteria and project cycle descriptions, as well as information about projects recently financed. The website www.climatefinanceoptions.org, developed by the UNFCCC Secretariat, UNDP and the World Bank, may serve as a basis for developing these facilitative functions.