

Developing countries mitigation and MRV - call for balance in negotiations

Bonn, 5 June (Meena Raman and Hilary Chiew)- Developing countries called for a balanced treatment of negotiations on mitigation actions by developed and developing countries.

G77 and China expressed concern that the discussions on mitigation actions of developed countries were not focused on what developed countries had to do but was frequently directed towards general views on measurement, reporting and verification (MRV) and transparency relating to mitigation actions of all Parties.

Developed countries insisted on more transparency and shorter time frames for the submission of national communications from developing countries while developing countries questioned forum for such discussions as they said that the Subsidiary Body on Implementation (SBI) was already dealing with this matter.

The contact group under the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) on Friday, June 4 focussed discussions on nationally appropriate mitigation actions of developing countries (NAMAS) and the measurement, reporting and verification (MRV) of the actions and the support of the actions by developed countries. In the morning, the contact group discussed NAMAS and related MRV of actions. In the afternoon, the session was dedicated to discussing the MRV of support.

The Chair of the AWG-LCA, Margaret Mukahanana-Sangarwe of Zimbabwe posed questions to guide Parties in their discussions. They were asked to consider what further revisions were needed to the guidelines for national communications from non-Annex I countries; would all elements of the national communications of non-Annex I Parties be submitted with the same frequency; what are the key elements of the review/international consultation and analysis of the mitigation actions of developing countries; who will be undertaking the consultation; what will be analysed and what guidelines will be needed to be developed.

On behalf of **Group 77-China, Brazil** expressed concern regarding the balance of work in mitigation where it saw a process in which the advance in operational discussions

under paragraph 1b (ii) of the Bali Action Plan (BAP) (dealing with the NAMAS of developing countries) was not being replicated with discussions under paragraph 1b (i) (which deals with the mitigation commitments of developed countries). Said Brazil, the discussion on 3 June (on the mitigation of developed countries) was not focused on 1b (i), but was frequently directed towards general views on MRV and transparency relating to mitigation actions of all Parties.

It said that in any treatment of 1b (ii), it is important to maintain the distinction between mitigation commitments of Annex I countries and the mitigation actions of non-Annex I countries, that are distinct both in magnitude and in legal nature.

The treatment of 1b (ii) should also reflect the Convention, in the sense that non-Annex I countries will implement actions as defined under Article 4.1, report actions as under Article 12.1 and propose actions for support as under Article 12.4 – a support which fulfils commitments by Annex I Parties defined under Articles 4.3, 4.5 and 4.7 said Brazil.

Brazil stressed the need for balance in paragraph 1b(i) and 1b(ii) in the operational definitions

It noted that it would be important to have some clarification on the nature of the discussion within the AWG-LCA and its relation with the work underway in the SBI. There was need to respect the discussions under the SBI without prejudging their results or imposing upon the conceptual foundations of the work there.

The Group indicated its view that the formulation in item 11 (in the Chair's facilitative text), which dealt with low-emission development plans, was not appropriate.

(Paragraph 11 reads – “Developing country Parties shall prepare low-emission development plans. Parties that are LDCs may prepare low-emission development plans at their own discretion.”)

Brazil said that the Group did not believe that the review process included as an option in item 12, option 1, paragraph 4 (of the Chair's text) was an appropriate procedure for non-Annex I countries.

(Item 12, Paragraph 4 option 1 reads - [National

communications[, [and] [including] greenhouse gas inventories],] shall be [assessed at the national level] [[considered in a [review][consultative] process] that [includes] [builds on existing] expert review under the SBI,] in accordance with guidelines to be adopted by the Conference of the Parties;

Brazil said that the treatment of item 12, on reporting, needs clarification, as there seems to be a certain amount of overlapping and repetition in the paragraphs of this item.

The importance of appropriate resources also expresses itself in the close link between the MRV of the mitigation actions of non-Annex I parties and the MRV of support delivered for these actions, it added.

Brazil said that in the consideration of the Chair's text, Parties will have to address proposals in the text which are incompatible with the Convention.

On the issue of the reporting on NAMAs, it is only part of the national communications discussion, and not the entire scope. So it does not imply a discussion of national communications as a whole. The Group was opposed to the concept of a review process, or any procedure that might imply scrutiny of national reporting. Reporting must reflect the principle of common but differentiated responsibility, and in this sense, reporting for Non-Annex I countries cannot be more demanding than reporting for AI countries. In any definition of reporting, regarding both frequency and content of reporting, sufficient and timely financial and technical support offered by developed countries must be ensured as the basis.

Australia representing the Umbrella Group (including Canada, Iceland, Japan, Kazakhstan, New Zealand, Norway, Russia, Ukraine and the United States) submitted a joint-statement with the subject heading '*Transparency Provision: MRV and International Consultation and Analysis*.' The statement was read out by Australia.

Australia said that the document provided an initial overview of common views by the Umbrella Group on how the MRV provisions of the Chair's text could be developed.

The proposal contains common reporting elements for all Parties: however, Annex I Parties will be expected to do more than Non-Annex I Parties in terms of the frequency and content of their reports and review process. This will apply to Least Developing Countries only at their discretion.

Annex I Parties also acknowledge their funding obligations under Article 4.3 of the Convention, and that support provided for Non-Annex I mitigation actions will be subject to MRV, said Australia.

It said that in terms of (GHG) inventories, submission will be on an annual basis for Annex I and biennial for non-Annex I using IPCC 2006 guidelines on common

reporting which recognises the need for transition over time.

There needs to be more frequent and streamlined communications, involving streamlined biennial communications on implementation of targets and/or actions, emissions impacts, methodologies, provision and /or receipt of finance, technology and capacity building support, and use of international emission trading/offsets.

It proposed periodical full national communications with updates to low-emission development strategies.

Annex I Parties would be subjected to an annual expert team review of national inventories. The Non-Annex I Parties would require domestic MRV of actions, and international consultations and analysis of communications including expert analysis, Party consultations under the SBI and a summary report. There would be international MRV of supported actions. The MRV of support for Non-Annex I mitigation actions would be through expert team review and the SBI process, said Australia.

Barbados, speaking for the Alliance of Small Island States (AOSIS) said it believed that further progress can be made within the context of a spin off group to further address the full life cycle of NAMAs. The elements, it said, included policy development and planning, related capacity-building, matching of proposed process or support for project implementation and MRV of outcome and support.

It said that there was a lack of specificity on the requirement for deviation from baseline in relation as regards the emissions of developing countries. NAMAS must produce environmental benefit. It said that the quality of information and transparency in the national communications needed improvement. It was also open to more frequent reporting of selective areas such as inventories.

South Africa speaking for the African Group said that on the issue of the frequency of the national communications, it was possible to keep the existing system for reporting to four year interval with the possibility of a one-year extension. It agreed that perhaps some work is required for the guideline on mitigation and inventory chapter. There could be a mid-term update in relation to mitigation and inventories. Any enhanced reporting must be accompanied with the payment of the agreed full costs by developed countries.

South Africa said that not all elements needed to be updated at the same frequency level. On the key elements of the review or international consultation and analysis of the mitigation actions of developing countries, it said that this was not an issue review. The consultations should be facilitative and should be designed to support developing countries and build their capacity to enable them to contribute to the global effort.

Saudi Arabia stressed that Parties need to enhance discussion on the mitigation commitments of Annex I

before deliberating on any other issues, not forgetting financial and technology support as the condition for mitigation actions of developing countries. With regard to revising guidelines, the discussion should be in the SBI and Parties should be allowed the necessary time to arrive at whatever is needed.

With regards to NAMAs, Saudi Arabia said that Parties are guided by the BAP. For supported actions, there will be MRV, which needs to fully respect the sovereignty of the state. It said that some Parties were talking about sub-categories of developing countries and there was nothing in the BAP to divide developing countries. The only categories are Annex 1 and Non-Annex 1 countries.

Pakistan said it is assumed that all mitigation actions are taken in context of sustainable development. It said that was need for discussion before agreeing on what are low-emission plans for developing countries. In relation to national communications and the frequency or reporting, it said that full communications was needed and not selective elements.

China said that the SBI would be the appropriate place to discuss the issue of national communications and that the current guidelines for non-Annex I are valid and robust. The frequency of communications of Non-Annex 1 national communications should be lower than that of the Annex 1 Parties. This is also conditional on the adequacy and efficacy of support for enabling the national communications. Regarding the review of the mitigation actions of developing countries, it said that this was not appropriate as such a process must respect national sovereignty and be consistent with the national rules of Non-Annex 1 Parties and this should be taken into account in future guidelines under the Conference of Parties.

Philippines said the crux of the issue in relation to national communications is not about frequency of the reporting but the provision of full financial support. It said that reporting should remain to be every four years. It also expressed concern that the AWG-LCA was not the proper forum to discuss guidelines for preparation of national communication for developing countries and said that it should be dealt with by the SBI.

Spain, representing the European Union said it is clear that NAMAS should be expressed as deviation from business-as-usual to reflect the level of ambition. There was need to know what is the BAU assumed, what are the gases covered etc. It asked the secretariat to prepare the information on the initial pledges in this regard. The NAMAS should be enshrined in a legally binding agreement. It said that MRV was the central part of the agreement in the Copenhagen Accord and there was need to operationalise this. It agreed with Brazil that the MRV system should not be more onerous for developing countries than for developed countries. The MRV system should take into account the capacities of countries and support needs to be available. It said that information about developing country mitigation actions needed to be

every two years. It also envisaged the reporting of national inventories.

Japan said a separate chapter on MRV was needed to enhance transparency and robustness of the system in conveying substantial mitigation contribution of developing countries. It wanted the national communications to be submitted every two years and include information such as status, impacts and methodologies of mitigation activities in developing countries.

The United States said that in the last several years, Parties have been trying to negotiate the revision of guidelines for Non-Annex 1 Parties but this has been held in abeyance. There was need to make progress on this. It referred to agreement among political leaders in Copenhagen (re the Copenhagen Accord) in this regard and wanted the operationalising of the agreement. In relation to the frequency of reporting of the national communications, it said that this can be done in two parts. It envisaged a streamlined process every two years while the full national communications every six years. It referred to the Copenhagen Accord in relation to the MRV process. The domestic MRV becomes the streamlined biennial communications that is subject to international consultation and analysis that respects national sovereignty.

The supported actions are subject to international MRV. The domestic MRV process involves new updates, with reviewers meeting international standards and expertise. The international consultation and analysis can be done by independent experts through a panel or the secretariat. Consultations would be an interactive dialogue in the SBI, said the US.

In the afternoon, the AWG-LCA before beginning discussion on the issue of the MRV of support by developed countries, the Chair informed Parties that she had met with the Chair of the Ad-hoc Working Group on the Kyoto Protocol to consider the proposal by AOSIS for a common space to discuss the aggregate scale or emission reductions targets of Annex 1 Parties and that the Chairs had agreed to organise consultations with Parties to suggest steps to be taken.

The United States objected to the idea of a joint discussion. It said that since it was not a Party to the Protocol, it could not have discussions with Parties with different commitments and interests. It said that "our system" was somewhat different and it was concerned about common standards between the two groups and the vision for the meeting. The Chair said that it was not discussing a vision but was only consulting with Parties on how to move forward.

In response, the US said that it was unsure if the consultation would engender an outcome which would be constructive to non Parties of the Kyoto Protocol. The Chair in reply said that Parties can find out if the consultation would be useful.

The contact group then proceeded to discuss the issue of the MRV of support.

Representing the G77-China, Philippines said that the MRV of support was not a new issue as the national communications of Annex 1 Parties and the COP decisions have operationalised the Articles of the Convention in this regard. The discussions are not about new mechanisms or guidelines but about how to improve on this so as to ensure implementation of the enabling means.

China said that it was important to ensure that the nature of the support by developed countries are new and additional and this should be MRV-ed.

It would also depend on whether the provision or delivery of these supports are in line with the commitments made by Annex I countries and whether these supports are adequate, predictable and sustainable. A comprehensive MRV framework could be built on existing reporting and review system for national communication and other related work undertaken by subsidiary bodies and by expert groups. Also it asked for a regular update and detailed information on the provision of support in an agreed comprehensive format to standardize information and to enhance comparability among Annex I Parties.

Guidelines on what is new and additional support need to be set clearly, be transparent and ensure comparable guidance on the assessment of support to further improve transparency of such support. Some Annex I countries said that they consider all funding in any year to be new and additional. Under current national communications, China said that major Annex 1 countries fail to report on how they have determined resources reported to be new and additional.

Australia, speaking for the Umbrella Group said it placed high priority on fast mitigation action by developed countries and reporting in a transparent way. It said it is open to discuss the review process to ensure that it fits its purpose and that strong MRV process will form a basis for Parties to MRV the support and MRV the supported actions.

The United States said the MRV of support and the MRV of supported actions were two sides of the same coin. It has been implied in the Bali Action Plan and the (Copenhagen) Accord language. Many developing countries said they had not seen the funding but from the donor side, the money had moved. On the institutional arrangement, the US agreed with the G77 and China that there were existing mechanisms with expert review teams, national communications etc and this was the right approach. The frequency and content of the national communications could be supplemented with additional guidelines.

South Africa speaking for the African group said all three aspects of support need to be MRV-ed, not only

financial but also technology and capacity-building in order to get full picture of support that is provided. It said that it was useful to identify the questions that the MRV should answer such as how much public money is flowing from one country to another and how the fund is made available, whether it is a grant or loan; how much money flowing to specific technology and what categories of activity are being supported.

The current reporting of public sector funding lacks transparency and this was required. We need to make significant improvement to standardise financial reporting. It agreed with the US that the existing systems should be built on so as not to duplicate work.

Bolivia emphasised that MRV of developed countries has to be seen in a holistic manner and there are aspects that can be quantified and others that are difficult to quantify. It considered that the quantification of the historical climate debt of developed countries to developing country Parties should be one of the basis for the MRV of support of developed countries.

The MRV-ed and quantified climate debt, it added, shall include the following compensation windows: an adaptation debt related to the impacts of climate change on developing countries; being accountable to the hundreds of millions of people that will have to migrate as a result of climate change; assuming all the costs for the technology transfer to developing countries arising from the loss of development, adaptation needs and mitigations; and forest-related activities to avoid deforestation and forest degradation.

Another aspect of the MRV in developed countries case, nevertheless, is not quantified but relates to the policies that will have to be modified in order to avoid climate change and that also will have to be MRV such as substantial changes on their legislation to modify their patterns of consumption etc. It added that there should be a compliance mechanism that ensures developed countries comply with their international obligations and sanction should apply in cases of non-compliance.

India said that looking at the scenario of support which is enabled including through other bilateral and multilateral channels, there was need for a set of common guidelines for what constitutes climate financing. There was also need to address the reports of the various entities and this would require third party verification which could be through the proposed Finance Board.

On behalf of the **EU, Spain** said the institutional arrangement for MRV is already in place and focus should be on strengthening the system and that a registry can help in some way and it is prepared to explore further.

In conclusion, the Chair said that further elaboration may be needed on what could be MRVed and the institutional arrangements needed as to whether it is new or existing ones which need to be explored.