



**UNITED
NATIONS**



**Framework Convention
on Climate Change**

Distr.
GENERAL

FCCC/SBI/2007/INF.10
26 November 2007

ENGLISH ONLY

SUBSIDIARY BODY FOR IMPLEMENTATION

Twenty-seventh session

Bali, 3–11 December 2007

Item 9 (b) of the provisional agenda

Reporting and review of information submitted by Parties included in Annex I to the Convention that are also Parties to the Kyoto Protocol

Review of initial reports and supplementary information incorporated in fourth national communications submitted in accordance with Article 7, paragraph 2, of the Kyoto Protocol

**Status of submissions and review of initial reports submitted
in accordance with decision 13/CMP.1**

Note by the secretariat

Summary

This document describes the status of submissions of the initial reports under the Kyoto Protocol pursuant to decision 13/CMP.1 and the status of reviews of these reports undertaken during 2007. It provides information on the application of the review procedures and the procedures for the training and participation of experts in the review process, as well as information on further approaches for strengthening this process.

CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
I. INTRODUCTION	1–6	3
A. Mandate	1–3	3
B. Scope of the note	4–5	3
C. Possible action by the Subsidiary Body for Implementation .	6	3
II. SUBMISSIONS AND REVIEW OF INITIAL REPORTS	7–23	4
A. Status of submissions and review of initial reports.....	7	4
B. Review activities	8–18	5
C. Training of experts	19–23	7
III. CHALLENGES AND POSSIBLE FUTURE APPROACHES.....	24–31	8

I. Introduction

A. Mandate

1. In accordance with decision 13/CMP.1, Parties included in Annex I to the Convention that are also Parties to the Kyoto Protocol (hereinafter referred to as Annex I Parties) shall facilitate the calculation of their assigned amounts pursuant to Article 3, paragraphs 7 and 8, of the Kyoto Protocol and demonstrate their capacity to account for their emissions and assigned amounts. To this end, each Party shall submit to the secretariat a report containing this information (hereinafter referred to as the initial report), prior to 1 January 2007 or one year after the entry into force of the Kyoto Protocol for that Party, whichever is later.
2. In accordance with Article 8 review guidelines,¹ each Annex I Party shall be subject to review prior to the first commitment period or within one year after the entry into force of the Kyoto Protocol for that Party, whichever is later.
3. In accordance with decision 26/CMP.1, the secretariat should organize the initial reviews under Article 8 of the Kyoto Protocol, in conjunction with the review of the greenhouse gas (GHG) inventories submitted in 2006, while exercising a certain degree of flexibility in applying the agreed timelines, provided that each initial review is completed no later than one year from the date of the submission of the initial report and that Parties are accorded the time to comment on the draft review report as inscribed in the Article 8 review guidelines.

B. Scope of the note

4. This document provides information on the status of submissions of Annex I Parties' initial reports and the reviews thereof. It suggests possible future approaches aimed at further improving the effectiveness, efficiency and consistency of the review process under the Article 8 review guidelines, in order to ensure that the information submitted to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), the Compliance Committee and the subsidiary bodies on GHG emissions, assigned amounts and other relevant issues relating to the implementation of the Kyoto Protocol by Annex I Parties is complete and reliable.
5. The review under the Kyoto Protocol builds upon the review under the Convention and the majority of lessons learned and problems encountered in the review process in 2007 are the same for the Convention and the Kyoto Protocol. The secretariat has prepared the "Annual report on the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention" in accordance with decision 12/CP.9 (FCCC/SBSTA/2007/INF.4). This document focuses on the specific Kyoto Protocol elements of the review process and should be read in conjunction with document FCCC/SBSTA/2007/INF.4.

C. Possible action by the Subsidiary Body for Implementation

6. The Subsidiary Body for Implementation (SBI) may wish to consider the information in this document and, if necessary, provide guidance to the Parties and the secretariat, and recommendations to the CMP.

¹ "Guidelines for review under Article 8 of the Kyoto Protocol".

II. Submissions and review of initial reports

A. Status of submissions and review of initial reports

7. The table below provides information on the submission date of initial reports, review dates and status of the review reports.

Submission of initial reports, review dates and status of review reports

Annex I Party	Initial report received (date)	Language of initial report	Review dates	Status of review report	Document symbol
Austria	05 Dec 06	English	12–17 Feb 07	Published	FCCC/IRR/2007/AUT
Belarus ^a	31 Oct 06	English and Russian			
Belgium	22 Dec 06	English	4–9 Jun 07	In preparation	
Bulgaria	25 Jul 07	English	15–20 Oct 07	In preparation	
Canada	15 Mar 07	English and French	5–10 Nov 07	In preparation	
Croatia ^b					
Czech Republic	24 Oct 06	English	26 Feb–3 Mar 07	Published	FCCC/IRR/2007/CZE
Denmark	20 Dec 06	English	16–21 Apr 07	Published	FCCC/IRR/2007/DNK
Estonia	15 Dec 06	English	4–9 Jun 07	In preparation	
European Community	18 Dec 06	English, summary in English and French	2–7 Jul 07	In preparation	
Finland	22 Dec 06	English	28 May–2 Jun 07	In preparation	
France	21 Dec 06	French	28 May–2 Jun 07	In preparation	
Germany	27 Dec 06	English	11–16 Jun 07	In preparation	
Greece	29 Dec 06	English	23–28 Apr 07	In preparation	
Hungary	30 Aug 06	English	5–10 Mar 07	Published	FCCC/IRR/2007/HUN
Iceland	11 Jan 07	English	18–23 Jun 07	In preparation	
Ireland	19 Dec 06	English	16–21 Apr 07	Published	FCCC/IRR/2007/IRL
Italy	19 Dec 06	English	4–9 Jun 07	In preparation	
Japan	30 Aug 06	English	29 Jan–3 Feb 07	Published	FCCC/IRR/2007/JPN
Latvia	29 Dec 06	English	21–26 May 07	In preparation	
Liechtenstein	22 Dec 06	English	11–16 Jun 07	In preparation	
Lithuania	22 Dec 06	English	21–26 May 07	Published	FCCC/IRR/2007/LTU
Luxembourg	29 Dec 06	English	11–16 Jun 07	In preparation	
Monaco	7 May 07	French	15–19 Oct 07	In preparation	
Netherlands	21 Dec 06	English	16–21 Apr 07	Published	FCCC/IRR/2007/NLD
New Zealand	31 Aug 06	English	19–24 Feb 07	Published	FCCC/IRR/2007/NZL
Norway	22 Dec 06	English	23–28 Apr 07	Published	FCCC/IRR/2007/NOR
Poland	29 Dec 06	English	11–16 Jun 07	In preparation	
Portugal	28 Dec 06	English	21–26 May 07	In preparation	
Romania	18 May 07	English	8–13 Oct 07	In preparation	
Russian Federation	20 Feb 07	Russian	16–21 Jul 07	In preparation	
Slovakia	04 Oct 06	English	19–24 Mar 07	Published	FCCC/IRR/2007/SVK
Slovenia	22 Dec 06	English	21–26 May 07	Published	FCCC/IRR/2007/SVN
Spain	19 Dec 06	Spanish	23–28 Apr 07	Published	FCCC/IRR/2007/ESP
Sweden	19 Dec 06	English	23–28 Apr 07	In preparation	
Switzerland	10 Nov 06	English	5–10 Mar 07	Published	FCCC/IRR/2007/CHE
Ukraine	29 Dec 06	English	16–21 Apr 07	In preparation	
United Kingdom of Great Britain and Northern Ireland	11 Dec 06	English	12–17 Mar 07	Published	FCCC/IRR/2007/GBR

^a At the time of the preparation of this document, the 2006 inventory submission of Belarus, a Party to the Kyoto Protocol, had not yet been reviewed. In accordance with decisions 7/CP.11 and 26/CMP.1 the review of the 2006 inventory is to be organized in conjunction with the review of the initial report under the Kyoto Protocol. The quantified emission reduction commitment for Belarus in Annex B (92 per cent) was established through an amendment to Annex B to the Kyoto Protocol (decision 10/CMP.2). As at 20 November 2007, this amendment had not yet been ratified by enough Parties to allow it entry into force. The review of the 2006 inventory and the initial report has been postponed until 2008.

^b Croatia ratified the Kyoto Protocol on 30 May 2007. The Protocol entered into force for Croatia on 28 August 2007 and as at 20 November 2007 the initial report by Croatia had not been submitted.

B. Review activities

1. Reviews of initial reports

8. In response to decisions 22/CMP.1 and 26/CMP.1, the secretariat organized the reviews of the initial reports during 2007. As at 20 November 2007, individual inventory reviews had been conducted or were planned for 38 Annex I Parties, as follows:

- (a) **Completed reviews:** Austria, Belgium, Bulgaria, Canada, Czech Republic, Denmark, Estonia, European Community, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Monaco, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Russian Federation, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine and United Kingdom of Great Britain and Northern Ireland;
- (b) **Reviews planned for 2008:** Belarus and Croatia.

9. During the initial review, in addition to reviewing the 2006 inventory submission under the Convention, the expert review teams (ERTs) had to review a number of other elements of the initial report. These are the national system for estimation of GHG emissions of Annex I Parties, the national registry, the calculation of the Party's assigned amount and commitment period reserve, the selection of the base year for hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride, the selection of land use, land-use change and forestry (LULUCF) parameters in accordance with decision 16/CMP.1 for activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol, the selection of activities under Article 3, paragraph 4, of the Kyoto Protocol, and the selection of the accounting period for the activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol. These additional elements were assigned among the experts of the review team. Generally, the national system would be reviewed by the generalist, the national registry – by one of the lead reviewers, the LULUCF parameters, activities and accounting period – by the LULUCF expert and the calculation of the assigned amount and the commitment period reserve – by one of the experts.

10. The review of the initial report is more complex than the annual GHG inventory review under the Convention, owing to the additional elements to be reviewed as described in paragraph 9 above, which are new to the experts. This puts more pressure on the ERTs as the amount of information to review and expertise needed are greater than in the reviews under the Convention. In addition, these additional elements were reviewed for the first time.

11. There is another important difference between the review under the Kyoto Protocol and the review under the Convention related to the GHG inventory. Under both the Convention and the Kyoto Protocol, the ERT identifies inventory problems and areas for improvements in the inventory. Under the Convention, the ERT recommends the Party to rectify the inventory problems and improve the inventory in its next inventory submission. Under the Kyoto Protocol, if the ERT identifies potential problems (in particular in relation to the base year) – that is, an emission estimate that is not in line with the requirements in the UNFCCC review guidelines,² the Article 7 reporting guidelines³ and the Revised 1996 IPCC Guidelines⁴ as further elaborated in the IPCC good practice guidance⁵ as well as the IPCC

² “UNFCCC guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention”.

³ “Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol”.

⁴ *Revised 1996 IPCC Guidelines for National Greenhouse Gas Inventories*.

⁵ *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories*.

good practice guidance for LULUCF⁶ – the ERT will notify the Party of the problem. The Party then has six weeks to respond to the notification. If the Party rectifies the problem by submitting a revised estimate or providing clarification, the ERT will judge whether the revised estimate and/or new information is in line with the reporting requirements and with the Revised 1996 IPCC Guidelines and the IPCC good practice guidance. If the ERT judges the revised estimate correct, this estimate replaces the original and is included in the total national emissions and the potential problem is considered resolved. If the information provided is considered sufficient the potential problem is also considered resolved. If the ERT still considers that the response of the Party to the potential problem is not in line with the reporting requirements and the Revised 1996 IPCC Guidelines and the IPCC good practice guidance, the ERT will proceed with calculating and recommending an adjustment in accordance with Article 5, paragraph 2, of the Kyoto Protocol (decision 20/CMP.1).

12. During the initial reviews, the majority of the potential problems identified were resolved by the Parties within the stipulated time frame provided in the Article 8 review guidelines. In a few cases, the number and complex nature of the identified potential problems made the provision of revised estimates and/or additional information an intensive and time-consuming activity for the Party and caused problems in meeting the strict deadlines established both for the Party to provide the required information and for the ERT to assess it and prepare the review report.

13. In a very small number of cases, the ERT proceeded with calculating and recommending adjustments. The experience from the initial reviews suggests that the calculation of adjustments is a time-consuming activity for Parties and the ERTs and can cause problems in meeting the strict deadlines established by the Article 8 review guidelines. In one case it made it difficult to comply with the internal deadlines for the preparation of the review report, as established by these guidelines. In another case it made it difficult to comply with the requirement to complete the review within one year of the submission of the initial report.

14. Another important difference between the review under the Convention and the review under the Kyoto Protocol is related to the nature of the established deadlines. Under the Kyoto Protocol, meeting the established deadlines is crucial as the review process is linked to Parties' eligibility; if the deadlines are not met, the eligibility of Parties may be affected. The review guidelines under the Convention are strict and should be met, but there are no implications for Parties relating to their commitments if they are not.

15. A number of the 32 in-country review reports conducted up to July 2007 were, or will be, published after the deadlines established by the Article 8 review guidelines. Yet, with very few exceptions, they were, or are expected to be, published within the deadline of one year from the date of submission of the initial report established by decision 26/CMP.1. There are several reasons for the delay in publishing the reports:

- (a) The very high number of reviews that had to be conducted as in-country reviews and completed within one year. Also, as a result of the in-country reviews, not one but two review reports had to be prepared: the initial review report and the 2006 annual review report;
- (b) The in-country reviews are thorough and rigorous, and that is reflected in lengthier and more detailed reports requiring more time for their preparation. Also, the review of the elements of the initial report other than the emission inventory took additional time and in a limited number of cases the ERTs calculated and recommended adjustments. Many

⁶ *Good Practice Guidance for Land Use, Land-Use Change and Forestry.*

experts had to participate in more than one review, some even in three reviews. Thus the workload of experts has been high and led to some delays;

- (c) To meet the one year deadline for completing the review, many reviews took place in the first half of 2007, and consequently the preparation of most of the review reports coincided with the summer holidays for many experts from the northern hemisphere;
- (d) For a number of Parties the initialization of the national registry took place later than expected and thus the independent assessment report was not available to the review team on time, which further delayed the finalization of the initial review report;
- (e) Since all the experts continued to work for their respective governments or organizations, competing demands for their time affected their ability to prepare reports in the strict time limits imposed by the review guidelines.

16. In accordance with the Article 8 review guidelines, following their completion, all final review reports shall be published and forwarded by the secretariat, together with any written comments on the final report by the Party which is subject of the report, to the CMP, the Compliance Committee and the Party concerned. The reports published so far do not contain any questions of implementation as the Parties have been able to resolve all potential problems. The Compliance Committee took note of the forwarded reports during its meeting in September 2007 (document CC/EB/2/2007/3) and will continue to do so with the remaining reports that are yet to be published.

2. Expert review teams

17. The information provided in the initial reports, including the GHG inventory, is examined by international teams of experts with a focus on the base year emission estimates. The secretariat selects experts for these teams from nominations by Parties to the roster of experts. Invitations to participate in the review are copied to the national focal point. For more information on the participation of experts in the reviews, see document FCCC/SBSTA/2007/INF.4.

18. In 2007 the secretariat invited 23 new experts, who had not previously participated in inventory reviews and who had completed the training and passed the examination (see para. 19 below), to participate as members of ERTs. The number of experts available for review activities is growing but may not be sufficient to effectively conduct the reviews in accordance with the Article 8 review guidelines, as illustrated by the fact that many experts, in particular experts from Parties not included in Annex I to the Convention (non-Annex I Parties), had to participate in more than one review.

C. Training of experts

19. Decision 24/CMP.1 requested the secretariat to develop training courses on national systems for estimation of GHG emissions of Annex I Parties, on adjustments under Article 5, paragraph 2, of the Kyoto Protocol, and on modalities for accounting for assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol. These courses were developed and offered to experts online in 2006. The majority of experts completed the training courses and passed the examination in 2006. Nine experts passed one or more exams during 2007.

20. The training activities are important to ensure the quality of the review process. This is particularly true for experts from non-Annex I Parties as they usually do not work on inventories on a daily basis and are not involved in the activities related to the additional elements of the initial report.

21. The experience from the initial reviews suggests that despite the training courses not all experts were sufficiently prepared for the review of the national registries and for some of the elements of the

national system. For the further reviews under the Article 8 review guidelines there is a need to further strengthen the capacity of experts to deal with the Kyoto Protocol issues.

22. The training course on the modalities for accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol needs to be further developed, particularly the national registry part of the course, including the review of the standard electronic format (SEF). This work is urgently needed given that Parties are required to start reporting using the SEF tables the year after their first transaction of Kyoto Protocol units. For many Parties this reporting will start in 2009.

23. Parties are required to start reporting information on activities under Article 3, paragraphs 3 and 4, of the Kyoto Protocol in 2010. This information could be subject to adjustments if not reported in line with the Article 7 reporting guidelines and the IPCC good practice guidance for LULUCF. For experts to be ready to review this information, including any possible adjustments, a training course will need to be developed and made available to experts no later than the end of 2008.

III. Challenges and possible future approaches

24. Keeping in mind the legally binding commitments of Annex I Parties under the Kyoto Protocol, it is important that the review process under the Kyoto Protocol functions as intended. Paragraphs 25–31 below identify challenges and possible future approaches for future reviews under the Kyoto Protocol. Most of these challenges and possible future approaches are similar to those identified for reviews under the Convention in document FCCC/SBSTA/2007/INF.4.

25. In order to continue with the rigorous review procedures established by the Article 8 review guidelines, the process needs further strengthening. A prerequisite is a sufficient number of qualified review experts. Despite an impressive and growing number of experts on the roster, not all of them could be involved in the reviews because some of them have changed their jobs, have not yet passed the mandatory training and examination, or were unavailable for other reasons. **Parties are encouraged to continuously (every six months) update the roster of experts by nominating new experts where necessary and to remove experts who are no longer available.** The secretariat intends to send regular reminders to Parties to that effect.

26. Participation in the reviews is a very time-intensive process. A number of experts invited to participate in the reviews declined citing the workload of their regular jobs. **Parties are encouraged to ensure that experts invited to participate in the review process receive sufficient support** and time from their national governments, recognizing that experts that they nominate temporarily perform duties essential for the proper functioning of the international process established by the CMP. This is particularly important when considering that experts from some Parties participated in more than one review whereas other Parties' experts did not participate in a single one.

27. Training is recognized as a prerequisite for ensuring that the reviews are conducted in a rigorous and consistent way and providing Parties with confidence in their results. There is a need to develop new training courses under the Kyoto Protocol covering activities under Article 3, paragraphs 3 and 4, and to further develop the course on the modalities for accounting of assigned amounts, in particular in relation to the national registry, including the SEF. Traditionally, training activities are covered by supplementary funds, which were not sufficient in the reporting period to conduct proper training and prepare new courses. **Parties are encouraged to provide the necessary funding, without which it would be challenging to maintain the adequate level of expertise in the ERTs,** especially for the new Kyoto Protocol elements.

28. It is worth noting that experts participating in similar UNFCCC activities (e.g. the clean development mechanism) receive remuneration. **Parties may wish to consider whether remuneration**

could be introduced in future for experts participating in the GHG review process. The roles and responsibilities of the members of the ERTs in ensuring the implementation of the rigorous review process under the Kyoto Protocol are commensurate with those of other bodies under the Convention.

29. The workload of the secretariat to prepare and coordinate 38 reviews under the Kyoto Protocol annually is considerable. It includes the preparation of the first two review stages, of the initial checks, the synthesis and assessment reports (parts I and II), and coordinating the third review stage – the individual reviews. It is increasingly difficult to manage the workload with the current secretariat staff. **This workload could be facilitated by involving a number of consultants temporarily located at the secretariat assisting in the preparation of the reviews and publication of the reports.** For example, some skilled experts from both Annex I and non-Annex I Parties could be invited to serve as consultants.

30. In accordance with decision 15/CMP.1, Parties may submit an annual inventory that includes supplementary information in accordance with Article 7, paragraph 1, of the Kyoto Protocol for the years 2007–2009 on a voluntary basis to maintain eligibility to participate in the Kyoto Protocol mechanisms. **This means that the reviews of the 2007–2009 GHG inventory submissions will be conducted under the Article 8 review guidelines for Parties that have voluntarily submitted such information.**

31. The secretariat is expected to organize in 2008 two review cycles: one for the 2007 GHG inventory submissions and another one for the 2008 GHG inventory submissions, including the supplementary information submitted on a voluntary basis in accordance with Article 7, paragraph 1, of the Kyoto Protocol. This will put a significant burden on the experts, Parties and the secretariat. **Parties are encouraged to consider means to streamline those two review cycles without jeopardizing the quality and credibility of the review process under the Kyoto Protocol.**
